



**Atlas Islamic Money Market Fund**

**Atlas Islamic Income Fund**

**Atlas Islamic Stock Fund**

**Atlas Islamic Dedicated Stock Fund**

**Atlas Islamic Fund Of Funds**

**ANNUAL REPORT**

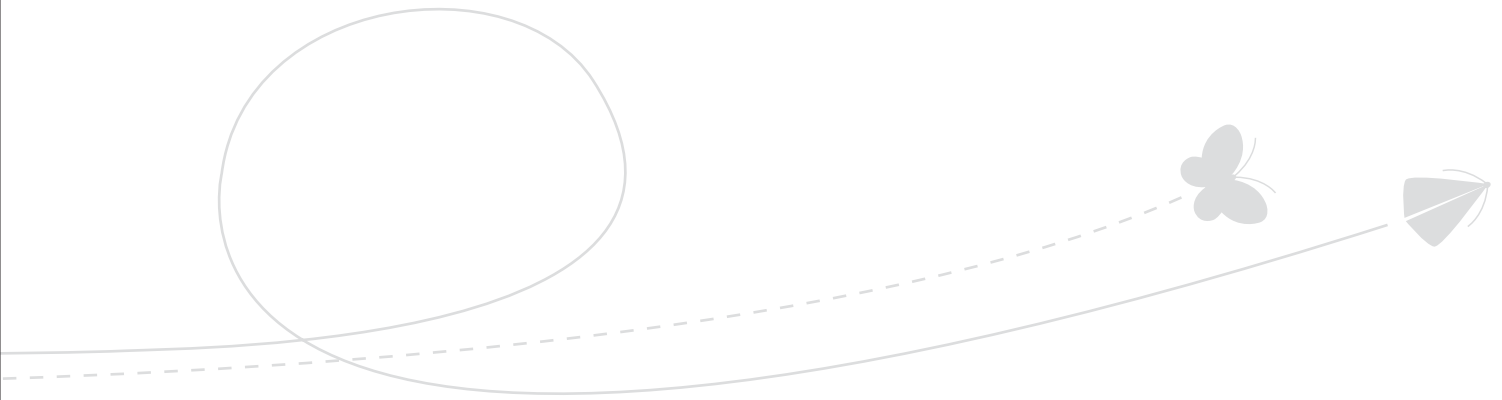
**30 June 2022**



Managed By

**Atlas Asset Management**

Rated AM2+ by PACRA  
(as of December 24, 2021)



# 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.

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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



# 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). SECP also issued licenses to the Company to carry out REIT Management Services, Private Equity and Venture Capital Fund Management Services, under rule 5 of the Non-Banking Finance Companies (Establishment & Regulation) Rules, 2003. 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 | Pension Funds | Investment Advisory Services | Private Equity | REIT

## Creativity

The ability to creatively inspire innovation and the will to foster positive social and environmental change

# Mission

We are committed to offering our investors the best possible risk adjusted returns on a diverse range of products, providing a stimulating and challenging environment for our employees, and committing to the highest ethical and fiduciary standards. We firmly believe that by placing the best interests of our clients first, we will also serve the best interest of our employees, our shareholders and the communities in which we operate.



Growth | Returns | Tax Savings

# Team Work

Giving unparalleled service, creating long-term, win-win relationships and focusing on executional excellence

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# Organisation

## Management Company

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Atlas Asset Management Limited

## Board of Directors of the Management Company

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

**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

---

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

## Investment Committee

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<b>Chairman</b>	Mr. Muhammad Abdul Samad
<b>Members</b>	Mr. Ali H. Shirazi Mr. Khalid Mahmood Mr. Muhammad Umar Khan Mr. Fawad Javaid
<b>Secretary</b>	Mr. Faran-ul-Haq

## Management Committee

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

## Risk Management Committee

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

## Chief Financial Officer

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Ms Qurrat-ul-Ain Jafari

## Chief Internal Auditor

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Mr. M. Uzair Uddin Siddiqui

## Registered Office

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Ground Floor, Federation House Sharae Firdousi,  
Clifton, Karachi - 75600

Tel: (92-21) 111-MUTUAL (6-888-25)

(92-21) 35379501-04

Fax: (92-21) 35379280

Email: [info@atlasfunds.com.pk](mailto:info@atlasfunds.com.pk)

Website: [www.atlasfunds.com.pk](http://www.atlasfunds.com.pk)

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## Board of Directors of the Management Company

### Mr. Iftikhar H. Shirazi

Chairman

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Mr. Iftikhar H. Shirazi graduated with a Bachelor of Science in Finance from Notre Dame De Namur University (formerly College of Notre Dame), USA, and completed his OPM from Harvard Business School, USA. He has over 31 years of corporate management experience, more particularly in the financial and trading sectors. He has to his credit, work experience at Bank of Tokyo-Mitsubishi, Yamaichi Securities and Toyota Tsusho Corporation.

He is currently Chairman of Shirazi Investments (Pvt.) Limited, Atlas Asset Management Limited, Atlas Insurance Limited, Shirazi Trading Company (Private) Limited, Atlas Foundation and Atlas Information Technology Resource Centre. He is also a member of the SAARC Chamber of Commerce & Industry, Federation of Pakistan Chambers of Commerce and Industry (FPCCI) and Karachi Chamber of Commerce & Industry (KCCI). He is also serving on the Board of Governors of the Forman Christian College, Ghulam Ishaq Institute of Engineering Science and Technology and British Overseas School Association. He was also a member of the Aga Khan Resource Development Committee and FPCCI Executive Committee. He has also served the Management Association of Pakistan as their Vice President. He also enjoys membership of several other prestigious associations that include, Harvard Club of New York and Pakistan, Young Presidents Organization, Aitchison College Old Boys Association, Government College of Commerce & Economics Old Students Association and English Speaking Union. He was also President of International Club, Notre Dame De Namur (formerly College of Notre Dame), USA.

### Mr. Fahim Ali Khan

Director

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Mr. Fahim Ali Khan is a Law graduate from Karachi University. He has also attended General Management Program at Harvard University, USA, Financial Management Program at Stanford University, USA and Board of Director's Program at Insead University, France.

He has over 50 years of experience in General Management, Finance, Investment and Taxation. He joined the Atlas Group in 1967 and has served in different positions. Currently his other directorships include Atlas Insurance Limited, Atlas Engineering (Private) Limited, Atlas Power Limited, Shirazi Investments (Private) Limited, Shirazi Trading Company (Private) Limited, Atlas Energy (Private) Limited, Atlas Autos (Private) Limited, Atlas Metal (Private) Limited, Zehnf Pakistan New Energy Company Limited and Atlas Foundation.

Earlier, he has also served on the boards of Atlas Honda Limited and former Atlas Bank Limited and has been CEO of Shirazi Investments (Private) Limited, Shirazi Trading Company (Private) Limited, Atlas Asset Management Limited and former Atlas Investment Bank Limited.

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

Director

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Mr. M. Habib-ur-Rahman is a fellow of the Institute of Chartered Accountants in England & Wales. He has attended management level programme (PMD) at Harvard Business School.

Mr. Habib-ur-Rahman has a long association with Mutual Fund Industry. He held the position of General Manager Finance & Investment with National Investment Trust Limited. He was NIT nominee director on the Board of Karachi Stock Exchange and various listed companies. He worked for NIT for eleven years from 1971 to 1981 and then left NIT to join motorcycle industry, Atlas Honda Limited, where he worked for fourteen years initially as Director Finance and then as Resident Director in-charge Finance, Administration and Production. In 1995 he returned to mutual funds industry. He played an instrumental role in setting ABAMCO Limited that was the first asset management company in the private sector in Pakistan. ABAMCO was initially established as a joint venture among a leading brokerage house in Pakistan, IFC and an asset management company in US. Mr. Habib-ur-Rahman was its chief executive from 1995 to 2003. He was the Chief Executive Officer of Atlas Asset Management Limited from March 2004 till March 2018. He is a founding member and past Chairman/ Director of the Mutual Funds Association of Pakistan (MUFAP). The foundation of MUFAP was laid in 1995. Mr. Habib ur Rahman was Securities and Exchange Commission of Pakistan (SECP) nominee on the Board of Karachi Stock Exchange in 2000, 2001, & 2003. He was 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 Committee (appointed in 2013) to review the 2008 financial crisis in capital market in Pakistan. Presently he also holds directorships in Atlas Insurance Limited & Atlas Foundation.

### Mr. Tariq Amin

Independent Director

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Mr. Tariq Amin is the Chairman of Orkila Pakistan (Private) Limited, a leading company dealing in chemicals. He is also on the Boards of the Salim Habib Education Foundation and the Education City. He has varied experience both in private and public sectors. He is a law graduate from the University of Karachi. He also holds a Masters degree in English from the University of Karachi and a Post Graduate Diploma in Development Administration from the University of Leeds. Mr. Amin has been past Chairman of the Privatization Commission, Sindh. He has also been President of the Overseas Investors Chambers of Commerce & Industry (OICCI) and also the Chairman of SITE Association of Industry for four years. Mr. Amin was conferred the civil award of Chevalier De L'ordre National Du Merite by the Government of France 2001.

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## Board of Directors of the Management Company

### 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 Group Director Financial Services and President / Chief Executive of Atlas Battery Limited. He is on the Board of Atlas Asset Management Limited, Atlas Insurance Limited, National Management Foundation (sponsoring body of LUMS), National Foods Limited, Cherat Packaging Limited, Pakistan Cables Limited and Pakistan Society for Training and Development (President). Previously, he has also served on the Board of National Clearing Company of Pakistan Limited (NCCPL).

He is a 'Certified Director' from the Pakistan Institute of Corporate Governance and in 2018 completed the Owner / President Management Program (OPM) from Harvard Business School.

### 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 and its predecessor companies (CIGNA and ACE) in 1990, she worked with Royal Exchange Assurance, a branch of Guardian Royal Exchange, UK and with 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 has served as an elected Member of the Executive Committee of the Insurance Association of Pakistan, the Executive Committee of The American Business Council and the Managing Committee of the Overseas Investors Chamber of Commerce & Industry. Ms. Naqvi has represented the Insurance Association of Pakistan, on the Council of Pakistan Insurance Institute and was Chairperson of the Institute for the term of 2016. She has been a visiting faculty member at the Institute.

Ms. Naqvi has served as an Independent Director on the Board of Abbott Laboratories (Pakistan) Limited. She presently serves as a Non-Executive Director on the Board of Chubb Insurance Pakistan Limited, as an Independent Director on the Boards of Attock Petroleum Limited and IGI Life Insurance Limited.

### Mr. Muhammad Abdul Samad

Chief Executive Officer

---

Mr. Muhammad Abdul Samad has over two decades experience of local investment management industry. He joined Atlas Asset Management Limited in November 2005, and has held C-suite positions for over a decade, including the Chief Investment Officer and Chief Operating Officer positions. He is a 'Certified Director' and also attended Advanced Management Program at INSEAD Fontainebleau, France on nomination by the Atlas Group. 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. He also served as a Director on the Board of Mutual Funds Association of Pakistan (MUFAP) and currently, he is serving as Chairman of its Taxation Committee. He is also an Independent Director on the Board of Institute of Financial Markets of Pakistan (IFMP).



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

Growth | Returns | Tax Savings

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# Chairman's Review

It is my pleasure to present you the Annual Reports of Atlas Islamic Money Market Fund (AIMF), 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, 2022.

## THE ECONOMY

The economic growth witnessed a strong rebound in FY22 accelerating by 5.97% as local consumption started to pick up sharply due to softening of covid led economic restrictions. In the latter half of FY22, the growth in demand coincided with global supply disruptions stemming from Russia-Ukraine conflict and covid induced lockdowns of key Chinese sea ports that escalated international commodity prices leading to unprecedented rise in domestic inflation and current account deficit. During FY22, current account deficit increased many folds to US \$17.41 billion compared to US \$2.82 billion in FY21, largely on the back of 55.70% increase in FY22 trade deficit. The Import bill for FY22 increased significantly by 42.21% to US \$80.18 billion due to high food/energy related international commodity prices. Exports for FY22 increased by 25.64% to stand at US \$31.79 billion, respectively. Worker's Remittances of US \$31.24 billion were recorded in FY22 that increased 6.1% YoY, compared to US \$29.45 billion in FY21.

The domestic headline inflation averaged at 12.15% in FY22 compared to 8.90% in FY21. Headline inflation increased significantly for month of June 2022, rising to 14-year high of 21.3% due to removal of domestic energy subsidies, rising commodity prices and depreciation of PKR as central banks around the world resorted to aggressive monetary tightening to curtail demand and external imbalances. As a result of inflated import bill, the total liquid foreign exchange reserves declined by 36.32% YoY to US \$15.54 billion as of June 30, 2022 (SBP's share stood at US \$9.82 billion) on the back deficit payments. Meanwhile, the FBR tax collection grew strongly by 29.10% during FY22 to stand at Rs. 6,126 billion due to high custom duties from imports as well as wider tax base. In order to moderate demand, curtail inflation and reduce external/currency risks, State Bank of Pakistan (SBP) cumulatively increased policy rate by 800 bps from 7.0% in FY21 to currently 15.0%. The timely policy measures by SBP, in concert with fiscal measures taken by government in FY23 budget have resulted in achieving a staff level agreement with the IMF that will likely reinforce economic stability amid a challenging global environment.

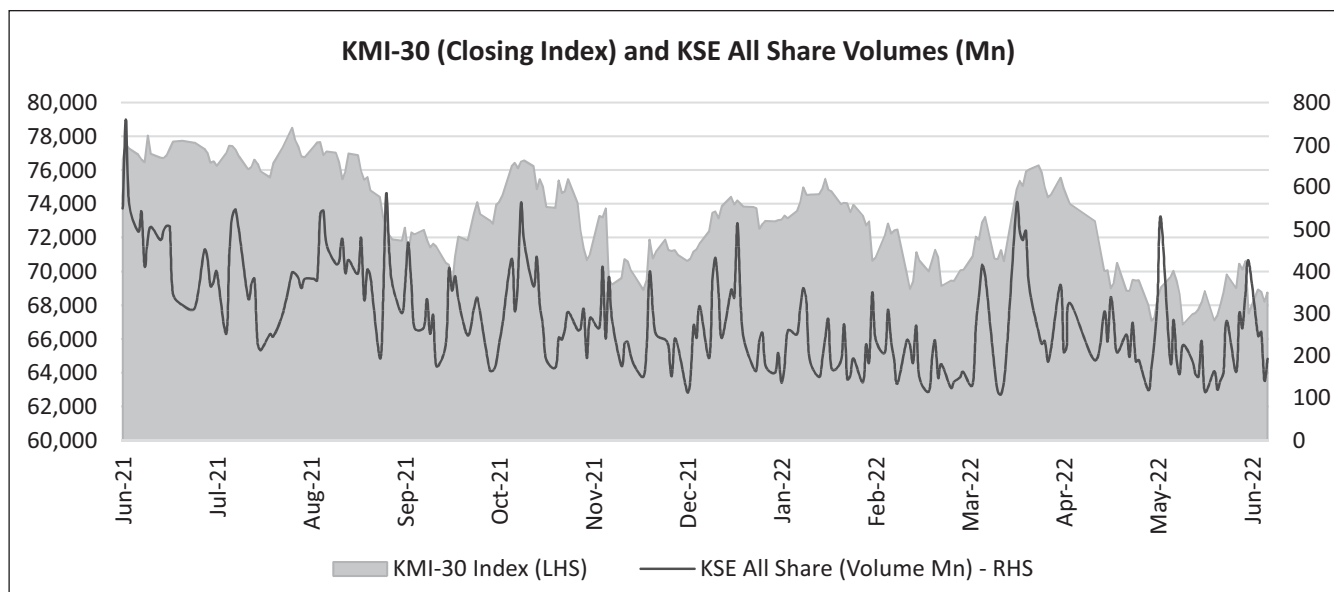
## THE MONEY MARKET

The Monetary Policy Committee of SBP has increased policy rate by 800 bps to 15.0% with the objective of moderating demand to a sustainable pace and reduce external pressures. The Consumer Price Index (CPI) Inflation averaged at 12.15% during FY22 compared to 8.90% in FY21. The increase in FY22 inflation was broad-based with energy, food and core inflation all rising significantly. The yields on secondary market instruments and cut off rates in government auctions remained elevated reflecting the apprehension of market participants' regarding the impact of ongoing commodity super cycle on domestic inflation. Going forward, the impact of international commodity prices on domestic inflation will remain major determinant towards any change in monetary policy stance.

The growth in money supply (M2) witnessed an increase of 10.42% during FY22 that is Rs. 2,533 billion against an expansion of 16.21% (Rs. 3,390 billion) in FY21. Net Foreign Assets (NFA) decreased by Rs. 1,442 billion during FY22 compared to an increase of Rs. 1,241 billion in FY21. Net Domestic Asset (NDA) of banking system declined by Rs. 3,975 billion during FY22 against an increase of Rs. 2,149 billion during FY21.

## THE STOCK MARKET

The KMI-30 index declined 10.25% from 76,621.54 points as on June 30, 2021, to 68,766.37 points as on June 30, 2022. The daily average volume during FY22 declined by 44.70% to 292 million shares compared to daily average of 528 million shares traded in FY21. Net outflow of US \$298 was recorded by Foreign Portfolio Investors during FY22 compared to net outflow of US \$387 million in FY21. On local investors' front, Individuals, Banks, Companies and Other Organizations were net buyers of US \$157 million, US \$115 million, US \$111 million, and US \$60 million. Mutual Funds, Broker Proprietary Trading and Insurance Companies remained net sellers of US \$128 million, US \$20 million, and US \$1 million, respectively.



During FY22, new listings on the stock exchange were Citi Pharma Limited, Pakistan Aluminum Beverage Cans Limited, Airlink Communication Limited, Octopus Digital Limited, and Adamjee Life Assurance Company Limited. The amounts raised through IPO by these companies were Rs. 2,326 million, Rs. 4,600 million, Rs. 6,435 million, Rs. 1,110 million and Rs. 700 million, respectively. Whereas, during FY21, new listings on the stock exchange were The Organic Meat Company Limited, TPL Trakker Limited, Agha Steel Industries Limited, Panther Tyres Limited, and Service Global Footwear Limited. The amounts raised through IPO by these companies were Rs. 800 million, Rs. 802 million, Rs. 3,840 million, Rs. 2,632 million and Rs. 2,175 million, respectively.

The outlay of Budget FY23 stood at Rs. 9.5 trillion (up 12% compared to FY22 Budget). The government's FY23 budget aims at restricting fiscal slippage by increasing overall revenue collection and reducing subsidies for the resumption of IMF program. The government targets a sharp reduction in fiscal deficit from an expected 7.1% of GDP in FY22 to 4.9% of GDP in FY23 on the back of increasing FBR tax collection by 17% along with 52% increase in non-tax revenues. Achieving revenue targets is entrusted with expanding the tax base, streamlining collection process, formalizing the economy, revising tax rate of targeted sectors, and imposing super tax on high earning companies.

## MUTUAL FUND INDUSTRY

The assets under management (AUMs) for the mutual funds industry increased by 18.79% to Rs. 1,255.70 billion as of June 30, 2022, from Rs. 1,057.09 billion as of June 30, 2021. In FY22, Money Market funds (both Conventional and Shariah Compliant) dominated in terms of AUMs representing 53.48% of total mutual fund industry AUMs (Rs. 671.53 billion) followed by Income funds (both Conventional and Shariah Compliant) representing 24.00% of total mutual fund industry AUMs (Rs. 301.42 billion) and Equity Funds representing 14.32% of total mutual fund industry AUMs (Rs. 179.81 billion). The AUM of VPS increased by 7.32% from Rs. 38.12 billion as on June 30, 2021, to Rs. 40.92 billion as on June 30, 2022. The share of Shariah Compliant VPS stood at Rs. 26.76 billion or 65.41% of total VPS.

## MUTUAL FUND TAXATION

### SINDH WORKER'S WELFARE FUND (SWWF)

Levy of WWF has become provincial subject and as Sindh Government has imposed SWWF on industrial, service sectors and financial institutions. Sindh Revenue Board (SRB) has demanded SWWF from mutual funds claiming that these are "financial institutions". According to legal and tax advisors' interpretations, obtained by MUFAP, mutual funds do not fall under the definition of "financial institutions". The Companies Act 2017 has also excluded mutual funds from the definition of financial institutions.

However, asset management companies are included in the definition of financial institutions. Nevertheless, as abundant precaution mutual funds made provision in respect of SWWF as recommended by MUFAP from the date of enactment (May 21, 2015) of Sindh Workers Welfare Fund Act, 2014.

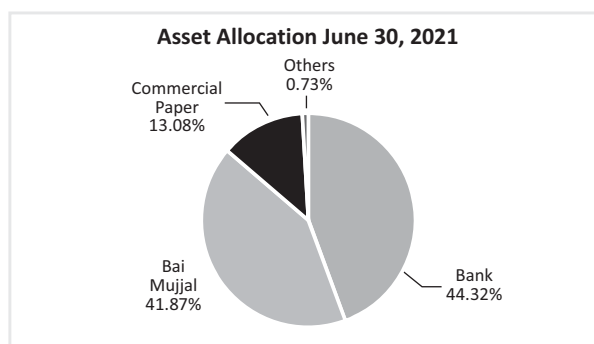
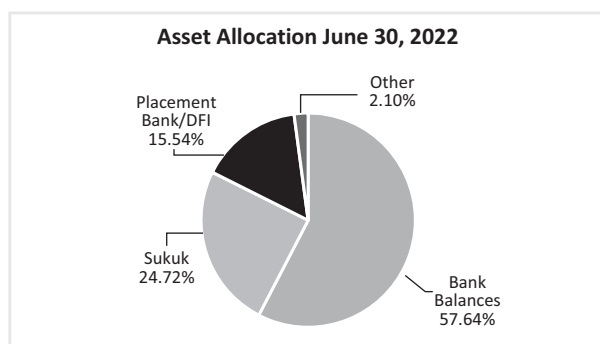
Subsequent to the year ended June 30, 2021, SRB through its letter dated August 12, 2021, has intimated MUFAP that the mutual funds and pension funds do not qualify as Financial Institutions/ Industrial Establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and has also been taken up with the SECP and all the Asset Management Companies, in consultation with SECP, have reversed the cumulative provision for SWWF recognized in the financial statements of the Funds, for the period from May 21, 2015, to August 12, 2021, on August 13, 2021. The SECP has given its concurrence for prospective reversal of provision for SWWF. Accordingly, going forward, no provision for SWWF would be recognized in the financial statements of the Funds.

### FEDERAL EXCISE DUTY (FED)

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

### FUND OPERATIONS - AIMF

The Net Asset Value per unit of The Atlas Islamic Money Market Fund (AIMF) increased by 9.50% as on June 30, 2022. The AIMF exposure in high yielding Shariah Compliant Bank Balances stood at 57.64%, Sukuk stood at 24.72%, Placements with Banks & DFI's stood at 15.54% and others stood at 2.10%. The Net Assets of your Fund stood at Rs. 1.45 billion, with 2.89 million units outstanding as on June 30, 2022.



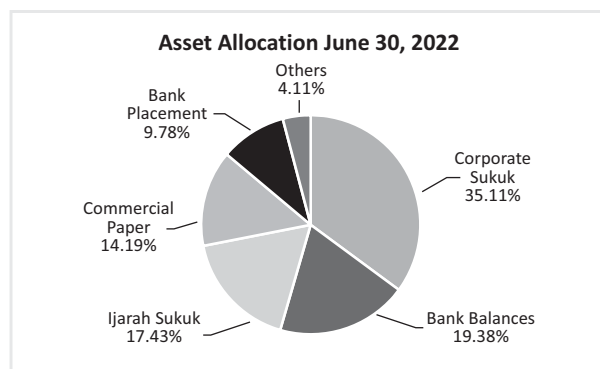
The Investment Committee of Atlas Asset Management Limited, the Management Company of Atlas Islamic Money Market Fund, under the authority delegated by the Board of Directors of Atlas Asset Management Limited has approved aggregated distribution of Rs. 45.35 per unit during fiscal year ended June 30, 2022 (9.07% on the face value of Rs. 500 per unit).

During the month of August 2021, provisioning against Sindh Workers' Welfare Fund by AIMF amounting to Rs.0.34 million been reversed on the clarification received by Sindh Revenue Board vide letter No. SRB/TP/70/2013/8772 dated August 12, 2021 addressed to Mutual Fund Association of Pakistan. This reversal of provision has contributed towards an unusual increase in NAV of the AIMF by 0.04%. This is one-off event and is not likely to be repeated in the future.

### FUND OPERATIONS - AIIF

The Net Asset Value per unit of Atlas Islamic Income Fund (AIIF) increased by 9.44% to Rs. 507.05 as on June 30, 2022. The AIIF's total exposure in high yielding Corporate Sukuks, Shariah Compliant Bank Balances, Ijarah Sukuks, Commercial Paper,

Placement with Banks and Others stood at 35.11%, 19.38%, 17.43%, 14.19%, 9.78% and 4.11%, respectively. The Net Assets of the Fund stood at Rs. 1.77 billion, with 3.49 million units outstanding as of June 30, 2022.

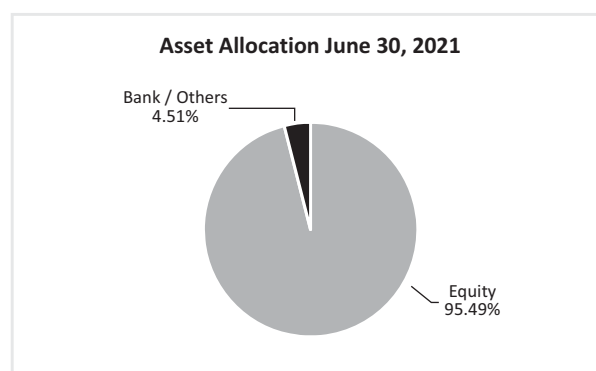
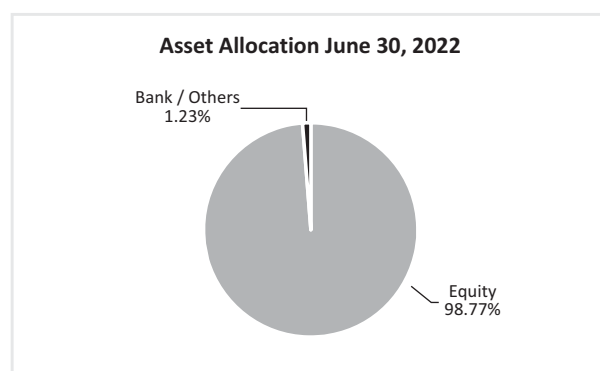


Income Fund, under the authority delegated by the Board of Directors of Atlas Asset Management Limited has approved aggregated interim distribution of Rs 46.50 per unit for the period ended June 30, 2022 (9.30% on the face value of Rs. 500 per unit).

During the month of August 2021, provisioning against Sindh Workers' Welfare Fund by AIIF amounting to Rs. 10.82 million been reversed on the clarification received by Sindh Revenue Board vide letter No. SRB/TP/70/2013/8772 dated August 12, 2021 addressed to Mutual Fund Association of Pakistan. This reversal of provision has contributed towards an unusual increase in NAV of the AIIF by 0.44%. This is one-off event and is not likely to be repeated in the future. The scheme has also held provision for FED liability that amounted to Rs. 1,733,902 up till June 30, 2022 (Rs. 0.50 per unit).

#### FUND OPERATIONS - AISF

The Net Asset Value per unit of Atlas Islamic Stock Fund (AISF) decreased by 13.74% to Rs. 494.41 as on June 30, 2022. The benchmark KMI-30 index decreased by 10.25% during the same period. The KMI-30 index decreased from 76,621.54 points as on June 30, 2021 to 68,766.37 points as on June 30, 2022. AISF's strategy will continue to focus on dividend plays and stocks that are trading at relatively cheap multiple with prospect of earnings growth. AISF equity portfolio exposure stood at 98.77% that mainly comprised of Oil & Gas Exploration, Fertilizer, Cement and Shariah Compliant Commercial Banks. The Net Assets of the Fund stood at Rs. 3.86 billion, with 7.81 million units outstanding as of June 30, 2022.



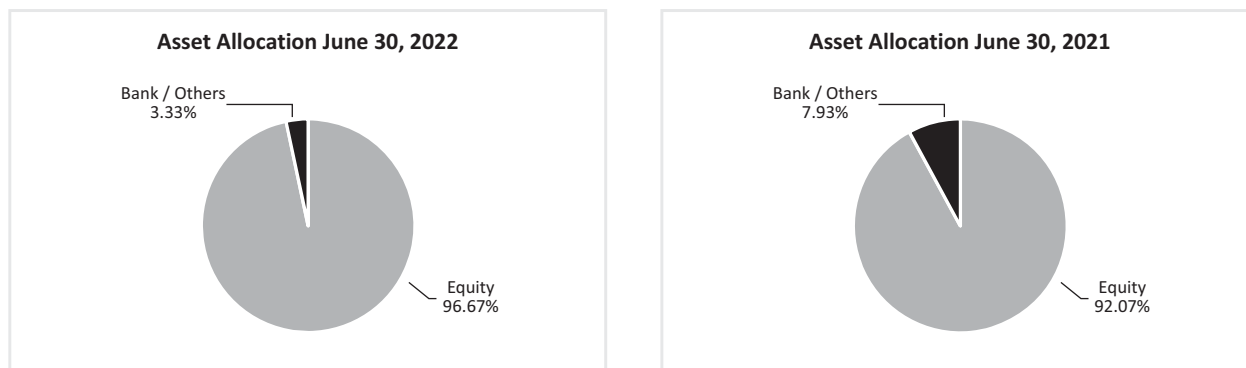
The Investment Committee of Atlas Asset Management Limited, the Management Company of Atlas Islamic Stock Fund, under the authority delegated by the Board of Directors of Atlas Asset Management Limited has approved Nil profit distribution.

During the month of August 2021, provisioning against Sindh Workers' Welfare Fund by AISF amounting to Rs. 33.88 million been reversed on the clarification received by Sindh Revenue Board vide letter No. SRB/TP/70/2013/8772 dated August 12, 2021 addressed to Mutual Fund Association of Pakistan. This reversal of provision has contributed towards an unusual increase

in NAV of the AISF by 1.21%. This is one-off event and is not likely to be repeated in the future. The Scheme has also held provision for FED liability that amounted to Rs. 10,453,385 up till June 30, 2022 (Rs. 1.34 per unit).

### FUND OPERATIONS - AIDSF

The Net Asset Value per unit of Atlas Islamic Dedicated Stock Fund (AIDSF) decreased by 13.73% to Rs. 514.18 as on June 30, 2022. The benchmark KMI-30 index decreased by 10.25% during the same period. The KMI-30 index decreased from 76,621.54 points as on June 30, 2021 to 68,766.37 points as on June 30, 2022. AIDSF strategy will continue to focus on dividend plays and stocks that are trading at relatively cheap multiple with prospects of earnings growth. AIDSF equity portfolio exposure stood at 96.67% that mainly comprised of Oil & Gas Exploration, Fertilizer, Cement and Shariah Compliant Commercial Banks. The Net Assets of the Fund stood at Rs. 478 million, with 0.93 million units outstanding as of June 30, 2022.



The Investment Committee of Atlas Asset Management Limited, the Management Company of Atlas Islamic Dedicated Stock Fund, under the authority delegated by the Board of Directors of Atlas Asset Management Limited has approved Nil profit distribution.

During the month of August 2021, provisioning against Sindh Workers' Welfare Fund by AIDSF amounting to Rs. 3.06 million been reversed on the clarification received by Sindh Revenue Board vide letter No. SRB/TP/70/2013/8772 dated August 12, 2021 addressed to Mutual Fund Association of Pakistan. This reversal of provision has contributed towards an unusual increase in NAV of the AIDSF by 1.03%. This is one-off event and is not likely to be repeated in the future.

### FUND OPERATIONS - AIFOF

The Net Asset Value of Atlas Aggressive Allocation Islamic Plan (AAAIP) decreased by 6.89% to Rs. 553.53 as on June 30, 2022. AAAIP was 20.77% and 70.78% invested in AIIF and AIDSF, respectively. The Net Asset Value of Atlas Moderate Allocation Islamic Plan (AMAIP) decreased by 2.84% to Rs. 566.79 as on June 30, 2022. AMAIP was 39.98% and 52.52% invested in AIIF and AIDSF, respectively. The Net Asset Value of Atlas Conservative Allocation Islamic Plan (ACAIP) increased by 2.92% to Rs. 567.23 as on June 30, 2022. ACAIP was 66.65% and 24.83% invested in AIIF and AIDSF, respectively. The Net Asset Value of Atlas Islamic Capital Preservation Plan II (AICPP-II) increased by 0.28% to Rs. 499.88 as on June 30, 2022. AICPP-II was 61.50% and 37.81% invested in AIMF and AIDSF, respectively. The Net Asset Value of Atlas Islamic Dividend Plan (AIDP) increased by 9.01% (annualized basis) as on June 30, 2022. AIDP was 88.15% invested in AIIF. The Net Assets of AIFOF stood at Rs. 932 million as of June 30, 2022.

The Investment Committee of Atlas Asset Management Limited, the Management Company of Atlas Islamic Fund of Funds, under the authority delegated by the Board of Directors of Atlas Asset Management Limited has approved aggregate distribution of Rs 0.00 per unit for AAAIP, Rs. 0.00 for AMAIP, Rs. 16.45 for ACAIP, Rs. 1.51 for AICPP II and Rs. 43.17 for AIDP for the period ended June 30, 2022.

### RATINGS

- **ASSET MANAGER RATING**

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

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- **FUND STABILITY RATING - AIMF**

PACRA has assigned a stability rating of "AA (f)" (Double A fund rating) to the Fund. The Fund's rating denotes a very strong capacity to manage relative stability in returns and low exposure to risks.

- **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**

In FY23, growth is expected to moderate in the range of 3% to 4% (as per SBP), on the back of monetary tightening and fiscal consolidation that will assist in reducing demand-side pressures on inflation. However, downside risks to growth may stem from further escalation in global commodity prices emanating from supply side disruptions. The SBP expects inflation to likely remain elevated during FY23 in range of 18% to 20% before falling sharply in range of 5% to 7% by the end of FY24, driven by tight policies, normalization of global commodity prices, and beneficial base effects. Imports are expected to reduce on the back of moderation in demand whereby market-based flexible exchange rate system and strong inflows from Worker's Remittances will likely contain the Current Account Deficit around 3.0% of GDP in FY23. The recent staff level agreement with IMF is expected to catalyze important funding from external sources that will suffice Pakistan's external financing needs, build reserves, and curtail pressures on PKR. Going forward, government's focus towards averting fiscal slippage, provision of targeted assistance to vulnerable segment of society, measures to conserve energy, and policies to reinforce import substitution shall be instrumental in achieving economic and financial stability.

بے محنت پھلیم کوئی جو ہر نہیں کھلتا

Determination and Hard Work are the key to Success.

### **ACKNOWLEDGEMENT**

I would like to thank the Securities and Exchange Commission of Pakistan and other Regulatory Bodies, the Board of Directors, and the Group Executive Committee for their help 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: 8 September 2022

**Iftikhar 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 Money Market Fund (AIMF), Atlas Islamic Fund of Funds (AIFOF) 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, AIMF, AIFOF and AIDSF for the year ended 30 June 2022.

## 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, AIDSF, AIMF and AIFOF for the year ended 30 June 2022 and 30 June 2021 are as follows:

Particulars	AIIF		AISF		AIDSF		AIMF	
	2022	2021	2022	2021	2022	2021	2022	2021
Earnings/ (loss) per unit - Rupees	55.02	30.84	(77.06)	150.55	(66.89)	224.32	39.60	13.02
Return %	9.44%	6.35%	-13.74%	36.64%	-13.73%	37.80%	9.50%	6.27%
Net assets - Rupees million	1,770.91	2,157.03	3,859.66	2,706.74	477.80	327.32	1,446.68	636.61
Sales - Rupees million	3,747.77	3,423.39	2,898.66	2,320.72	252.63	20.08	2,421.46	687.25
Sales - in units	7,165,413	6,592,099	5,146,679	4,032,321	445,271	36,862	4,842,921	1,374,497
Redemptions - Rupees million	4,176.98	3,405.45	1,136.27	1,924.84	39.13	170.93	1,611.40	50.64
Redemptions - in units	7,936,755	6,556,098	2,062,745	3,311,130	65,215	308,362	3,222,795	101,271
Units outstanding at year end	3,492,542	4,263,884	7,806,639	4,722,705	929,233	549,177	2,893,353	1,273,226

Particulars	AIFOF June 2022				
	Atlas Aggressive Allocation Islamic Plan (AAAIP)	Atlas Moderate Allocation Islamic Plan (AMAIP)	Atlas Conservative Allocation Islamic Plan (ACAIP)	Atlas Islamic Dividend Plan (AIDP)	Atlas Islamic Capital Preservation Plan-II (AICPP-II)
Earnings/ (loss) per unit - Rupees	(37.97)	(15.32)	14.90	41.06	1.39
Return %	-6.89%	-2.84%	2.92%	9.01%	0.28%
Net assets - Rupees million	132.47	140.96	156.37	29.67	472.52
Sales - Rupees million	13.07	11.01	21.17	2.70	472.69
Sales - in units	23,178	19,411	36,597	5,403	945,605
Redemptions - Rupees million	0.01	0.01	2.74	0.02	0.17
Redemptions - in units	10	15	4,719	407	341
Units outstanding at year end	239,308	248,702	275,673	59,332	945,264

Particulars	AIFOF June 2021				
	Atlas Aggressive Allocation Islamic Plan (AAAIP)	Atlas Moderate Allocation Islamic Plan (AMAIP)	Atlas Conservative Allocation Islamic Plan (ACAIP)	Atlas Islamic Dividend Plan (AIDP)	Atlas Islamic Capital Preservation Plan (AICPP-I)
Earnings/ (loss) per unit - Rupees	129.61	106.19	73.57	27.07	59.73
Return %	28.08%	21.54%	14.15%	5.58%	12.25%
Net assets - Rupees million	128.49	133.77	138.26	27.17	495.77
Sales - Rupees million	4.17	3.50	2.04	14.98	12.40
Sales - in units	6,671	6,190	3,686	29,962	23,351
Redemptions - Rupees million	0.07	2.63	2.50	13.95	2.76
Redemptions - in units	128	4,578	4,416	27,897	5,137
Units outstanding at year end	216,140	229,306	243,795	54,336	933,099

#### 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 interim distribution of Rs. 46.50 (2021: Rs. 31.05) per unit for the FY 2021-22. The total payout for the year works out to 9.30% (2021: 6.21%) on the face value of Rs.500 per unit.

#### INCOME DISTRIBUTION - AISF

The Investment Committee of the Management Company of AISF, under the authority delegated to them by the Board of Directors, approved an interim distribution of Nil (2021: 50.00) per unit for the FY 2021-22. The total payout for the year works out to 0.00% (2021: 10%) on the face value of Rs.500 per unit. Nil distribution was due to losses on account of the decrease in KSE 100-Index that stood at 47,356.02 points at June 30, 2021 and at 41,540.83 points as on June 30, 2022 reflecting a decrease of 12.28% during the year under review.

#### INCOME DISTRIBUTION - AIDSF

The Investment Committee of the Management Company of AIDSF, under the authority delegated to them by the Board of Directors, approved an interim distribution of Nil (2021: 12.75) per unit for the FY 2021-22. The total payout for the year works out to 0% (2021: 2.55%) on the face value of Rs.500 per unit. Nil distribution was due to losses on account of the decrease in KSE 100-Index that stood at 47,356.02 points at June 30, 2021 and at 41,540.83 points as on June 30, 2022 reflecting a decrease of 12.28% during the year under review.

#### INCOME DISTRIBUTION - AIMF

The Investment Committee of the Management Company of AIMF, under the authority delegated to them by the Board of Directors, approved aggregated interim distribution of 45.35 (2021: 14.73) per unit for the FY 2021-22. The total payout for the year works out to 9.07% (2021: 2.95%) on the face value of Rs.500 per unit.

#### INCOME DISTRIBUTION - AAAIP

The Investment Committee of the Management Company of AAAIP, under the authority delegated to them by the Board of Directors, approved an interim distribution of Nil (2021: 17.60) per unit for the FY 2021-22. The total payout for the year works out to 0% (2021: 3.52%) on the face value of Rs.500 per unit. Nil distribution was due to losses on account of the decrease in

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KSE 100-Index that stood at 47,356.02 points at June 30, 2021 and at 41,540.83 points as on June 30, 2022 reflecting a decrease of 12.28% during the year under review.

#### **INCOME DISTRIBUTION - AMAIP**

The Investment Committee of the Management Company of AMAIP, under the authority delegated to them by the Board of Directors, approved an interim distribution of Nil (2021: 18.60) per unit for the FY 2020-21. The total payout for the year works out to 0% (2021: 3.72) on the face value of Rs.500 per unit. Nil distribution was due to losses on account of the decrease in KSE 100-Index that stood at 47,356.02 points at June 30, 2021 and at 41,540.83 points as on June 30, 2022 reflecting a decrease of 12.28% during the year under review.

#### **INCOME DISTRIBUTION - ACAIP**

The Investment Committee of the Management Company of ACAIP, under the authority delegated to them by the Board of Directors, approved an interim distribution of Rs. 16.45 (2021: 23.90) per unit for the FY 2021-22. The total payout for the year works out to 3.29% (2021: 4.78%) on the face value of Rs.500 per unit.

#### **INCOME DISTRIBUTION - AIDP**

The Investment Committee of the Management Company of AIDP, under the authority delegated to them by the Board of Directors, approved aggregated interim distribution of 43.17 (2021: 27.03) per unit for the FY 2021-22. The total payout for the year works out to 8.63% (2021: 5.41%) on the face value of Rs.500 per unit.

#### **INCOME DISTRIBUTION - AICPP-I\***

AICPP- I matured on August 31, 2021. The Investment Committee of the Management Company of AICPP-I, under the authority delegated to them by the Board of Directors, approved a Nil distribution (2021: 28.20) per unit for the FY 2021-22. The total payout for the year works out to be nil (2020: 5.64%) on the face value of Rs.500 per unit.

#### **INCOME DISTRIBUTION - AICPP-II\***

AICPP- II was launched on September 01, 2021. The Investment Committee of the Management Company of AICPP-II, under the authority delegated to them by the Board of Directors, approved an interim distribution of Rs. 1.51 per unit for the FY 2021-22. The total payout for the year works out to 0.30% on the face value of Rs.500 per unit.

\*For AICPP-II, the comparative figures are for the period from 01 September 2021 to 30 June 2022 and for AICPP-I, the comparative figures are for the period from 01 July 2021 to 31 August 2021, hence, are not comparable with the current year figures.

#### **CHAIRMAN'S REVIEW**

The review included in the Annual Report of AIIF, AISF, AIMF, 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.

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## STATEMENT BY THE BOARD OF DIRECTORS

The Board of Directors states for AIIF, AISF, AIMF, 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 there from has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There is no doubt about the Funds' ability to continue as a going concern.
- Statutory payments, taxes, levies properly disclosed in the Financial Statements.
- Summaries of key financial data/ performance tables of AIIF, AISF, AIMF, AIFOF and AIDSF are annexed on pages 61, 102, 24, 184 and 144 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 25, 22, 24, 22 and 22 respectively to the financial statements of AIIF, AISF, AIMF, AIFOF and AIDSF.

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

During the period, the Board of Directors of AAML included: Mr. Iftikhar 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.

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

- Male: 6
- Female: 1

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

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

Six Board Meetings were held and attended during FY 2021-22. The particulars of the dates of meetings, and the directors attending, as required under the NBFC Regulations, 2008, are appended as note 28, 29, 26, 26 and 25 respectively to the financial statements of AIMF, AIIF, AISF, AIDSF and AIFOF.

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	Ms. Zehra Naqvi	Independent Director	2
2	Mr. Frahim Ali Khan	Non-Executive Director	2
3	Mr. Ali H. Shirazi	Non-Executive Director	2
4	Mr. M. Abdul Samad	Chief Executive Officer	2

- **Investment Committee** - fifty one meetings were held during the year and attended as follows:

Serial no.	Name of Director	Status	Meetings attended
1	Mr. Ali H. Shirazi	Non-Executive Director	16
2	Mr. M. Abdul Samad	Chief Executive Officer	43
3	Mr. Khalid Mahmood (executive management)	Chief Investment Officer - Member IC	48
4	Mr. M. Umar Khan (executive management)	Head of Portfolio Management - Member IC	45
5	Mr. Fawad Javaid (executive management)	Head of Fixed Income - Member IC	51
6	Mr. Faran-ul-Haq (executive management)	Head of Equities - Secretary IC	51

## 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) [2021: AM2+ (AM Two Plus)] on 24th December 2021. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.

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

PACRA has maintained the stability rating of the AIIF at "AA - (f)" (Double A Minus f : fund rating) on 15 April 2022. The Fund's rating denotes a very strong capacity to manage relative stability in returns and very low exposure to risks.

### **FUND STABILITY RATING - AIMF**

PACRA has maintained the stability rating of the AIMF at "AA (f)" (Double A: f : fund rating) on 15 April 2022. The Fund's rating denotes a very strong capacity to manage relative stability in returns and very low exposure to risks.

### **AUDITORS**

The Audit Committee of the Board of Directors, in their meeting held on September 06, 2022, recommended the re-appointment of Ms. EY Ford Rhodes, Chartered Accountants, Karachi, being eligible as auditors of Atlas Islamic Income Fund, Atlas Islamic Money Market Fund, Atlas Islamic Fund of Funds and Atlas Islamic Dedicated Stock Fund, and the appointment of M/s. A. F. Ferguson & Co., Chartered Accountants, Karachi, being eligible, as auditors of Atlas Islamic Stock Fund, for the financial year ending 30 June 2023.

### **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

For and on behalf of the Board

**Muhammad Abdul Samad**  
Chief Executive Officer

**Frahim Ali Khan**  
Director

Karachi: 8 September 2022

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# Atlas Islamic Money Market Fund

## Corporate Information

### Trustee

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

### Shariah Advisor

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Dr. Mufti Hassan Usmani

### Auditors

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EY Ford Rhodes  
Chartered Accountants

### Legal Advisers

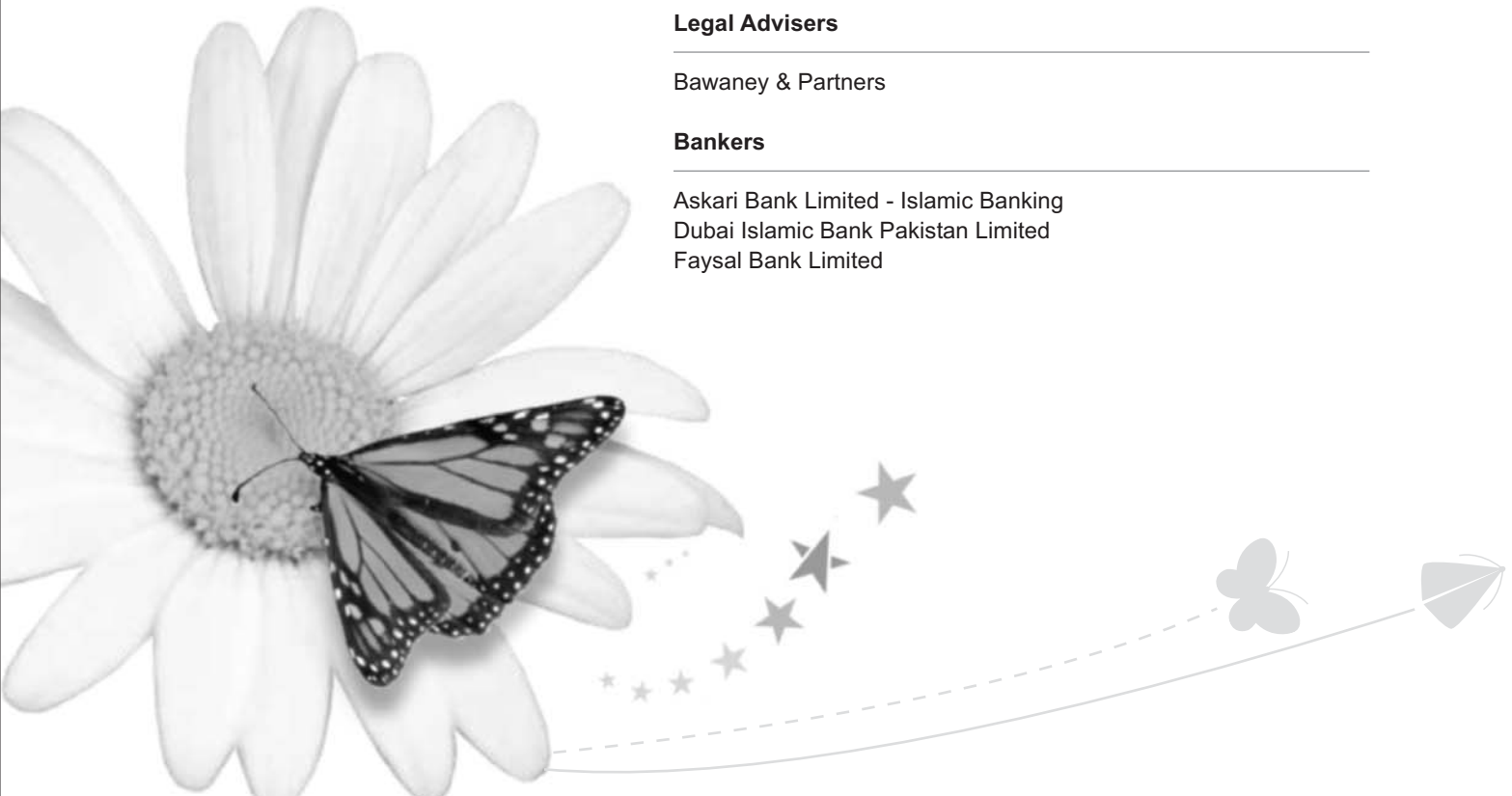
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Bawaney & Partners

### Bankers

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Askari Bank Limited - Islamic Banking  
Dubai Islamic Bank Pakistan Limited  
Faysal Bank Limited



# Fund Manager's Report

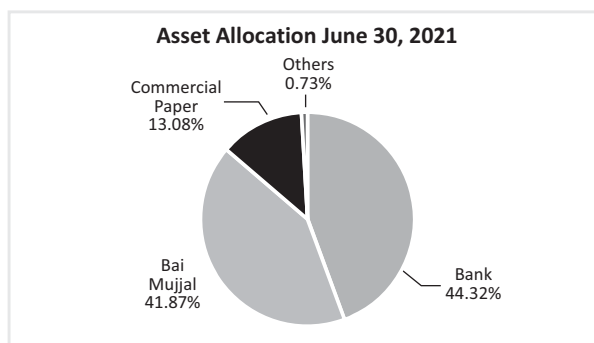
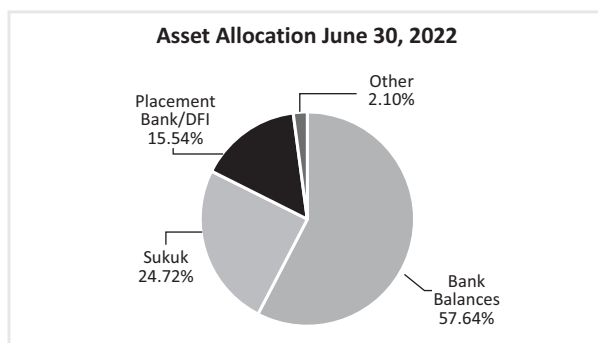
The objective of Atlas Islamic Money Market Fund (AIMF) is to provide competitive return to its investors (with a periodic payout) by investing in low risk, highly liquid and short duration portfolio consisting of Shariah Compliant money market instruments. The Fund invests in Shariah Compliant money market instruments with a maximum time to maturity of six months for any asset whereas, weighted average time to maturity of the fund cannot exceed 90 days. This is intended to reduce risk while maintaining liquidity. The Fund's investment strategy is based on fundamental credit analysis of counterparties. The Fund primarily invests in short term government securities/bank deposits and other short term money market instruments. The Fund will make periodic payout to the unit holders, which shall be reinvested.

Atlas Islamic Money Market Fund benchmark is three (3) months average deposit rates of Three (3) AA rated Islamic Banks or Islamic windows of conventional bank as Selected by MUFAP.

The Monetary Policy Committee of SBP has increased policy rate by 800 bps to 15.0% with the objective of moderating demand to a sustainable pace and reduce external pressures. The Consumer Price Index (CPI) Inflation averaged at 12.15% during FY22 compared to 8.90% in FY21. The increase in FY22 inflation was broad-based with energy, food and core inflation all rising significantly. The yields on secondary market instruments and cut off rates in government auctions remained elevated reflecting the apprehension of market participants' regarding the impact of ongoing commodity super cycle on domestic inflation. Going forward, the impact of international commodity prices on domestic inflation will remain major determinant towards any change in monetary policy stance.

## FUND OPERATIONS - AIMF

The Net Asset Value per unit of The Atlas Islamic Money Market Fund (AIMF) increased by 9.50% as on June 30, 2022. The AIMF exposure in high yielding Shariah Compliant Bank Balances stood at 57.64%, Sukuk stood at 24.72%, Placements with Banks & DFI's stood at 15.54% and others stood at 2.10%. The Net Assets of your Fund stood at Rs. 1.45 billion, with 2.89 million units outstanding as on June 30, 2022.



## Breakdown of Unit holding by size:

Type of Investor	No. of Investors	Amount of Investment (Rs.)	Percentage (%)
Associated Companies	4	495,609,178	34.26%
Individuals	129	145,296,656	10.04%
Others	6	314,980,206	21.77%
Retirement Funds	8	490,790,197	33.93%
<b>Total</b>	<b>147</b>	<b>1,446,676,237</b>	<b>100.00%</b>

The Investment Committee of Atlas Asset Management Limited, the Management Company of Atlas Islamic Money Market Fund, under the authority delegated by the Board of Directors of Atlas Asset Management Limited has approved aggregated distribution of Rs. 45.35 per unit during fiscal year ended June 30, 2022 (9.07% on the face value of Rs. 500 per unit).

During the month of August 2021, provisioning against Sindh Workers' Welfare Fund by AIMF amounting to Rs.0.34 million been reversed on the clarification received by Sindh Revenue Board vide letter No. SRB/TP/70/2013/8772 dated August 12, 2021 addressed to Mutual Fund Association of Pakistan. This reversal of provision has contributed towards an unusual increase in NAV of the AIMF by 0.04%. This is one-off event and is not likely to be repeated in the future.

The Total Expense Ratio (TER) of the Fund is 0.27% including Government levy and SECP Fee of 0.04%.

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

Karachi: 8 September 2022

**Fawad Javaid**  
Head of Fixed Income

## Performance Since Inception

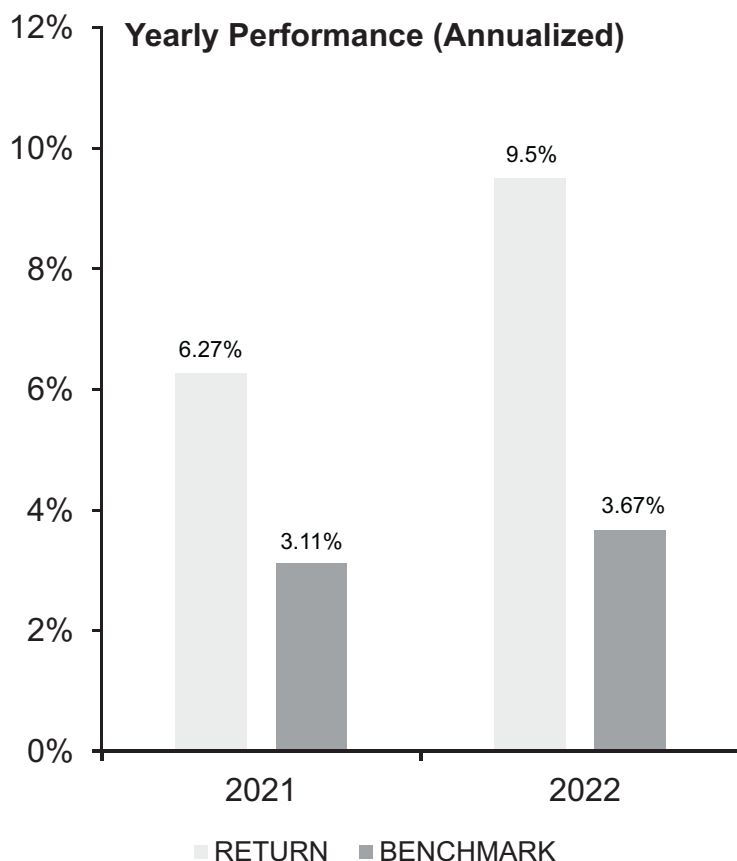
	2022	2021*
Net assets (Rs. in '000)	1,446,676	636,613
Number of units in issue	2,893,353	1,273,226
Net asset value per unit (Rs.)	500.00	500.00
Net income / (loss) (Rs. in '000)	114,589	16,585
Earnings / (loss) per unit (Rs.)	39.60	13.03
Annual return of the Fund (%)	9.50	6.27
Offer price ** (Rs.)	500.00	500.00
Redemption price ** (Rs.)	500.00	500.00
Distribution Per Unit (Rs.)	45.35	14.73
Distribution as a % of opening Ex- NAV of units	9.07	2.95
Date of distribution ***	Various Dates	Various Dates
Highest offer price (Rs.)	500.00	500.00
Lowest offer price (Rs.)	500.00	500.00
Highest repurchase price per unit (Rs.)	500.00	500.00
Lowest repurchase price per unit (Rs.)	500.00	500.00

\* For the period from 07 January 2021 to 30 June 2021 (Date of Launch: 07 January 2021).

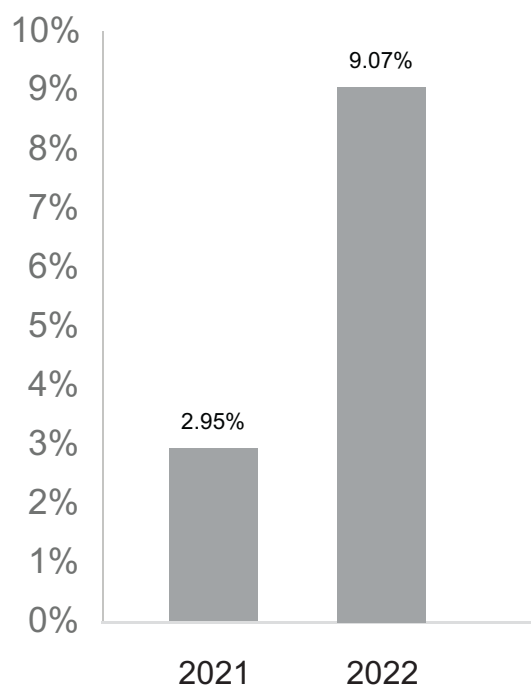
\*\* Relates to announced prices.

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

**Yearly Performance (Annualized)**



**Payout History (% on Opening NAV)**



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# TRUSTEE REPORT TO THE UNIT HOLDERS

## Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of Atlas Islamic Money Market Fund (the Fund) are of the opinion that Atlas Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2022 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Karachi: 28 September 2022

**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 Money Market Fund (AIMF), I am issuing this report in accordance with clause 11.4 (c) 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 AIMF for the period ended June 30, 2022 are in compliance with the Shariah principles.

There are investments made by AIMF 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 2022

**Dr. Mufti Hassan Usmani**  
Shariah Advisor

# INDEPENDENT AUDITOR'S REPORT

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

### Opinion

We have audited the financial statements of **Atlas Islamic Money Market Fund** (the Fund), which comprise of the statement of assets and liabilities as at 30 June 2022, 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 2022, and of its financial performance and its cash flows for the period 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>Investment in Islamic securities</b>	
<p>As disclosed in note 5 to the accompanying financial statements of the Fund for the year ended 30 June 2022, the investments held by the Fund comprised of Islamic securities which represent significant portion of the total assets of the Fund as at the year end.</p> <p>In view of the above, we have considered this area as a key audit matter.</p>	<p>We performed a combination of audit procedures focusing on the existence and valuation of Islamic commercial papers and Islamic letter of placements. Our key procedure included the following:</p> <ul style="list-style-type: none"><li>• We obtained an understanding of fund's process over acquisition, disposals and periodic valuation of investment portfolio and evaluated / tested controls in those areas for the purpose of our audit.</li><li>• We performed substantive audit procedures on year-end balance of portfolio including review of custodian's statement and valuations on the basis of prices determined by Mutual Funds Association of Pakistan (MUFAP).</li><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 Islamic investments portfolio and exposure limits prescribed in such Regulations and the applicability of disclosures in this regard.</li></ul>

Key audit matter	How our audit addressed the key audit matter
	<ul style="list-style-type: none"> <li>We also evaluated the adequacy of the overall disclosures in the financial statements in respect of the investment portfolio in accordance with the requirements of the Regulations and applicable financial reporting standards.</li> </ul>

### Other Information

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

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

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

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

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

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

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

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

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

Karachi: 15 September 2022

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

# STATEMENT OF ASSETS AND LIABILITIES

## AS AT 30 JUNE 2022

	Note	2022 ----- Rupees -----	2021
<b>Assets</b>			
Bank balances and Term deposit receipts	4	1,059,509,272	282,877,302
Investments	5	358,000,000	350,806,346
Markup accrued	6	29,426,800	3,364,300
Prepayments and other receivables	7	540,530	494,442
Preliminary and floatation cost	8	507,955	782,291
<b>Total assets</b>		<b>1,447,984,557</b>	<b>638,324,680</b>
<b>Liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company	9	162,470	897,019
Payable to the Central Depository Company of Pakistan Limited - Trustee	10	75,608	53,922
Payable to the Securities and Exchange Commission of Pakistan	11	240,316	53,533
Accrued expenses and other liabilities	12	829,926	707,269
<b>Total liabilities</b>		<b>1,308,320</b>	<b>1,711,743</b>
<b>NET ASSETS</b>		<b>1,446,676,237</b>	<b>636,612,937</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>1,446,676,237</b>	<b>636,612,937</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	13	----- Number of Units -----	
<b>NUMBER OF UNITS IN ISSUE - GROWTH UNITS</b>	1.5	<b>2,893,353</b>	<b>1,273,226</b>
<b>NET ASSET VALUE PER UNIT</b>		<b>500.0000</b>	<b>500.0000</b>

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

For Atlas Asset Management Limited  
(Management Company)

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

**Muhammad Abdul Samad**  
Chief Executive Officer

**Iftikhar H. Shirazi**  
Chairman

**Tariq Amin**  
Director

# INCOME STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2022

	Note	From 01 July 2021 to 30 June 2022	From 07 January 2021 to 30 June 2021
		----- Rupees -----	
<b>Income</b>			
Markup income	14	117,701,919	18,424,989
Loss on sale of investments in Bai Muajjal	5.2	(106,782)	(72,909)
<b>Total income</b>		<b>117,595,137</b>	<b>18,352,080</b>
<b>Expenses</b>			
Remuneration of the Management Company	9.1	957,277	133,928
Sindh sales tax on remuneration of the Management Company	9.2	124,446	17,411
Accounting & operational charges	15	300,000	150,000
Remuneration of the Trustee	10.1	682,118	174,106
Sindh sales tax on remuneration of the trustee	10.2	88,675	22,634
Annual fee - Securities and Exchange Commission of Pakistan	11.1	240,316	53,533
Auditor's remuneration	16	300,240	216,000
Transaction charges		19,439	60,810
Amortization of preliminary expenses and floatation costs	8	151,802	61,493
Annual listing fee		27,500	294,040
Fund rating fee		188,710	78,260
Shariah advisory fee		80,110	40,000
Printing charges		49,263	-
Bank charges		23,109	9,084
Legal and professional charges		111,868	123,000
(Reversal) / provision for Sindh Workers' Welfare Fund	12.1	(338,463)	338,356
<b>Total expenses</b>		<b>3,006,410</b>	<b>1,772,655</b>
<b>Net income for the year/ period before taxation</b>		<b>114,588,727</b>	<b>16,579,425</b>
<b>Taxation</b>	18	-	-
<b>Net income for the year/ period after taxation</b>		<b>114,588,727</b>	<b>16,579,425</b>
<b>Allocation of net income for the year/ period:</b>			
Net income for the year/ period after taxation		114,588,727	16,579,425
Income already paid on units redeemed		-	-
		<b>114,588,727</b>	<b>16,579,425</b>
<b>Accounting income available for distribution:</b>			
- Relating to capital gains		-	-
- Excluding capital gains		114,588,727	16,579,425
		<b>114,588,727</b>	<b>16,579,425</b>

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

For Atlas Asset Management Limited  
(Management Company)

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

**Muhammad Abdul Samad**  
Chief Executive Officer

**Iftikhar H. Shirazi**  
Chairman

**Tariq Amin**  
Director

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022

	From 01 July 2021 to 30 June 2022	From 07 January 2021 to 30 June 2021
	----- Rupees -----	-----
<b>Net income for the year / period after taxation</b>	114,588,727	16,579,425
Other comprehensive income for the year/ period	-	-
<b>Total comprehensive income for the year / period</b>	<b>114,588,727</b>	<b>16,579,425</b>

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

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

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

**Muhammad Abdul Samad**  
Chief Executive Officer

**Iftikhar H. Shirazi**  
Chairman

**Tariq Amin**  
Director

# STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE YEAR ENDED 30 JUNE 2022

		From 01 July 2021 to 30 June 2022		
	Note	Capital value	Undistributed income	Net assets
		----- Rupees -----		
Capital value		636,612,937	-	636,612,937
<b>Undistributed income brought forward</b>				
- Realised income		-	-	-
- Unrealised loss		-	-	-
<b>Net assets at the beginning of the year (Units: 1,273,226) (Rs. 500 per unit)</b>		<b>636,612,937</b>	<b>-</b>	<b>636,612,937</b>
Issue of 4,842,922 units*		2,421,460,715	-	2,421,460,715
Redemption of 3,222,795 units		(1,611,397,415)	-	(1,611,397,415)
Cash Dividend*	1.7	-	(114,588,727)	(114,588,727)
Total comprehensive income for the year		-	114,588,727	114,588,727
<b>Net assets at end of the year (Units outstanding: 2,893,353) (Rs. 500.00 per unit)</b>		<b>1,446,676,237</b>	<b>-</b>	<b>1,446,676,237</b>
<b>Undistributed income carried forward</b>				
- Realised income		-	-	-
- Unrealised income		-	-	-
		-	-	-
		From 07 January 2021 to 30 June 2021		
		Capital value	Undistributed income	Net assets
		----- Rupees -----		
Issue of 1,374,497 units*		687,248,509	-	687,248,509
Redemption of 101,271 units		(50,635,572)	-	(50,635,572)
Cash Dividend*		-	(16,579,425)	(16,579,425)
Total comprehensive income for the period		-	16,579,425	16,579,425
<b>Net assets at end of the year (Units outstanding: 1,273,226 ) (Rs. 500.00 per unit)</b>		<b>636,612,937</b>	<b>-</b>	<b>636,612,937</b>
<b>Undistributed income carried forward</b>				
- Realised income		-	-	-
- Unrealised income		-	-	-
		-	-	-

\* During the year / period ended 30 June 2022 and 2021 all the units issued by the Fund are Growth units and dividend on these units have been reinvested on daily basis. (Please refer note 1.5).

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

For Atlas Asset Management Limited  
(Management Company)

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

**Muhammad Abdul Samad**  
Chief Executive Officer

**Iftikhar H. Shirazi**  
Chairman

**Tariq Amin**  
Director

# CASH FLOW STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2022

		From 01 July 2021 to 30 June 2022	From 07 January 2021 to 30 June 2021
	Note	----- Rupees -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income for the year/ period after taxation		114,588,727	16,579,425
<b>Adjustments for:</b>			
Markup income	14	(117,701,919)	(18,424,989)
Loss on sale of investments in Bai Muajjal	8	106,782	72,909
Amortization of preliminary expenses and floatation costs		151,802	61,493
(Reversal) / provision for Sindh Workers' Welfare Fund		(338,463)	338,356
		<b>(117,781,798)</b>	<b>(17,952,231)</b>
<b>(Increase) in assets</b>			
Prepayments and other receivables		(46,088)	(494,442)
Preliminary and floatation cost		-	(782,290)
		<b>(46,088)</b>	<b>(1,276,731)</b>
<b>Increase in liabilities</b>			
Payable to Atlas Asset Management Company - Management Company		(734,549)	897,018
Payable to Central Depository Company of Pakistan Limited - Trustee		21,686	53,922
Payable to the Securities and Exchange Commission of Pakistan		186,783	53,533
Accrued expenses and other liabilities		583,653	307,420
		<b>57,573</b>	<b>1,311,895</b>
Markup received		91,639,419	15,060,688
Investments - net		(7,300,436)	(350,879,255)
<b>Net cash generated from / p(used in) operating activities</b>		<b>81,157,397</b>	<b>(337,156,210)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Receipts against issuance of units		2,421,460,715	687,248,509
Cash Dividend		(114,588,727)	(16,579,425)
Payments against redemption of units		(1,611,397,415)	(50,635,572)
<b>Net cash generated from financing activities</b>		<b>695,474,573</b>	<b>620,033,512</b>
<b>Net increase in cash and cash equivalents</b>		<b>776,631,970</b>	<b>282,877,302</b>
Cash and cash equivalents at the beginning of the year / period		282,877,302	-
<b>Cash and cash equivalents at the end of the year / period</b>	4	<b>1,059,509,272</b>	<b>282,877,302</b>

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

For Atlas Asset Management Limited  
(Management Company)

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

**Muhammad Abdul Samad**  
Chief Executive Officer

**Iftikhar H. Shirazi**  
Chairman

**Tariq Amin**  
Director

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# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

## 1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Atlas Islamic Money Market Fund (the Fund) is an open-ended Fund constituted under a trust deed entered into on 17 September 2020 between Atlas Asset Management Limited (AAML) as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the trustee, further the Trust deed has been registered under the Sindh Trust Act as disclosed in note 1.6. 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 money market 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 07 January 2021, 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 Atlas Islamic Money Market Fund (AIMF) is to provide competitive return to its investors (with a periodic payout) by investing in low risk, highly liquid and short duration portfolio consist of Shariah Compliant money market instruments.
- 1.4 The titles to the assets of the Fund are held in the name of the Central Depository Company of Pakistan Limited (CDC) as the Trustee of the Fund.
- 1.5 As per the offering document of the Fund, an investor shall, at the time of opening an account, select the types of units in which the investor wishes to invest, i.e. Growth Unit and/or Income Unit. Furthermore, at the time of dividend distribution the unit holders receive additional units or cash dividend against Growth unit and Income unit, respectively.
- During the year all the units issued by the Fund are Growth units and dividend has been reinvested on daily basis.
- 1.6 The Trust Act, 1882 has been repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on July 26, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.
- 1.7 As per the offering document of the Fund, the Management Company may decide to distribute all net profit (after deducting all expenses of the Fund) on a periodic basis (that is Daily, Weekly, Monthly, Quarterly and Yearly) as 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 net accounting income available for distribution for the year derived from sources other than capital gains, to the unitholders. During the year, the management has distributed all the net income earned by the Fund as Dividend to the unit holders which has been reinvested on daily basis.

## 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.

# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Fund's accounting periods beginning on or after July 01, 2021 but are considered not to be relevant or do not have any significant effect on the Fund's operations and therefore not detailed in these 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)
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	January 01, 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	January 01, 2022
IAS 41 Agriculture - Taxation in fair value measurements	January 01, 2022
IFRS 3 - Reference to the Conceptual Framework (Amendments)	January 01, 2022
IFRS 9 Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities.	January 01, 2022
Definition of Accounting Estimates - Amendments to IAS 8	January 01, 2023
Disclosure of Accounting Policies- Amendments to IAS 1 and IFRS Practice Statement 2	January 01, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction Amendments to IAS 12	January 01, 2023
Classification of liabilities as current or non-current - Amendment to IAS 1	January 01, 2024
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalized

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

## 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.

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# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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 and provision under uncertain circumstances such as taxes recoverable as disclosed in note 7.1.

## 2.5 Accounting convention

These financial statements have been prepared under the historical cost convention except investments are required to be 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:

### 3.1 Financial instruments

#### a) Initial recognition and measurement

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

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

#### b) Classification

##### Debt instruments

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

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

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

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

A debt instrument held for trading purposes or which does not meet the SPPI criterion is classified as measured at FVTPL. Given the objectives of the Fund, all investments have been classified as FVTPL.

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

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# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

## **Business model assessment**

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; 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 etc.

## **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 criteria.

'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 FVTPL.

## **c) Subsequent Measurement**

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

Debt instruments at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss. Given the objectives of the Fund, all investments have been classified as FVTPL.

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

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

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognised in income statement.

### **Debt instruments at FVOCI**

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss. The Fund has not used this classification for its investment portfolio.

## **Financial liabilities**

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

All 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.

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## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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

### d) **Derecognition**

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

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

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

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

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

### f) **Regular way contracts**

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

### g) **Impairment of financial assets**

IFRS 9 requires an expected credit loss model which requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

However, SECP through its SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 have 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, October 24, 2012 have been followed.

### h) **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.

### i) **Determination of fair value**

#### a) **Debt securities (other than Government securities)**

The debt securities are valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities vide its Circular No. 33 of 2012 dated 24 October 2012. In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

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## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### b) Debt securities (Government securities)

The government securities not listed on a stock exchange and traded in the interbank market are valued at the average rates quoted on a widely used electronic quotation system (PKRV rates) which are based on the remaining tenure of the securities.

### c) Equity securities

The equity securities are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange (PSX).

### 3.2 Cash and cash equivalents

Cash and cash equivalents include deposits with banks and other short term highly liquid investments with original maturities of three months or less.

### 3.3 Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

### 3.4 Unit holders' Fund

Unit holders' Fund representing the units issued by the Fund, is carried at the redemption amount representing the investors' right to a residual interest in the Fund's assets.

### 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 Distributions 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 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 THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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.
- Markup 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 90% of the accounting income for the period 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 net accounting income available for distribution for the year derived from sources other than capital gains, to the unitholders. During the year, the management has distributed all the net income earned by the Fund as Dividend to the unit holders which has been reinvested on daily basis.

### 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.

### 3.13 Preliminary expenses and floatation costs

The Fund has recorded all expenses incurred in connection with the incorporation, registration, establishment and authorization of the Fund as preliminary expenses and floatation costs which are to be amortized by the Fund over a period of five years commencing from January 07, 2021 in accordance with the Trust Deed and the NBFC Regulations.

4 BANK BALANCES AND TERM DEPOSIT RECEIPT	Note	2022 ----- Rupees -----	2021 -----
In local currency			
- Profit and loss sharing accounts	4.1	834,509,272	282,877,302
- Islamic Term Deposit Receipt	4.2	225,000,000	-
		<b><u>1,059,509,272</u></b>	<b><u>282,877,302</u></b>

## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

4.1 The rate of return on these accounts during the year ranges between 6.5% to 15.25% (30 June 2021: 4.5% to 6.5%) per annum. The profit rates effective at the year end on these accounts ranges between 10.65% to 13.5% (30 June 2021: 6.5%) per annum.

### 4.2 Islamic Term Deposit Receipt

Name of the Investee Company	As at 01 July 2021	Purchases during the year	Matured during the year	As at 30 June 2022	Profit Rate	Issue Date	Maturity Date	Rating
----- Face value (Rupees) -----								
Faysal Bank Limited	-	126,000,000	126,000,000	-	6.90%	26-Aug-21	26-Nov-21	AA
Askari Bank Limited	-	125,000,000	125,000,000	-	6.85%	27-Aug-21	29-Nov-21	AA+
Faysal Bank Limited	-	150,000,000	150,000,000	-	10.85%	16-Aug-21	24-Jan-22	AA
Faysal Bank Limited	-	150,000,000	150,000,000	-	10.85%	24-Jan-22	24-Feb-22	AA
Faysal Bank Limited	-	150,000,000	150,000,000	-	10.85%	16-Dec-21	16-Mar-22	AA
Askari Bank Limited	-	190,000,000	190,000,000	-	10.75%	29-Dec-21	31-Jan-22	AA+
Askari Bank Limited	-	202,000,000	202,000,000	-	9.75%	3-Feb-22	3-Mar-22	AA+
Askari Bank Limited	-	210,000,000	210,000,000	-	10.25%	3-Mar-22	1-Apr-22	AA+
Askari Bank Limited	-	225,000,000	-	225,000,000	14.40%	27-May-22	25-Aug-22	AA+
<b>Total as at 30 June 2022</b>	<b>-</b>	<b>1,528,000,000</b>	<b>1,303,000,000</b>	<b>225,000,000</b>				
Total as at 30 June 2021	-	-	-	-				

## 5 INVESTMENTS

### At fair value through profit or loss

	Note	2022 ----- Rupees -----	2021 ----- Rupees -----
- Investment in Islamic Commercial Paper	5.1	-	83,519,658
- Investment in Bai Muajjal	5.2	-	267,286,688
- Investment in Sukuk certificates	5.3	358,000,000	-
		<b>358,000,000</b>	<b>350,806,346</b>

### 5.1 Investment in Islamic Commercial Paper

Name of the Investee Company	As at 01 July 2021	Purchases during the year	Sold/ matured during the year	As at 30 June 2022	Carrying Value as at 30 June 2022	Market Value as at 30 June 2022	Market Value as a % of net assets of Fund	Market Value as a % of total value of investments of Fund
----- Rupees -----								
K-Electric Limited - Islamic Commercial Paper (ICP-16)	80,000,000	-	80,000,000	-	-	-	-	-
K-Electric Limited - Islamic Commercial Paper (ICP-17)	5,000,000	-	5,000,000	-	-	-	-	-
K-Electric Limited - Islamic Commercial Paper (ICP-18)	-	160,000,000	160,000,000	-	-	-	-	-
K-Electric Limited - Islamic Commercial Paper (ICP-20)	-	50,000,000	50,000,000	-	-	-	-	-
K-Electric Limited - Islamic Commercial Paper (ICP-21)	-	100,000,000	100,000,000	-	-	-	-	-
K-Electric Limited - Islamic Commercial Paper (ICP-23)	-	13,000,000	13,000,000	-	-	-	-	-
<b>Total as at 30 June 2022</b>	<b>85,000,000</b>	<b>323,000,000</b>	<b>408,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Total as at 30 June 2021					83,519,662	83,519,662	13.12	23.81

5.1.1 The nominal value of these commercial papers is Nil (2021: Rs 1,000,0000) per certificate with expected profit rate ranging between 8.116% to 9.33% (2021: 8.37% to 8.48%).

5.1.2 The securities are valued on the basis of amortization to its face value as per the requirements of Circular 33 of 2012 with respect to thinly and non traded debt securities with residual maturity of upto six months.

# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

## 5.2 Investment in Bai Muajjal

Name of the Investee Company	As at 01 July 2021	Purchases during the year	Sold/ matured during the year	As at 30 June 2022	Carrying Value as at 30 June 2022	Market Value as at 30 June 2022	Market Value as a % of net assets of Fund	Market Value as a % of total value of investments of Fund
----- Face value (Rupees) -----						----- %age -----		
Bai Muajjal (18-05-2021)	88,650,000	-	88,650,000	-	-	-	-	-
Bai Muajjal (19-05-2021)	88,677,000	-	88,677,000	-	-	-	-	-
Bai Muajjal (17-06-2021)	89,959,688	-	89,959,688	-	-	-	-	-
Bai Muajjal (27-09-2021)	-	159,256,800	159,256,800	-	-	-	-	-
<b>Total as at 30 June 2022</b>	<b>267,286,688</b>	<b>159,256,800</b>	<b>426,543,488</b>	-	-	-	-	-
Total as at 30 June 2021					267,286,688	267,286,688	41.99	76.19

5.2.1 These Bai Muajjal transactions has been made at a rate of 7.3% per annum (2021: 7.3% per annum).

5.2.2 During the year, the loss on sale of these securities amounted to Rs.106,782 ( 2021:72,909)

## 5.3 Investment in Sukuk certificates

Name of the Investee Company	As at 01 July 2021	Purchases during the year	Sold/ matured during the year	As at 30 June 2022	Carrying Value as at 30 June 2022	Market Value as at 30 June 2022	Market Value as a % of net assets of Fund	Market Value as a % of total value of investments of Fund
----- Face value (Rupees) -----						----- %age -----		
K-Electric Limited - Short term Sukuk - II	-	85,000,000	-	85,000,000	85,000,000	85,000,000	5.88	23.74
K-Electric Limited - Short term Sukuk - III	-	13,000,000	-	13,000,000	13,000,000	13,000,000	0.90	3.63
K-Electric Limited - Short term Sukuk - V	-	100,000,000	-	100,000,000	100,000,000	100,000,000	6.91	27.93
Lucky Electric Power Company Limited - Short Term	-	160,000,000	-	160,000,000	160,000,000	160,000,000	11.06	44.69
<b>Total as at 30 June 2022</b>	-	<b>358,000,000</b>	-	<b>358,000,000</b>	<b>358,000,000</b>	<b>358,000,000</b>	<b>24.75</b>	<b>100.00</b>
Total as at 30 June 2021					-	-	-	-

5.3.1 The securities are valued on the basis of amortization to its face value as per the requirements of Circular 33 of 2012 with respect to thinly and non traded debt securities with residual maturity of upto six months.

5.3.2 Terms and conditions of the Sukuks are as follows:

Name of the Investee Company	Rating	Tenure	Profit payments / principal redemptions	Maturity date	Rate of return
K-Electric Limited - Short term Sukuk - II	AA	6 Month	Semi -annually	August, 2022	6 Month KIBOR + 0.85%
K-Electric Limited - Short term Sukuk - III	AA	6 Month	Semi -annually	September, 2022	6 Month KIBOR + 0.85%
K-Electric Limited Short Term Sukuk V	AA	6 Month	Semi -annually	October 2022	6 Month KIBOR + 0.95%
Lucky Electric Power Company Limited	AA	6 Month	Bullet Payment	October 2022	6 Month KIBOR + 1.05%

## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

6	<b>MARKUP ACCRUED</b>	Note	2022 ----- Rupees -----	2021 -----
	Markup accrued on:			
	- Bai Muajjal		-	1,720,877
	- Islamic Term Deposit Receipt		3,106,856	-
	- Sukuk certificates		12,094,095	-
	- Profit and loss sharing accounts		14,225,849	1,643,422
			<b>29,426,800</b>	<b>3,364,300</b>
			<b>-----</b>	<b>-----</b>
7	<b>PREPAYMENTS AND OTHER RECEIVABLES</b>			
	Unamortized premium on Bai Muajjal		-	53,390
	Security deposit with CDC		102,534	-
	Prepaid rating fee		93,705	96,760
	Tax recoverable	7.1	344,291	344,291
			<b>540,530</b>	<b>494,442</b>
			<b>-----</b>	<b>-----</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 banks deducted withholding tax on profit on bank deposits paid to the Fund based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT) /2008-VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced by the withholder.

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 banks has been shown as other receivable as at 30 June 2022 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

Had the Tax recoverable not been recorded in these financial statements of the Fund, the net asset value of the Fund as at 30 June 2022 would have been lower by Rs. 0.12 (2021: Rs. 0.27) per unit.

8	<b>Preliminary and floatation cost</b>	Note	2022 ----- Rupees -----	2021 -----
	Opening balance		782,290	843,784
	Less: Amortisation for the period		(151,802)	(61,493)
	Floatation cost adjustment	8.1	(122,533)	-
			<b>507,955</b>	<b>782,290</b>
			<b>-----</b>	<b>-----</b>

## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

- 8.1 This includes reversal of preliminary and floatation cost which was disallowed by SECP as it was not meeting the criteria to be capitalized as preliminary and floatation cost in accordance with NBFC rules and regulations.

9 PAYABLE TO THE ATLAS ASSET MANAGEMENT LIMITED MANAGEMENT COMPANY - RELATED PARTY	Note	2022	2021
		Rupees	
Remuneration of the Management Company	9.1	121,654	24,987
Sindh Sales Tax on remuneration of the Management Company	9.2	15,816	3,248
Accounting and operational charges reimbursable by the Fund	15	25,000	25,000
Preliminary expenses and floatation cost	9.3	-	843,783
		<b>162,470</b>	<b>897,018</b>

- 9.1 As per the amendments made in the NBFC Regulations, 2008 vide SRO 639 (I) / 2019 dated 20 June 2019, the Management Company shall set and disclose in the offering document the maximum rate of fee chargeable to Collective Investment Scheme within allowed expense ratio. The management company has set the maximum limit of 1% of average annual net assets, within allowed expense ratio. The Management Company has charged management fee at the rate of 0.05% from 01 July 2021 to 31 December 2021 and 0.1% from 01 January 2022 to 30 June 2022 (2021: 0.05%) of average annual net assets. The fee is payable to the Management Company monthly in arrears.

- 9.2 Sindh Sales Tax has been charged at 13% (30 June 2021:13%) on management fee levied through Sales Tax on Services Act, 2011 during the year resulting in an amount of Rs. 124,446 (2021: Rs. 17,411). Furthermore, an amount of Rs. 111,879 (2021: Rs. 14,163) has been paid to the Management Company which acts as the collecting agent.

- 9.3 Floatation cost represents expenditure incurred prior to the commencement of the operations of the Fund.

10 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN TRUSTEE - RELATED PARTY	Note	2022	2021
		Rupees	
Remuneration of the Trustee	10.1	66,910	32,483
Sindh sales tax on Remuneration of the Trustee	10.2	8,698	4,223
Settlement charges payable		-	15,236
Sindh sales tax on settlement charges		-	1,981
		<b>75,608</b>	<b>53,922</b>

- 10.1 The trustee is entitled to monthly remuneration for services rendered to the fund. The trustee charged 0.065% per annum of average Net assets from 01 July 2021 to 30 September 2021 and 0.055% per annum of net assets from 01 October 2021 to 30 June 2022 (2021: 0.065% per annum) based on the letter no. CDC/CEO/L-259/01/2021 dated October 11, 2021.

- 10.2 Sindh Sales Tax has been charged at 13% (30 June 2021:13%) on remuneration of the Trustee levied through Sales Tax on Services Act, 2011 resulting in an amount of Rs. 88,675 (2021: Rs. 22,634) charged during the year. Furthermore, an amount of Rs. 84,200 (2021: Rs. 18,411) was paid to the Trustee which acts as a collecting agent.

11 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	2022	2021
		Rupees	
Annual fees payable	11.1	<b>240,316</b>	<b>53,533</b>

## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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

12 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2022	2021
		Rupees	
Auditors' remuneration payable		233,412	162,000
Shariah advisory fee payable		20,000	20,000
Withholding tax payable		573,384	175,747
Transaction charges payable		-	11,060
Provision for Sindh Workers' Welfare Fund	12.1	-	338,463
Other payable		3,130	-
		<b>829,926</b>	<b>707,269</b>

12.1 As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the Mutual Fund Association of Pakistan (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 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 / pension funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / pension funds, MUFAP had recommended that as a matter of abundant caution provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e. starting from May 21, 2015). The Funds have accordingly made provision in respect of SWWF as recommended by MUFAP.

During the year, SRB through its letter dated August 12, 2021 has intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and has also been taken up with the SECP and all the Asset Management Companies, in consultation with SECP, have reversed the cumulative provision for SWWF recognised in the financial statements of the Fund, amounting to Rs. 0.34 million for the period from 07 January 2021 to August 12, 2021, on August 13, 2021. The SECP has given its concurrence for prospective reversal of provision for SWWF. Accordingly, going forward, no provision for SWWF would be recognised in the financial statements of the Fund.

### 13 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 30 June 2022 (30 June 2021: Nil).

14 MARKUP INCOME	Note	2022	2021
		Rupees	
Markup income on:			
- Profit and loss sharing accounts	4.1	75,517,345	12,091,035
- Islamic Commercial Paper	5.1.1	7,927,717	2,001,865
- Bai Muajjal	5.2.1	5,578,693	4,332,089
- Sukuk certificates	5.3.2	12,094,095	-
- Islamic Term Deposit Receipts	4.2	16,584,069	-
		<b>117,701,919</b>	<b>18,424,989</b>

# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

## 15 ACCOUNTING AND OPERATIONAL CHARGES

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

## 16 AUDITORS' REMUNERATION

	2022	2021
	----- Rupees -----	
Annual fee	150,000	150,000
Half Yearly	37,500	-
Certification charges	60,500	50,000
Out of Pocket	30,000	-
Sindh sales tax on services	22,240	16,000
	<b>300,240</b>	<b>216,000</b>

## 17 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at 30 June 2022 is 0.27 % (2021: 0.66%) which includes 0.04% (2021: 0.16%) 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 money market 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 2022 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

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.

## 20 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

- 20.1 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.
- 20.2 Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with policies / regulatory requirements of collective investment schemes.
- 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 2022

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

20.5 Transactions during the year/ period	2022	2021
	----- Rupees -----	
<b>Atlas Asset Management Limited (Management Company)</b>		
Remuneration for the period	957,277	133,928
Sindh sales tax on remuneration of the Management Company	124,446	17,411
Remuneration paid	860,610	108,941
Floatation cost	151,802	843,784
Accounting & operational charges	300,000	150,000
Issue of 657,921 (2021: 204,206) units	328,960,706	102,102,756
Redemption of 438,177 (2021: 53,000) units	219,088,279	26,500,000
Dividend Entitlement	6,265,831	2,473,827
Outstanding 370,950 (2021:151,206) units	185,475,000	75,602,748
<b>Central Depository Company of Pakistan Limited</b>		
Remuneration of the Trustee	682,118	174,106
Sindh Sales Tax on remuneration of the Trustee	88,675	22,634
Remuneration paid	647,691	141,624
<b>Atlas Foundation</b>		
Issue of 8,227 (2021:102,535) units	4,113,652	51,267,418
Dividend Entitlement	4,839,591	1,491,078
Outstanding 110,762 (2021:102,535) units	55,381,000	51,267,413
<b>Atlas Honda Limited (Employee Provident Fund)</b>		
Issue of 132,847 (2021: 102,989) units	66,423,498	51,494,345
Redemption of 107,021 (2021: Nil) units	53,510,470	-
Dividend Entitlement	5,878,647	1,494,345
Outstanding 128,815 (2021:102,989) units	64,407,500	51,494,345
<b>Atlas Group of Companies, M.S.G.Fund</b>		
Issue of 791,286 (2021: 41,133) units	395,643,177	20,566,365
Redemption of 426,441 (2021: Nil)	213,220,543	-
Dividend Entitlement	16,327,403	566,365
Outstanding 405,978 (2021:41,133) units	202,989,000	20,566,365
<b>Atlas Honda Limited</b>		
Issue of 4,936 (2021: 61,521) units	2,468,194	30,760,454
Dividend Entitlement	2,903,757	895,787
Outstanding 66,457 (2021:61,521) units	33,228,500	30,760,451
<b>Shirazi Investments (Private) Limited*</b>		
Issue of 32,909 (2021: 410,139) units	16,454,622	205,069,663
Dividend Entitlement	19,358,379	5,964,311
Outstanding 443,049 (2021:410,139) units	221,524,500	205,069,643
<b>M/S. Shirazi Investments (Private) Limited - Employee Provident Fund</b>		
Issue of 28,915 (2021: Nil) units	14,457,567	-
Redemption of 9,400 (2021: Nil) units	4,700,000	-
Dividend Entitlement	538,314	-
Outstanding 19,515 (2021: Nil) units	9,757,500	-

## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022	2021
	----- Rupees -----	
<b>Honda Atlas Cars (Pakistan) Limited - Employee Provident Fund</b>		
Issue of 322,074 (2021: 132,535) units	161,036,771	-
Redemption of 161,556 (2021: Nil) units	80,777,934	-
Dividend Entitlement	5,194,262	-
Outstanding 160,518 (2021:132,535) units	80,259,000	-
<b>The University of Lahore</b>		
Issue of Nil (2021: 132,535) units	-	66,267,426
Dividend Entitlement	-	1,267,426
Outstanding Nil (2021:132,535) units	-	66,267,426
<b>Atlas Insurance Ltd., Staff Provident Fund Trust</b>		
Issue of 1,025 (2021: 12,334) units	512,294	6,166,998
Redemption of 13,359 (2021: Nil) units	6,679,293	-
Dividend Entitlement	602,699	166,998
Outstanding (2021:12,334) units	-	6,166,998
<b>CDC - Trustee Atlas Islamic Capital Preservation Plan II</b>		
Issue of 982,495 (2021: Nil) units	491,247,548	-
Redemption of 400,000 (2021: Nil) units	200,000,000	-
Dividend Entitlement	26,150,386	-
Outstanding 582,495 (2021: Nil) units	291,247,500	-
<b>Key Management personnel of the Management Company</b>		
Issue of 58,474 (2021: Nil) units	29,236,806	-
Redemption of 57,466 (2021: Nil) units	28,732,661	-
Dividend Entitlement	125,603	-
Outstanding 1,008 (2021: Nil) units	504,000	-

### 21 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 30 June 2022			
	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 and Term deposit receipts	1,059,509,272	-	-	1,059,509,272
Investments	-	358,000,000	-	358,000,000
Markup accrued	29,426,800	-	-	29,426,800
Prepayments and other receivables	196,239	-	-	196,239
	<b>1,089,132,311</b>	<b>358,000,000</b>	<b>-</b>	<b>1,447,132,311</b>
	As at 30 June 2022			
	At fair value through profit or loss	At amortised Cost	Total	
	----- (Rupees) -----			
<b>Financial liabilities</b>				
Payable to Atlas Asset Management Limited - Management Company	-	162,470	162,470	
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	75,608	75,608	
Accrued expenses and other liabilities	-	253,412	253,412	
	<b>-</b>	<b>491,490</b>	<b>491,490</b>	

# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	As at 30 June 2021			Total
	At amortised Cost	At fair value through profit or loss	At fair value through other comprehensive income	
<b>Financial assets</b>	----- (Rupees) -----			
Bank balances and Term deposit receipts	282,877,302	-	-	282,877,302
Investments	-	350,806,346	-	350,806,346
Markup accrued	3,364,300	-	-	3,364,300
Prepayments and other receivables	150,150	-	-	150,150
	<b>286,391,752</b>	<b>350,806,346</b>	<b>-</b>	<b>637,198,098</b>

	As at 30 June 2021		
	At fair value through profit or loss	At amortised Cost	Total
<b>Financial liabilities</b>	----- (Rupees) -----		
Payable to Atlas Asset Management Limited - Management Company	-	897,019	897,019
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	53,922	53,922
Accrued expenses and other liabilities	-	193,060	193,060
	<b>-</b>	<b>1,144,001</b>	<b>1,144,001</b>

## 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 2022, the Fund is exposed to such risk in respect of bank balances and investments. 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 June 30, 2022, with all other variables

## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

held constant, the net income for the year and net assets would have been higher / lower by Rs. 8,345,092 (2021: Rs. 2,828,773.)

### b) Sensitivity analysis for fixed rate instruments

Presently, the Fund holds Sukuk Certificate and term deposit receipt investments which exposes the Fund to fair value interest rate risk. In case of 100 basis points increase/ decrease in market interest rates as at June 30, 2022, with all other variables held constant, the net income for the year and net assets would have been higher/ lower by Rs. 5,830,000 (2021: Rs 3,508,068).

The composition of the Fund's investment portfolio and profit rates are expected to change over time. Accordingly, the sensitivity analysis prepared as of 30 June 2022 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 30 June 2022 can be determined as follows:

----- As at 30 June 2022 -----					
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		
Percentage	----- (Rupees) -----				
<b>Financial Assets</b>					
Bank balances and Term deposit receipts	6.5% to 15.25%	1,059,509,272	-	-	1,059,509,272
Investments	11.64% to 14.23%	98,000,000	260,000,000	-	358,000,000
Markup accrued		-	-	29,426,800	29,426,800
Prepayments and other receivables		-	-	196,238	196,238
		<b>1,157,509,272</b>	<b>260,000,000</b>	<b>29,623,038</b>	<b>1,447,132,310</b>
<b>Financial Liabilities</b>					
Payable to Atlas Asset Management Limited - Management Company		-	-	162,470	162,470
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	75,608	75,608
Accrued expenses and other liabilities		-	-	253,413	253,413
		-	-	<b>491,491</b>	<b>491,491</b>
<b>On-balance sheet gap (a)</b>		<b>1,157,509,272</b>	<b>260,000,000</b>	<b>29,131,547</b>	<b>1,446,640,819</b>
<b>Off-balance sheet financial instruments</b>		-	-	-	-
<b>Off-balance sheet gap (b)</b>		-	-	-	-
<b>Total interest rate sensitivity gap (a + b)</b>		<b>1,157,509,272</b>	<b>260,000,000</b>	<b>-</b>	
<b>Cumulative interest rate sensitivity gap</b>		<b>1,157,509,272</b>	<b>1,417,509,272</b>	<b>1,417,509,272</b>	

# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

----- As at 30 June 2021 -----						
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			
Percentage	----- (Rupees) -----					
<b>Financial Assets</b>						
Bank balances	4.5% to 6.5%	282,877,302	-	-	-	282,877,302
Investments	7%	267,286,172	-	-	83,520,173	350,806,346
Markup accrued		-	-	-	3,364,300	3,364,300
Prepayments and other receivables		-	-	-	150,150	150,150
		<b>550,163,474</b>	<b>-</b>	<b>-</b>	<b>87,378,915</b>	<b>637,198,097</b>
<b>Financial Liabilities</b>						
Payable to Atlas Asset Management Limited - Management Company		-	-	-	897,019	897,019
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	53,922	53,922
Accrued expenses and other liabilities		-	-	-	193,060	193,060
		<b>-</b>	<b>-</b>	<b>-</b>	<b>1,144,001</b>	<b>1,144,001</b>
<b>On-balance sheet gap (a)</b>		<b>550,163,474</b>	<b>-</b>	<b>-</b>	<b>86,234,914</b>	<b>636,054,097</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>550,163,474</b>	<b>-</b>	<b>-</b>		
<b>Cumulative interest rate sensitivity gap</b>		<b>550,163,474</b>	<b>550,163,474</b>	<b>550,163,474</b>		

## (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 2022.

## 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.

## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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 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, 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 2022					
	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Financial instruments with no fixed maturity	Total
	Rupees					
<b>Assets</b>						
Bank balances and Term deposit receipts	1,059,509,272	-	-	-	-	1,059,509,272
Investments	-	98,000,000	260,000,000	-	-	358,000,000
Markup accrued	29,426,800	-	-	-	-	29,426,800
Prepayments and other receivables	437,996	-	-	-	102,534	540,530
	<b>1,089,374,068</b>	<b>98,000,000</b>	<b>260,000,000</b>	<b>-</b>	<b>102,534</b>	<b>1,447,476,602</b>
<b>Liabilities</b>						
Payable to Atlas Asset Management Limited - Management Company	162,470	-	-	-	-	162,470
Payable to the Central Depository Company of Pakistan Limited - Trustee	75,608	-	-	-	-	75,608
Payable to the Securities and Exchange Commission of Pakistan	240,316	-	-	-	-	240,316
Accrued expenses and other liabilities	253,413	-	-	-	-	253,413
	<b>731,807</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>731,807</b>
<b>Net assets/ (liabilities)</b>	<b>1,088,642,261</b>	<b>98,000,000</b>	<b>260,000,000</b>	<b>-</b>	<b>102,534</b>	<b>1,446,744,795</b>

## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	As at 30 June 2021					Total
	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Financial instruments with no fixed maturity	
----- Rupees -----						
<b>Assets</b>						
Bank balances	282,877,302	-	-	-	-	282,877,302
Investments	-	345,914,214	4,892,132	-	-	350,806,346
Markup accrued	3,364,300	-	-	-	-	3,364,300
Prepayments and other receivables	494,442	-	-	-	-	494,442
	<b>286,736,044</b>	<b>345,914,214</b>	<b>4,892,132</b>	<b>-</b>	<b>-</b>	<b>637,542,390</b>
<b>Liabilities</b>						
Payable to Atlas Asset Management Limited - Management Company	897,018	-	-	-	-	897,018
Payable to the Central Depository Company of Pakistan Limited - Trustee	53,922	-	-	-	-	53,922
Payable to the Securities and Exchange Commission of Pakistan	53,533	-	-	-	-	53,533
Accrued expenses and other liabilities	193,060	-	-	-	-	193,060
	<b>1,197,533</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,197,533</b>
<b>Net assets</b>	<b>285,538,511</b>	<b>345,914,214</b>	<b>4,892,132</b>	<b>-</b>	<b>-</b>	<b>636,344,857</b>

### 22.4 Credit quality of Financial assets

The Fund's significant credit risk arises mainly on account of its placements in banks and Bai Muajjal investments. The credit rating profile of above mentioned is as follows:

#### Ratings of amounts placed with Banks and Sukuk Investments

	% of Financial assets	
	2022	2021
AA+	16	-
AA	44	100
AAA	40	-
	<b>100</b>	<b>100</b>

The maximum exposure to credit risk before any credit enhancement as at 30 June 2022 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.

## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### 22.5 Reconciliation of liabilities arising out of financing activities

	Receivable against issuance of units	Payable against redemption of units	Total
	(Rupees in '000)		
Opening balance as at July 01, 2021	-	-	-
Receivable against issuance of units	2,421,460,715	-	2,421,460,715
Payable against redemption of units	-	(1,611,397,415)	(1,611,397,415)
	2,421,460,715	(1,611,397,415)	810,063,300
Amount received on issuance of units	2,421,460,715	-	2,421,460,715
Amount paid on redemption of units	-	(1,611,397,415)	(1,611,397,415)
	2,421,460,715	(1,611,397,415)	810,063,300
<b>Closing balance as at June 30, 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 22.6 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 sukuks 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.

### 22.7 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 June 30 2022, the Fund has investments 'at fair value through profit or loss' measured using level 2 valuation technique. For the remaining financial assets and financial liabilities, the Fund has not disclosed the fair values, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

## 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.

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	2022			2021		
	Number of unit holders	Rupees	% of total	Number of unit holders	Rupees	% of total
Associated Companies	4	495,609,178	34.26%	4	362,527,357	56.95%
Individual	129	145,296,656	10.04%	52	43,540,769	6.84%
Others	6	314,980,206	21.77%	6	127,836,573	20.08%
Retirement Funds	8	490,790,197	33.93%	6	102,708,238	16.13%
	<b>147</b>	<b>1,446,676,237</b>	<b>100.00%</b>	<b>68</b>	<b>636,612,937</b>	<b>100.00%</b>

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

2022		2021	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Arif Habib Limited	100	Arif Habib Limited	100

## 26 THE MEMBERS OF THE INVESTMENT COMMITTEE

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

Name	Designation	Qualification	Overall experience
Mr. Ali H. Shirazi	Director	Masters in Law	18.5 years
Mr. M. Abdul Samad	Chief Executive Officer	MBA, M.Com	22 Years
Mr. Khalid Mehmood	Chief Investment Officer	MBA - Finance	18 Years
Mr. Muhammad Umar Khan	Head of Portfolio Management	MSc - Finance	14 Years
Mr. Fawad Javaid	Head of Fixed Income	CMA	14 Years
Mr. Faran-ul-Haq	Head of Equities	M.B.A, CFA	11 Years

# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

## 27 NAME AND QUALIFICATION OF FUND MANAGER

Name	Designation	Qualification	Other Funds managed by the Fund Manager
Mr. Fawad Javaid	Head of Fixed Income	CMA	Atlas Islamic Income Fund Atlas Income Fund Atlas Money Market Fund Atlas Sovereign Fund Atlas Liquid 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 Director	Meeting held on					
	02 July 2021	06 Sep 2021	28 Oct 2021	21 Feb 2022	28 Apr 2022	24 June 2022
Mr. Iftikhar H. Shirazi	P	P	P	P	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	P	P	P	P	P	P
Mr. M. Habib-ur-Rahman	P	L	L	P	P	L
Ms Zehra Naqvi	P	P	P	P	P	P
Mr. M. Abdul Samad	P	P	P	P	P	P
Ms Qurrat-ul-ain Jafari (Chief Financial Officer)	P	P	P	P	P	P
Ms Zainab Kazim (Company Secretary)	P	P	P	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) [2021: AM2+ (AM Two Plus)] on 24 December 2021. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.

Moreover, PACRA has initialed maintained the stability rating of the Fund at "AA(f)" on 15 April 2022. (2021: "AA(f)")

## 30 GENERAL

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

## 31 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on 08 September 2022.

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

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

**Muhammad Abdul Samad**  
Chief Executive Officer

**Iftikhar H. Shirazi**  
Chairman

**Tariq Amin**  
Director

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# Atlas 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 Hassan Usmani

### Auditors

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EY Ford Rhodes  
Chartered Accountants

### Legal Advisers

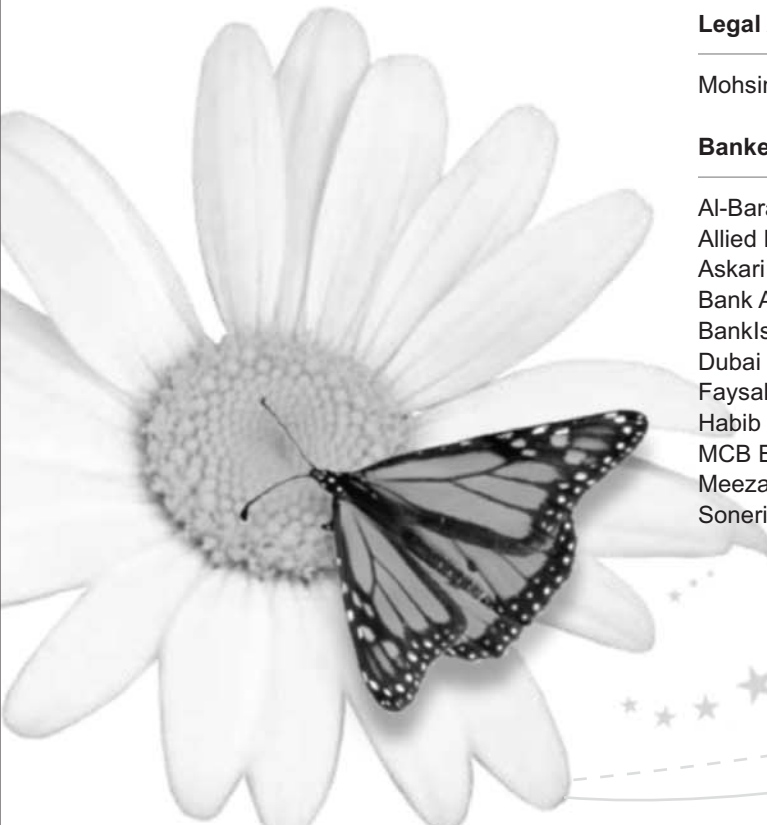
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Mohsin Tayebaly & Co.

### 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



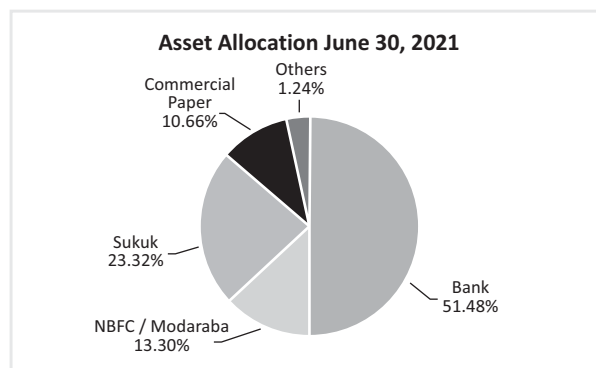
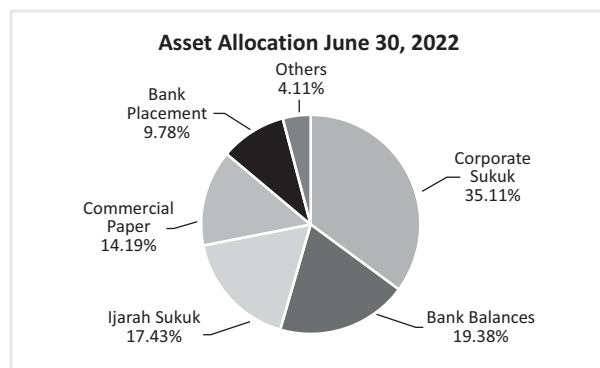
# Fund Manager's Report

Atlas Islamic Income Fund (AIIF) is an Open-ended Shariah Compliant Income Fund. The Fund has a medium risk rating and primary objective to provide investors with competitive and stable rate of current income in a Shariah Compliant manner. 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 Monetary Policy Committee of SBP has increased policy rate by 800 bps to 15.0% with the objective of moderating demand to a sustainable pace and reduce external pressures. The Consumer Price Index (CPI) Inflation averaged at 12.15% during FY22 compared to 8.90% in FY21. The increase in FY22 inflation was broad-based with energy, food and core inflation all rising significantly. The yields on secondary market instruments and cut off rates in government auctions remained elevated reflecting the apprehension of market participants' regarding the impact of ongoing commodity super cycle on domestic inflation. Going forward, the impact of international commodity prices on domestic inflation will remain major determinant towards any change in monetary policy stance.

The Net Asset Value per unit of Atlas Islamic Income Fund (AIIF) increased by 9.44% to Rs. 507.05 as on June 30, 2022. The AIIF's total exposure in high yielding Corporate Sukuks, Shariah Compliant Bank Balances, Ijarah Sukuks, Commercial Paper, Placement with Banks and Others stood at 35.11%, 19.38%, 17.43%, 14.19%, 9.78% and 4.11%, respectively. The Net Assets of the Fund stood at Rs. 1.77 billion, with 3.49 million units outstanding as of June 30, 2022.



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 46.50 per unit for the period ended June 30, 2022 (9.30% 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	2018-19	2019-20	2020-21	2021-22
Atlas Bachat Islamic Plan	85%	15%	4.37%	11%	10.90%	5.96%
Atlas Bachat Balanced Islamic Plan	50%	50%	-5.24%	9.55%	21.50%	-2.15%
Atlas Bachat Growth Islamic Plan	15%	85%	-14.84%	8.12%	32.10%	-10.3%

**Breakdown of Unit holding by size:**

Type of Investor	No. of Investors	Amount of Investment (Rs.)	Percentage (%)
Associated Companies/ Directors	9	1,789,073,337	67.11%
Individual	447	328,908,575	12.34%
Insurance Companies	1	41,907,771	1.57%
Other Corporates	14	42,128,269	1.58%
Retirement Funds	19	463,819,237	17.40%
<b>Total</b>	<b>490</b>	<b>2,665,837,189</b>	<b>100.00%</b>

During the month of August 2021, provisioning against Sindh Workers' Welfare Fund by AIIF amounting to Rs. 10.82 million been reversed on the clarification received by Sindh Revenue Board vide letter No. SRB/TP/70/2013/8772 dated August 12, 2021 addressed to Mutual Fund Association of Pakistan. This reversal of provision has contributed towards an unusual increase in NAV of the AIIF by 0.44%. This is one-off event and is not likely to be repeated in the future. The scheme has also held provision for FED liability that amounted to Rs. 1,733,902 up till June 30, 2022 (Rs. 0.50 per unit).

The Total Expense Ratio (TER) of the Fund is 0.71% including reversal representing Government levy and SECP Fee of 0.08%.

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

Karachi: 8 September 2022

**Fawad Javaid**  
Head of Fixed Income

## Performance Since Inception

	2022	2021	2020	2019	2018	2017	2016
Net Assets (Rs. In '000)	1,770,907	2,157,034	2,134,601	1,392,226	872,222	1,614,259	558,553
Number of units in issue	3,492,542	4,263,884	4,227,883	2,762,766	1,653,270	3,210,424	1,113,938
Net assets value per unit (Rs.)	507.05	505.88	504.89	503.92	527.57	502.82	501.42
Net income (Rs. in '000)	192,167	131,489	200,394	79,290	56,557	37,946	24,901
Earnings per unit (Rs.)	55.02	30.84	47.53	28.70	34.21	11.82	22.35
Annual return of the fund (%)	9.44	6.35	11.59	8.48	4.92	5.97	4.97
Offer Price ** (Rs.)	507.05	505.88	504.89	503.92	527.57	502.82	501.42
Redemption Price ** (Rs.)	507.05	505.88	504.89	503.92	527.57	502.82	501.42
Highest offer price per unit (Rs.)	552.38	536.58	561.46	526.29	527.41	529.96	526.20
Lowest offer price per unit (Rs.)	506.22	505.71	504.14	503.46	503.00	502.10	501.09
Highest repurchase price per unit (Rs.)	552.38	536.58	561.46	526.29	527.41	529.96	526.20
Lowest repurchase price per unit (Rs.)	506.22	505.71	504.14	503.46	503.00	502.10	501.09
Weighted average portfolio (No. of days)	721.74	389.80	443.04	143.77	273.60	144.89	505.79

	2015	2014	2013	2012	2011	2010	2009*
Net Assets (Rs. In '000)	424,447	520,674	526,078	462,315	379,805	346,658	255,864
Number of units in issue	846,460	1,030,979	1,047,317	920,985	738,995	679,312	494,203
Net assets value per unit (Rs.)	501.44	505.03	502.31	501.98	513.95	510.31	517.73
Net income (Rs. in '000)	15,341	39,438	46,785	42,878	31,269	26,824	15,215
Earnings per unit (Rs.)	18.12	38.25	44.67	46.56	42.31	39.49	30.79
Annual return of the fund (%)	7.21	8.22	8.65	10.11	9.90	9.22	11.50
Offer Price ** (Rs.)	501.44	505.03	507.14	506.92	519.09	515.41	522.91
Redemption Price ** (Rs.)	501.44	505.03	502.12	501.90	513.95	510.31	517.73
Highest offer price per unit (Rs.)	540.54	516.35	523.39	522.42	519.09	521.78	543.87
Lowest offer price per unit (Rs.)	501.34	503.08	507.04	506.61	506.42	505.97	506.92
Highest repurchase price per unit (Rs.)	540.54	515.50	518.21	517.25	513.95	518.14	538.49
Lowest repurchase price per unit (Rs.)	501.34	502.92	502.02	501.59	501.41	500.96	506.92
Weighted average portfolio (No. of days)	89.31	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)

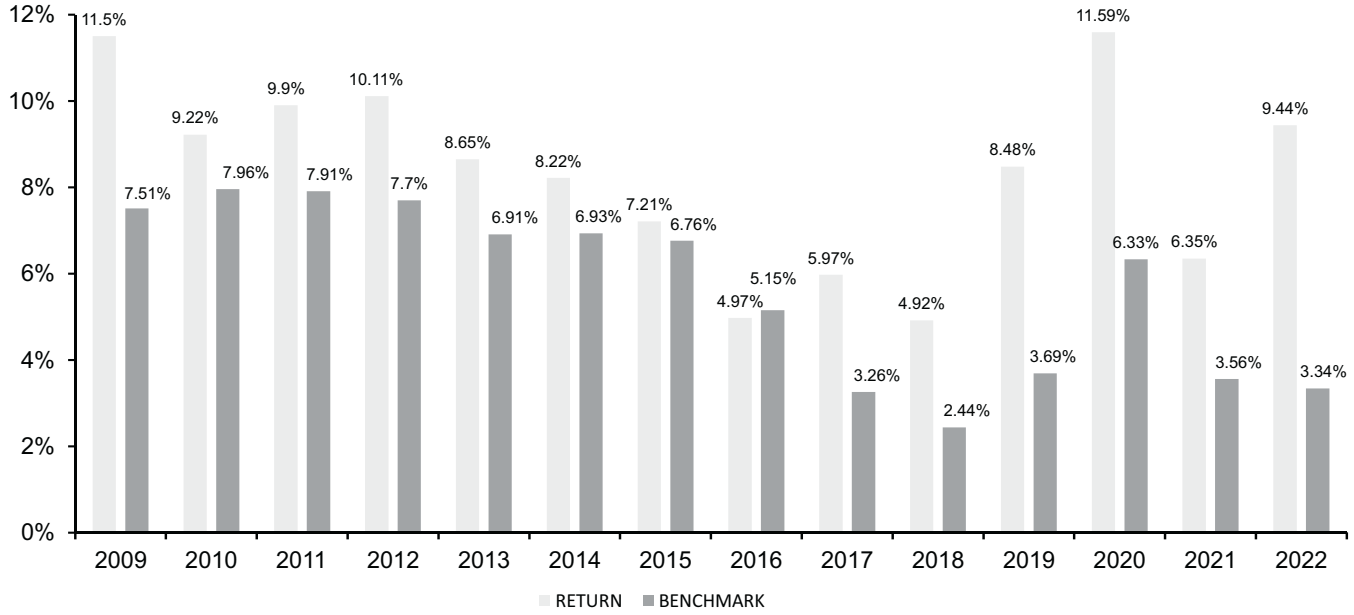
\*\* Relates to announced prices.

**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.

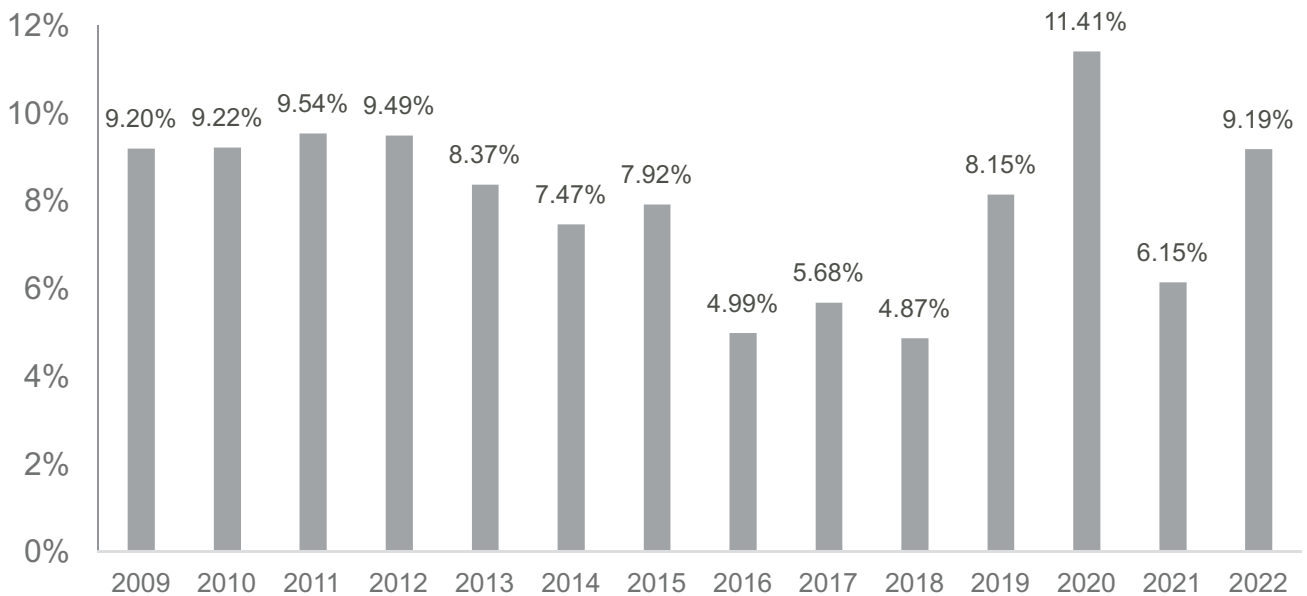
## Distribution History

Distribution Detail:	2022	2021	2020	2019	2018	2017	2016	2015
First Interim distribution cash dividend (Rs.)	46.50	31.05	57.50	18.00	-	28.50	25	40
First Interim distribution as a % of Ex-NAV of units	9.19	6.15	11.41	3.58	-	5.68	4.99	7.92
Date of distribution - Interim	27-Jun-22	28-Jun-21	26-Jun-20	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 Divided (Rs.)	-	-	-	-	24.50	-	-	-
Final Distribution as a % of Opening Ex-NAV of units	-	-	-	-	4.87	-	-	-
Distribution date	-	-	-	-	6-Jul-18	-	-	-

## Yearly Performance (Annualized)



## Payout History (% on Opening NAV)



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# TRUSTEE REPORT TO THE UNIT HOLDERS

## Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of Atlas 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, 2022 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Karachi: 28 September 2022

**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, 2022 are in compliance with the Shariah principles.

There are investments made by AIIF 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 2022

**Dr. Mufti Hassan Usmani**  
Shariah Advisor

# INDEPENDENT AUDITOR'S REPORT

## To the Unit holders 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 of the statement of assets and liabilities as at 30 June 2022, 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 2022, 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>Investment in Islamic securities</b>	
<p>As disclosed in note 5 to the accompanying financial statements of the Fund for the year ended 30 June 2022, the investments held by the Fund comprised of Islamic securities which represent significant portion of the total assets of the Fund as at the year end.</p> <p>In view of the above, we have considered this area as a key audit matter.</p>	<p>We performed a combination of audit procedures focusing on the existence and valuation of Islamic securities. Our key procedure included the following:</p> <ul style="list-style-type: none"><li>• We obtained an understanding of fund's process over acquisition, disposals and periodic valuation of investments portfolio and evaluated / tested controls in those areas for the purpose of our audit.</li><li>• We performed substantive audit procedures on year-end balance of portfolio including review of custodian's statement and valuations on the basis of prices determined by Mutual Funds Association of Pakistan (MUFAP).</li><li>• We assessed the Fund's compliance with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations) in relation to the concentration of investments portfolio and exposure limits prescribed in such Regulations and the applicability of disclosures in this regard.</li></ul>

Key audit matter	How our audit addressed the key audit matter
	<ul style="list-style-type: none"> <li>We also evaluated the adequacy of the overall disclosures in the financial statements in respect of the investments portfolio in accordance with the requirements of the Regulations and applicable financial reporting standards.</li> </ul>

### Other Information

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

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

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

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

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

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

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

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

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

Karachi: 15 September 2022

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

# STATEMENT OF ASSETS AND LIABILITIES

## AS AT 30 JUNE 2022

	Note	2022 ----- Rupees -----	2021
<b>ASSETS</b>			
Bank balances and term deposit receipts	4	544,930,005	1,161,547,092
Investments	5	1,194,383,644	1,066,779,465
Profit accrued	6	49,930,200	27,394,594
Security deposit and other receivables	7	670,468	580,800
<b>Total assets</b>		<b>1,789,914,317</b>	<b>2,256,301,951</b>
<b>LIABILITIES</b>			
Payable to Atlas Asset Management Limited - Management Company	8	2,829,528	3,206,990
Payable to Central Depository Company of Pakistan Limited - Trustee	9	136,134	164,233
Payable to the Securities and Exchange Commission of Pakistan	10	431,412	427,796
Payable against redemption of units	11	1,000,000	75,723,636
Dividend payable		487,666	448,433
Accrued expenses and other liabilities	12	14,122,078	19,297,347
<b>Total liabilities</b>		<b>19,006,818</b>	<b>99,268,435</b>
<b>NET ASSETS</b>		<b>1,770,907,499</b>	<b>2,157,033,516</b>
<b>UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)</b>		<b>1,770,907,499</b>	<b>2,157,033,516</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	14		
		----- Number of units -----	
<b>NUMBER OF UNITS IN ISSUE</b>		<b>3,492,542</b>	<b>4,263,884</b>
		----- Rupees -----	
<b>NET ASSET VALUE PER UNIT</b>		<b>507.0540</b>	<b>505.8846</b>

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

For Atlas Asset Management Limited  
(Management Company)

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

**Muhammad Abdul Samad**  
Chief Executive Officer

**Iftikhar H. Shirazi**  
Chairman

**Tariq Amin**  
Director

# INCOME STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 -----Rupees-----	2021
<b>INCOME</b>			
Profit on Investments and bank balances	15	202,819,327	149,644,900
Loss on sale of investments - net	5.4	(1,956,544)	(207,416)
Net unrealised (loss) / gain on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		(4,224,806)	1,849,835
		(6,181,350)	1,642,419
<b>Total income</b>		<b>196,637,977</b>	<b>151,287,319</b>
<b>EXPENSES</b>			
Remuneration of the Management Company	8.1	7,549,799	8,555,924
Sindh Sales Tax on remuneration of the Management Company	8.2	981,482	1,112,270
Remuneration of the Trustee	9.1	1,617,815	1,604,236
Sindh Sales Tax on remuneration of the Trustee	9.2	210,327	208,550
Annual fees Securities and Exchange Commission of Pakistan	10.1	431,407	427,797
Accounting and operational charges	16	2,588,511	3,636,267
Auditors' remuneration	17	405,540	292,950
Transaction charges	13	282,650	294,983
Annual listing fee		27,500	30,138
Annual rating fee		439,256	363,227
Printing charges		44,408	61,999
Shariah advisory fee		180,000	180,000
Bank charges		40,113	40,561
Legal and professional charges		490,171	306,360
(Reversal) / provision for Sindh Workers' Welfare Fund	12.1	(10,817,933)	2,683,441
<b>Total expenses</b>		<b>4,471,046</b>	<b>19,798,703</b>
<b>Net income for the year before taxation</b>		<b>192,166,931</b>	<b>131,488,616</b>
<b>Taxation</b>	19	-	-
<b>Net income for the year after taxation</b>		<b>192,166,931</b>	<b>131,488,616</b>
<b>Allocation of net income for the year:</b>			
- Net income for the year after taxation		192,166,931	131,488,616
- Income already paid on units redeemed		(83,602,479)	(26,606,761)
		<b>108,564,452</b>	<b>104,881,855</b>
<b>Accounting income available for distribution:</b>			
- Relating to capital gains		-	1,642,419
- Excluding capital gains		108,564,452	103,239,436
		<b>108,564,452</b>	<b>104,881,855</b>

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

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

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

**Muhammad Abdul Samad**  
Chief Executive Officer

**Iftikhar H. Shirazi**  
Chairman

**Tariq Amin**  
Director

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## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022

	2022	2021
	----- Rupees -----	
<b>Net income for the year after taxation</b>	<b>192,166,931</b>	131,488,616
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>192,166,931</b>	<b>131,488,616</b>

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

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

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

**Muhammad Abdul Samad**  
Chief Executive Officer

**Iftikhar H. Shirazi**  
Chairman

**Tariq Amin**  
Director

## STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE YEAR ENDED 30 JUNE 2022

	30 June 2022		
	Capital value	Undistributed income	Net assets
	----- Rupees -----		
Capital value	2,139,275,085	-	2,139,275,085
Undistributed income brought forward			
- Realised gain	-	16,233,656	16,233,656
- Unrealised gain	-	1,524,775	1,524,775
<b>Net assets at the beginning of the year (Units outstanding: 4,263,884) (Rs. 505.8846 per unit)</b>	<b>2,139,275,085</b>	<b>17,758,431</b>	<b>2,157,033,516</b>
Issue of 7,165,413 units	3,747,777,310	-	3,747,777,310
Redemption of 7,936,755 units	(4,093,374,902)	(83,602,479)	(4,176,977,381)
Total comprehensive income for the year	-	192,166,931	192,166,931
Refund of Capital	(43,925,847)	-	(43,925,847)
Cash distribution for year ended 30 June 2022 at Rs. 46.50 per unit declared on 27 June 2022	-	(105,167,030)	(105,167,030)
<b>Net assets at end of the year (Units outstanding: 3,492,542) (Rs. 507.054 per unit)</b>	<b>1,749,751,646</b>	<b>21,155,853</b>	<b>1,770,907,499</b>
Undistributed loss carried forward			
- Realised gain	-	25,380,752	-
- Unrealised loss	-	(4,224,899)	-
	<b>-</b>	<b>21,155,853</b>	<b>-</b>
	<b>30 June 2021</b>		
	Capital value	Undistributed income	Net assets
	----- Rupees -----		
Capital value	2,122,558,890	-	2,122,558,890
Undistributed income brought forward			
- Realised gain	-	43,071,903	43,071,903
- Unrealised loss	-	(31,029,698)	(31,029,698)
<b>Net assets at the beginning of the year (Units outstanding: 4,227,883) (Rs. 504.8900 per unit)</b>	<b>2,122,558,890</b>	<b>12,042,205</b>	<b>2,134,601,095</b>
Issue of 6,592,099 units	3,423,385,925	-	3,423,385,925
Redemption of 6,556,098 units	(3,378,839,325)	(26,606,761)	(3,405,446,086)
Total comprehensive income for the year	-	131,488,616	131,488,616
Refund of Capital	(27,830,405)	-	(27,830,405)
Cash distribution for year ended 30 June 2021 at Rs. 31.05 per unit declared on 28 June 2021	-	(99,165,629)	(99,165,629)
<b>Net assets at end of the year (Units outstanding: 4,263,884) (Rs. 505.8846 per unit)</b>	<b>2,139,275,085</b>	<b>17,758,431</b>	<b>2,157,033,516</b>
Net income for the year after taxation			
Undistributed income carried forward			
- Realised gain	-	16,233,656	-
- Unrealised gain	-	1,524,775	-
<b>Net assets value per unit at end of the year</b>	<b>-</b>	<b>17,758,431</b>	<b>-</b>

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

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

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

**Muhammad Abdul Samad**  
Chief Executive Officer

**Iftikhar H. Shirazi**  
Chairman

**Tariq Amin**  
Director

# CASH FLOW STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2022

	2022	2021
Note	----- Rupees -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the year before taxation	192,166,931	131,488,616
<b>Adjustment for:</b>		
Profit on Investments and bank balances	(202,819,327)	(149,644,900)
Loss on sale of investments - net	1,956,544	207,416
Net unrealised loss / (gain) on remeasurement of investments classified as 'financial assets at fair value through profit or loss'	4,224,806	(1,849,835)
(Reversal) / provision for Sindh Workers' Welfare Fund	(10,817,933)	2,683,441
	<b>(207,455,910)</b>	<b>(148,603,878)</b>
<b>(Increase) in assets</b>		
Security deposit and other receivables	(89,668)	(1,859)
<b>Increase/(decrease) in liabilities</b>		
Payable to Atlas Asset Management Limited - Management Company	(377,462)	113,140
Payable to Central Depository Company of Pakistan Limited - Trustee	(28,099)	14,830
Payable to the Securities and Exchange Commission of Pakistan	3,616	54,315
Dividend payable	39,233	115,543
Accrued expenses and other liabilities	5,642,664	(5,653,603)
	<b>5,279,952</b>	<b>(5,355,775)</b>
Profit received on investments and bank balances	180,283,721	141,979,267
Investments - net	(133,785,530)	(509,423,719)
<b>Net cash generated from / (used in) operating activities</b>	<b>36,399,496</b>	<b>(389,917,348)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts against issuance of units	3,747,777,310	3,423,385,926
Payments against redemption of units	(4,251,701,016)	(3,329,722,451)
Refund of Capital	(43,925,847)	(27,830,405)
Cash dividend	(105,167,030)	(99,165,629)
<b>Net cash used in financing activities</b>	<b>(653,016,583)</b>	<b>(33,332,559)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(616,617,087)</b>	<b>(423,249,907)</b>
Cash and cash equivalents at the beginning of the year	1,161,547,092	1,584,796,999
<b>Cash and cash equivalents at the end of the year</b>	<b>4</b>	<b>4</b>
	<b>544,930,005</b>	<b>1,161,547,092</b>

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

For Atlas Asset Management Limited  
(Management Company)

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

**Muhammad Abdul Samad**  
Chief Executive Officer

**Iftikhar H. Shirazi**  
Chairman

**Tariq Amin**  
Director

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# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

## 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 and the Offering Document has been revised various times during 2010 to 2022 with its last amendment in 26 July 2021 and 21 December 2021, respectively. Further the Trust Deed has been registered under the Sindh Trust Act as disclosed in note 1.5. 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.
- 1.5 The Trust Act, 1882 has been repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on July 26, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

## 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.

# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

## 2.2 New / Revised Standards, Interpretations and Amendments

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Fund's accounting periods beginning on or after July 01, 2021 but are considered not to be relevant or do not have any significant effect on the Fund's operations and therefore not detailed in these 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)
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	January 01, 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	January 01, 2022
IAS 41 Agriculture - Taxation in fair value measurements	January 01, 2022
IFRS 3 - Reference to the Conceptual Framework (Amendments)	January 01, 2022
IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities.	January 01, 2022
Definition of Accounting Estimates - Amendments to IAS 8	January 01, 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	January 01, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction Amendments to IAS 12	January 01, 2023
Classification of liabilities as current or non-current - Amendment to IAS 1	January 01, 2024
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalized

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

## 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.

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# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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 and provision under uncertain circumstances such as taxes recoverable and Federal Excise Duty payable on remuneration of management company as disclosed in notes 7.1 and 8.3 respectively.

## 2.5 Accounting convention

These financial statements have been prepared under the historical cost convention except investments are required to be 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 and are set out below:

### 3.1 Financial instruments

#### a) Initial recognition and measurement

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

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

#### b) Classification

##### Debt instruments

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

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

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

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

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## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

A debt instrument held for trading purposes or which does not meet the SPPI criterion is classified as measured at FVTPL. Given the objectives of the Fund, all investments have been classified as FVTPL.

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

### **Business model assessment**

The Fund'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; 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 etc.

### **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 criteria.

'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 FVTPL.

### **c) Subsequent Measurement**

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

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

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

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

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognised in income statement.

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

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in

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## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss. The Fund has not used this classification for its investment portfolio.

### **Financial liabilities**

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

All 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 expires.

#### **d) Derecognition**

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

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

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

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

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

#### **f) Regular way contracts**

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

#### **g) Impairment of financial assets**

IFRS 9 requires an expected credit loss model which requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

However, SECP through its SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 have 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, October 24, 2012 have been followed.

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## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### h) 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.

### l) Determination of fair value

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

The debt securities are valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities vide its Circular No. 33 of 2012 dated 24 October 2012. In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

#### b) Debt securities (Government securities)

The government securities not listed on a stock exchange and traded in the interbank market are valued at the average rates quoted on a widely used electronic quotation system (PKRV rates) which are based on the remaining tenure of the securities.

#### c) Equity securities

The equity securities are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange (PSX).

### 3.2 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.

### 3.3 Issue and redemption of units

Units issued are recorded at the offer price, determined by the management company for the application received by the management company / distributors during business hours on that day. The offer price represents the Net Asset Value (NAV) per unit as of the close of the business day, plus the allowable sales load and provision of any duties and charges if applicable. The sales load is payable to the distribution company and the management company as processing fee.

Units redeemed are recorded at the redemption price applicable to units for which the distribution company / management company / distributors receives redemption application during business hours of that day. The redemption price shall be equal to NAV as of the close of the business day, less an amount as the management company may consider to be an appropriate provision of duties and charges.

### 3.4 Unit holders' Fund

Unit holders' Fund representing the units issued by the Fund, is carried at the redemption amount representing the investors' right to a residual interest in the Fund's assets.

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## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### 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

- Dividend income is recognized when the right to receive the dividend is established
- Profit 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.

### 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 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 2022 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

## 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 BANK BALANCES AND TERM DEPOSIT RECEIPTS	Note	2022	2021
		Rupees	
<b>In local currency</b>			
- Profit and loss sharing accounts	4.1	346,930,505	1,151,880,874
- Current account		5,000	5,000
- Cheques in hand	4.2	22,994,500	9,661,219
- Term deposit receipts	4.3	175,000,000	-
		<b>544,930,005</b>	<b>1,161,547,092</b>

4.1 The rate of return on these accounts during the year ranges between 6.6% to 15% (30 June 2021: 5.5% to 6.9%), per annum. The profit rates effective at the year end on these accounts ranges between 13.75% and 15% (30 June 2021: 6% and 6.45%) 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 5 July 2022 (2021 28 July 2021).

	As at 1 July 2021	Purchased during the year	Matured during the year	As at 30 June 2022	Profit Rate	Issue Date	Maturity Date	Rating
----- Face value (Rupees) -----								
Faysal Bank Limited	-	325,000,000	325,000,000	-	7.25%	8-Sep-21	8-Dec-21	AA
Faysal Bank Limited	-	275,000,000	275,000,000	-	10.85%	16-Dec-21	16-Mar-22	AA
Askari Bank Limited	-	175,000,000	-	175,000,000	14.40%	27-May-22	25-Aug-22	AA+
<b>Total as at 30 June 2022</b>		<b>775,000,000</b>	<b>600,000,000</b>	<b>175,000,000</b>				
Total as at 30 June 2021		-	-	-				

# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

5 INVESTMENTS	Note	2022	2021
		Rupees	Rupees
<b>At fair value through profit or loss</b>			
Debt securities - sukuk certificates	5.1	628,432,515	242,211,575
Islamic commercial paper	5.2	253,979,429	240,591,390
Government of Pakistan - Ijarah Sukuk	5.3	311,971,700	283,976,500
Certificate of Musharika		-	300,000,000
		<b>1,194,383,644</b>	<b>1,066,779,465</b>

## 5.1 Debt securities - sukuk certificates

Particulars	As at 01 July 2021	Acquired during the year	Disposed during the year	As at 30 June 2022	Carrying Value as at 30 June 2022	Market Value as at 30 June 2022	Unrealised appreciation as at 30 June 2022	Market Value as % of Net Assets as at 30 June 2022	Market Value as % of Total Investments as at 30 June 2022
	Number of certificates			Rupees		%			
<b>Unlisted</b>									
<b>BANKS</b>									
Meezan Bank Limited - Tier I (Face Value Rs. 1,000,000)	50	-	50	-	-	-	-	-	-
Meezan Bank Limited - Tier II (Face Value Rs. 1,000,000)	50	-	-	50	51,875,000	52,000,000	125,000	2.94	4.35
Albaraka Bank (Pakistan) Limited - Tier II (Face Value Rs. 1,000,000)	-	75	-	75	75,000,000	75,000,000	-	4.24	6.28
<b>Pharmaceutical</b>									
OBS AGP (Private) Limited - SUKUK Certificate (Face value Rs. 100,000)	-	1,150	-	1,150	115,000,000	115,575,000	575,000	6.53	9.68
<b>Listed</b>									
<b>Power Generation &amp; Distribution</b>									
The Hub Power Company Limited (Face Value Rs. 100,000)	550	-	-	550	42,072,714	43,399,125	1,326,411	2.45	3.63
Hub Power Holding Limited (Face Value Rs. 100,000)	1,000	-	-	1,000	82,458,390	82,458,390	-	4.66	6.90
<b>K-Electric Limited - IV</b> (Face Value Rs. 1,000,000)	-	80	-	80	80,000,000	80,000,000	-	4.52	6.70
<b>K-Electric Limited - V</b> (Face Value Rs. 1,000,000)	-	100	-	100	100,000,000	100,000,000	-	5.65	8.37
<b>K-Electric Limited - VI</b> (Face Value Rs. 1,000,000)	-	40	-	40	40,000,000	40,000,000	-	2.26	3.35
<b>Lucky Electric Power Company Limited</b> (Face Value Rs. 1,000,000)	-	40	-	40	40,000,000	40,000,000	-	2.26	3.35
<b>Total - June 30, 2022</b>					<b>626,406,104</b>	<b>628,432,515</b>	<b>2,026,411</b>	<b>35.49%</b>	<b>52.62%</b>
<b>Total - June 30, 2021</b>					<b>240,605,940</b>	<b>242,211,575</b>	<b>1,605,635</b>	<b>22.70%</b>	<b>11.23%</b>

## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

- 5.1.1 The cost of these investments at 30 June 2022 amounted to Rs. 637,458,500 (30 June 2021: Rs. 237,458,500).
- 5.1.2 These carry quarterly and semi annually rate of return ranging from "3 months Kibor + 1.55%" to "3 months Kibor + 1.90%" and "6 months Kibor + 0.25%" to "6 months Kibor + 1.50%" (30 June 2021: "3 months Kibor + 1%" and "6 months Kibor + 0.5%" to "6 months Kibor + 0.90%") respectively, having maturity upto December 2031 (2021: 09 January 2030).
- 5.1.3 The securities are valued on the basis of amortization on its face value as per the requirements of Circular 33 of 2012 with respect to thinly and non trade debt securities with residual maturity of up to six months.

Name of the Investee Company	Rating	Tenure	Profit payments / principal redemptions	Maturity date	Rate of return
The Hub Power Company Limited - II	AA+	04 years	Quarterly	Aug 2023	3 month KIBOR + 1.90%
OBS AGP Private Limited - Sukuk	A+	05 years	Quarterly	Jul 2026	3 month KIBOR + 1.55%
K-Electric Limited - IV	AA	06 Month	Bullet Payment	Sep 2022	6 month KIBOR + 0.85%
K-Electric Limited - VI	AA	06 Month	Bullet Payment	Oct 2022	6 month KIBOR + 0.90%
K-Electric Limited Short Term Sukuk V	AA	06 Month	Bullet Payment	Oct 2022	6 month KIBOR + 0.95%
Lucky Electric Power Company Limited	AA	06 Month	Bullet Payment	Oct 2022	6 month KIBOR + 1.05%
Hub Power Holding Limited	AA	05 years	Semi -annually	Nov 2025	6 month KIBOR + 0.25%
Meezan Bank Limited Tier - II	AA	10 years	Semi -annually	Sep 2026	6 month KIBOR + 0.50%
Albaraka Bank (Pakistan) Limited - Tier II	A+	10 years	Semi -annually	Dec 2031	6 month KIBOR + 1.50%

### 5.2 Islamic commercial paper

Particulars	As at 01 July 2021	Acquired during the year	Disposed during the year	As at 30 June 2022	Carrying value as at 30 June 2022	Market value as at 30 June 2022	Market Value as % of Net Assets of Fund	Market Value as a % of total value of investments of fund
	----- Number of certificates -----				----- Rupees -----		----- %age -----	
K-Electric Limited - ICP 16	40	-	40	-	-	-	-	-
K-Electric Limited - ICP 17	130	-	130	-	-	-	-	-
K-Electric Limited - ICP 18	75	-	75	-	-	-	-	-
K-Electric Limited - ICP-20	-	75	75	-	-	-	-	-
K-Electric Limited - ICP-21	-	25	25	-	-	-	-	-
K-Electric Limited - ICP-23	-	63	63	-	-	-	-	-
MUGHAL-CP	-	75	-	75	74,640,498	74,640,498	4.21	6.25
Lucky Electric Power Limited - ICP-I	-	100	100	-	-	-	-	-
Lucky Electric Power Limited - ICP-II	-	180	-	180	179,338,932	179,338,932	10.13	15.02
<b>Total - June 30, 2022</b>					<b>253,979,429</b>	<b>253,979,429</b>	<b>14.34</b>	<b>21.26</b>
Total - June 30, 2021					240,591,390	240,591,390	23%	11%

## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

5.2.1 The nominal value of these commercial papers is Rs. 1,000,000 per certificate with 8.05% to 12.97% expected profit rate (2021: 8.41%).

5.2.2 The securities are valued on the basis of amortization on its face value as per the requirements of Circular 33 of 2012 with respect to thinly and non trade debt securities with residual maturity of up six months.

### 5.3 Government of Pakistan - Ijarah Sukuk

Script	As at 01 July 2021	Acquired during the year	Disposed during the year	As at 30 June 2022	Carrying Value as at 30 June 2022	Market Value as at 30 June 2022	Unrealised (diminution) / appreciation as at 30 June 2022	Market Value as % of Net Assets of Fund	Market Value as a % of total value of investments of fund
	----- Face Value - Rupees -----								
Government of Pakistan Ijarah Sukuks	287,500,000	110,000,000	78,000,000	319,500,000	318,222,900	311,971,700	(6,251,200)	17.62%	26.12%
<b>Total - 30 June 2022</b>					<b>318,222,900</b>	<b>311,971,700</b>	<b>(6,251,200)</b>	<b>17.62%</b>	<b>26.12%</b>
Total - 30 June 2021					283,732,300	283,976,500	244,200	26.62%	13.17%

5.3.1 Investment in GOP Ijarah Sukuks carried mark up ranging between 8.37% to 14.60% (2021: 6.40% to 8.37%) per annum and were due to mature between 30 April 2025 to 06 Oct 2026 (2021: 30 April 2025 to 29 July 2025). As at 30 June 2022, the cost of investments amounted to Rs. 318,222,900 (2021: Rs. 287,204,800)

5.3.2 The securities are valued on the basis of amortization on its face value as per the requirements of Circular 33 of 2012 with respect to thinly and non trade debt securities with residual maturity of up six months.

5.4 (LOSS) / GAIN ON SALE OF INVESTMENTS - NET	Note	2022 ----- Rupees -----	2021 ----- Rupees -----
Net loss on disposals of Sukuk certificates		(2,055,344)	(207,416)
Net gain on disposals of GOP Ijarah		98,800	-
		<b>(1,956,544)</b>	<b>(207,416)</b>

### 6 PROFIT ACCRUED

Profit accrued on:

- Profit and loss sharing accounts	6,352,778	6,844,087
- Gop Ijarah	8,199,683	4,995,057
- Sukuk certificates and commercial papers	32,961,300	12,099,285
- Term deposit receipts	2,416,438	3,456,164
	<b>49,930,200</b>	<b>27,394,594</b>

### 7 SECURITY DEPOSIT AND OTHER RECEIVABLES

		2022 ----- Rupees -----	2021 ----- Rupees -----
Deposit with Central Depository Company of Pakistan Limited (CDC)		100,000	100,000
Tax recoverable	7.1	570,468	480,800
		<b>670,468</b>	<b>580,800</b>

## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

- 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 2022 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

Had the Tax Recoverable not been recorded in these financial statements of the Fund, the net asset value of the Fund as at 30 June 2022 would have been lower by Rs. 0.16 per unit (30 June 2021: Rs. 0.11 per unit).

8 PAYABLE TO ATLAS ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY - RELATED PARTY	Note	2022	2021
		Rupees	
Remuneration of the Management Company	8.1	562,196	775,248
Sindh sales tax payable on remuneration of the Management Company	8.2	340,672	368,362
Federal Excise Duty on remuneration of the Management Company	8.3	1,733,902	1,733,902
Accounting and operational charges	16	192,758	329,478
		<b>2,829,528</b>	<b>3,206,990</b>

- 8.1 As per the amendments made in the NBFC Regulations, 2008 vide SRO 639 (I) / 2019 dated 20 June 2019, the Management Company shall set and disclose in the offering document the maximum rate of fee chargeable to Collective Investment Scheme within allowed expense ratio. The Management Company set the maximum limit of 1.5% of average annual net assets, within allowed expense. The Management Company has charged its remuneration at rate of 0.35%(2021:0.40%) per annum of the average annual net assets. The Management Company is entitled to an amount not exceeding 2% of the average annual net assets, within allowed expense. The fee is payable to the Management Company monthly in arrears.
- 8.2 Sindh Sales Tax has been charged at 13% (2021:13%) on management fee levied through Sales Tax on Services Act, 2011 during the year resulting in an amount of Rs. 981,482 (2021: Rs. 1,112,270). Furthermore, an amount of Rs. 1,009,172 (2021: Rs.1,102,824) 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

## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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 (2021: 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 2022 would have been higher by Rs. 0.50 per unit (2021: Re. 0.41 per unit).

9 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN - TRUSTEE - RELATED PARTY	Note	2022	2021
		Rupees	
Remuneration of the Trustee	9.1	120,469	145,339
Sindh sales tax on remuneration of the Trustee	9.2	15,664	18,895
		<b>136,134</b>	<b>164,233</b>

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

**On net assets:**

- 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 Sindh Sales Tax has been charged at 13% (2021:13%) on remuneration of the Trustee, resulting in an amount of Rs. 210,327(2021: Rs. 208,550) charged during the year. Furthermore, an amount of Rs. 213,558 (2021: Rs 206,844) was paid to the Trustee which acts as a collecting agent.

## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

10 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	2022 ----- Rupees -----	2021 ----- Rupees -----
Annual fee payable	10.1	<u>431,412</u>	<u>427,796</u>

**10.1** In accordance with NBFC regulations, a collective investment scheme (CIS) is required to pay an annual fee to the Securities and Exchange Commission of Pakistan (SECP). Effective from 01 July 2019, the SECP vide SRO No.685(1)2019 dated 28 June 2019 revised the rate of annual fee to 0.02% (2021: 0.02%) of net assets on all categories of CISs.

### 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	2022 ----- Rupees -----	2021 ----- Rupees -----
Auditors' remuneration payable		339,116	287,550
Printing charges payable		-	12,357
Payable to shariah advisor		45,000	45,000
Withholding tax and capital gain tax payable		13,134,507	7,540,917
Zakat payable		58,902	49,036
Other payable		544,554	544,554
Provision for Sindh Workers' Welfare Fund	12.1	-	10,817,932
		<u>14,122,078</u>	<u>19,297,347</u>

**12.1** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the Mutual Fund Association of Pakistan (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 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 / pension funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / pension funds, MUFAP had recommended that as a matter of abundant caution provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e. starting from May 21, 2015). The Funds have accordingly made provision in respect of SWWF as recommended by MUFAP.

During the year ended June 30, 2022, SRB through its letter dated August 12, 2022 has intimated MUFAP that the CISs / pension funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and has also been taken up with the SECP and all the Asset Management Companies, in consultation with SECP, have reversed the cumulative provision for SWWF recognised in the financial statements of the Funds, for the period from May 21, 2015 to August 12, 2021, on August 13, 2021. The SECP has given its concurrence for prospective reversal of provision for SWWF. Accordingly, going forward, no provision for SWWF would be recognised in the financial statements of the Fund.

# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

## 13 TRANSACTION CHARGES

This represents brokerage, federal excise duty and settlement charges.

## 14 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments outstanding as at 30 June 2022 and (30 June 2021: Nil) .

15 PROFIT ON BANK AND INVESTMENTS	Note	2022 ----- Rupees -----	2021 ----- Rupees -----
Markup income on:			
- Profit and loss sharing accounts	4.1	75,430,231	78,062,417
- Term deposit receipts	4.3	15,648,116	1,664,384
- Sukuk certificates	5.1.2	49,188,007	26,934,830
- Commercial paper	5.2.1	32,081,421	5,492,507
- Government of Pakistan (GoP) ijarah sukuks	5.3.1	26,359,907	30,555,478
- Certificate of Musharka		4,111,644	3,456,164
- Bai Muajjal		-	3,479,120
		<b>202,819,327</b>	<b>149,644,900</b>

## 16 ACCOUNTING AND OPERATIONAL CHARGES

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

The Management Company has charged expenses at the rate 0.12% of the average annual net assets of the Fund (2021: 0.17% of the average annual net assets of the Fund).

17 AUDITORS' REMUNERATION	2022 ----- Rupees -----	2021 ----- Rupees -----
Audit fee	190,000	190,000
Half yearly review of financial statements	95,000	95,000
Income Certification	60,500	60,500
Sindh Sales Tax on services	30,040	30,040
Out of pocket expenses	30,000	30,000
Prior year adjustment	-	(112,590)
	<b>405,540</b>	<b>292,950</b>

## 18 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at 30 June 2022 is 0.71% (2021: 0.93%) which includes 0.08% (2021: 0.21%) 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.

## 19 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such

# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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 2022 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

## 20 EARNINGS PER UNIT

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

## 21 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

- 21.1** Connected persons include Atlas Asset Management Limited being the Management Company, the Central Depository Company 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.
- 21.2** Transactions with connected persons essentially comprise sale and repurchase of units, fee on account of managing the affairs of the Fund. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with policies / regulatory requirements of collective investment schemes.
- 21.3** Remuneration of the Management Company and the Trustee of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.
- 21.4** The details of transactions carried out by the Fund with connected persons during the year and balances with them as at year end are as follows:

	2022	2021
	----- Rupees -----	
<b>Atlas Asset Management Limited (Management Company)</b>		
Remuneration of the Management Company	7,549,799	8,555,924
Remuneration paid	6,987,603	8,555,924
Sindh Sales Tax on remuneration of the Management Company	981,482	1,112,270
Accounting and operational charges	2,588,511	3,636,267
Issue of 448,022 (2021: Nil) units	231,177,923	-
Redemption of 448,022 (2021: Nil) units	240,874,733	-
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Remuneration of the Trustee	1,617,815	1,604,236
Sindh sales tax on remuneration of the Trustee	210,327	208,550
Remuneration paid to the Trustee	1,642,684	1,604,236
Settlement charges	262,568	202,500
Sindh sales tax on settlement charges	-	1,455
<b>Atlas Group of Companies, M.S.G.Fund</b>		
Redemption of 8,851 (2021: Nil) units	4,629,516	-
Issue of 175,985.5 (2021: Nil) units	91,200,514	-
Dividend declared	7,117,511	-
Outstanding 167,134 (2021: Nil) units - at net asset value	84,745,963	-
<b>Atlas Honda Limited (Group Company)</b>		
Issue of 3 (2021: 2) units	1,527	969
Dividend declared	1,797	1,140
Outstanding 42 (2021: 39) units - at net asset value	21,125	19,549

## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022	2021
	----- Rupees -----	
<b>Honda Atlas Cars (Pakistan) Limited Employee Provident Fund</b>		
Issue of 183,298 (2021: Nil) units	95,719,053	-
Dividend declared	7,805,858	-
Outstanding 183,298 (2021: Nil) units - at net asset value	92,941,984	-
<b>Honda Atlas Power Product (Private) Limited</b>		
Issue of 6 (2021: 76) units	3,006	-
Dividend declared	3,536	-
Outstanding 82 (2021: Nil) units - at net asset value	41,578	-
<b>Shirazi Investments (Private) Limited (Group Company)</b>		
Issue of 8 (2021: Nil) units	4,060	-
Redemption of 8 (2021: 3,983) units	4,148	2,019,812
<b>Atlas Insurance Limited Window Takaful Operations</b>		
Issue of Nil (2021: 98,415) units	-	50,000,000
Redemption of Nil (2021: 98,415) units	-	50,388,503
<b>Cherat Cement Company Limited Employees Provident Fund</b>		
Issue of Nil (2021: 60,802) units	-	31,337,330
Dividend declared	-	1,337,330
Outstanding Nil (2021: 60,802) units - at net asset value	-	30,698,302
<b>CDC - Trustee Atlas Islamic Capital Preservation Plan (Atlas Islamic Fund of Fund)</b>		
Issue of 40,782 (2021: 951,064) units	20,777,273	148,821,696
Redemption of 991,845 (2021: 34,559) units	510,176,351	17,500,000
Dividend declared	-	27,821,696
Outstanding Nil (2021: 951,064) units - at net asset value	-	481,128,597
<b>CDC - Trustee Atlas Aggressive Allocation Islamic Plan (Atlas Islamic Fund of Fund)</b>		
Issue of 7,161 (2021: 64,135) units	3,663,083	8,236,150
Redemption of 16,980 (2021: 4,469) units	9,000,000	2,340,000
Dividend declared	2,313,083	1,876,150
Outstanding 54,316 (2021: 64,135) units - at net asset value	27,541,145	32,444,798
<b>CDC - Trustee Atlas Moderate Allocation Islamic Plan (Atlas Islamic Fund of Fund)</b>		
Issue of 9,363 (2021: 122,815) units	4,736,507	18,582,723
Redemption of Nil (2021: 18,956) units	11,100,000	9,980,000
Dividend declared	4,736,507	3,592,723
Outstanding 111,223 (2021: 122,815) units - at net asset value	56,396,067	62,273,606
<b>CDC - Trustee Atlas Conservative Allocation Islamic Plan (Atlas Islamic Fund of Fund)</b>		
Issue of 31,912 (2021: 201,272) units	16,793,406	13,607,868
Redemption of 26,696 (2021: 14,955) units	14,100,000	7,665,000
Dividend declared	8,793,406	5,887,868
Outstanding 206,488 (2021: 201,272) units - at net asset value	104,700,465	101,820,596

# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022	2021
	----- Rupees -----	
<b>CDC - Trustee Atlas Islamic Dividend Plan (Atlas Islamic Fund of Fund)</b>		
Issue of 4,353 (2021: 47,352) units	2,201,872	11,285,202
Redemption of Nil (2021: 20,124) units	-	10,350,000
Dividend declared	2,201,872	1,385,202
Outstanding 51,705 (2021: 47,352) units - at net asset value	26,217,227	24,010,066
<b>Directors and their close family members and key management personnel of the Management Company</b>		
Issue of 40,402 (2021: 4,753) units	21,573,009	3,671,984
Redemption of 44,817 (2021: 9,608) units	23,943,377	4,913,101
Dividend declared	-	249,133
Outstanding 338 (2021: 8,457) units - at net asset value	171,384	4,288,156

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

## 22 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 30 June 2022			
	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 and Term Deposits Receipts	544,930,005	-	-	544,930,005
Investments	-	1,194,383,644	-	1,194,383,644
Profit accrued	49,930,200	-	-	49,930,200
Security deposit and other receivables	100,000	-	-	100,000
	<b>594,960,205</b>	<b>1,194,383,644</b>	<b>-</b>	<b>1,789,343,849</b>

	As at 30 June 2022		
	At fair value through profit or loss	At amortised Cost	Total
	----- (Rupees) -----		
<b>Financial liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company	-	2,829,528	2,829,528
Payable to Central Depository Company of Pakistan Limited - Trust	-	136,134	136,134
Payable against redemption of units	-	1,000,000	1,000,000
Dividend payable	-	487,666	487,666
Accrued expenses and other liabilities	-	928,670	928,670
	<b>-</b>	<b>5,381,998</b>	<b>5,381,998</b>

## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	As at 30 June 2021			Total
	At amortised Cost	At fair value through profit or loss	At fair value through other comprehensive income	
	(Rupees)			
<b>Financial assets</b>				
Bank balances and Term Deposits Receipts	1,161,547,092	-	-	1,161,547,092
Investments	-	1,066,779,465	-	1,066,779,465
Profit accrued	27,394,594	-	-	27,394,594
Security deposit and other receivables	100,000	-	-	100,000
	<b>1,189,041,686</b>	<b>1,066,779,465</b>	<b>-</b>	<b>2,255,821,151</b>

	As at 30 June 2021		Total
	At fair value through profit or loss	Other financial liabilities	
	(Rupees)		
<b>Financial liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company	-	3,206,990	3,206,990
Payable to Central Depository Company of Pakistan Limited - Trustee	-	164,233	164,233
Payable against redemption of units	-	75,723,636	75,723,636
Unclaimed Dividend	-	448,433	448,433
Accrued expenses and other liabilities	-	889,462	889,462
	<b>-</b>	<b>80,432,754</b>	<b>80,432,754</b>

### 23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the management company, Fund's constitutive documents and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund may be exposed to market risk, credit risk and liquidity risk arising from the financial instruments it holds.

#### 23.1 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 Fund's income will fluctuate due to changes in the market profit rates. As of 30 June 2022, 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

## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

to cash flow interest rate risk. In case of 100 basis points increase / decrease in market interest rates as at June 30, 2022, with all other variables held constant, the net income for the year and net assets would have been higher / lower by Rs. 12,882,593 (2021: Rs. 16,780,689).

### 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 30 June 2022 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 30 June 2022 can be determined as follows:

----- As at 30 June 2022 -----						
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			
Percentage	----- (Rupees) -----					
<b>Financial Assets</b>						
Bank balances and Term Deposits Receipts	7% - 15%	521,930,505	-	-	22,999,500	544,930,005
Investments	6.4% - 16.56%	80,000,000	433,979,429	680,404,215	-	1,194,383,644
Profit accrued		-	-	-	49,930,200	49,930,200
Security deposit and other receivables		-	-	-	100,000	100,000
		<b>601,930,505</b>	<b>433,979,429</b>	<b>680,404,215</b>	<b>73,029,700</b>	<b>1,789,343,850</b>
<b>Financial Liabilities</b>						
Payable to Atlas Asset Management Limited - Management Company		-	-	-	2,829,528	2,829,528
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	136,134	136,134
Payable against redemption of units		-	-	-	1,000,000	1,000,000
Unclaimed dividend		-	-	-	487,666	487,666
Accrued expenses and other liabilities		-	-	-	928,670	928,670
		-	-	-	<b>5,381,998</b>	<b>5,381,998</b>
<b>On-balance sheet gap (a)</b>		<b>601,930,505</b>	<b>433,979,429</b>	<b>680,404,215</b>	<b>67,647,702</b>	<b>1,783,961,852</b>
<b>Off-balance sheet financial instruments</b>		-	-	-	-	-
<b>Off-balance sheet gap (b)</b>		-	-	-	-	-
<b>Total interest rate sensitivity gap (a + b)</b>		<b>601,930,505</b>	<b>433,979,429</b>	<b>680,404,215</b>		
<b>Cumulative interest rate sensitivity gap</b>		<b>601,930,505</b>	<b>1,035,909,934</b>	<b>1,716,314,149</b>		

# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

----- As at 30 June 2021 -----

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			
Percentage	----- (Rupees) -----					
<b>Financial Assets</b>						
Bank balances and Term Deposits Receipts	5.5% to 6.9%	1,151,880,873	-	-	9,666,219	1,161,547,091
Investments	7.12% - 8.45%	540,591,390	242,211,575	283,976,500	-	1,066,779,465
Profit accrued		-	-	-	27,394,594	27,394,594
Security deposit and other receivables		-	-	-	100,000	100,000
		<b>1,692,472,263</b>	<b>242,211,575</b>	<b>283,976,500</b>	<b>37,160,813</b>	<b>2,255,821,150</b>
<b>Financial Liabilities</b>						
Payable to Atlas Asset Management Limited - Management Company		-	-	-	3,206,990	3,206,990
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	164,233	164,233
Payable against redemption of units		-	-	-	75,723,636	75,723,636
Unclaimed dividend		-	-	-	448,433	448,433
Accrued expenses and other liabilities		-	-	-	889,462	889,462
		-	-	-	<b>80,432,754</b>	<b>80,432,754</b>
<b>On-balance sheet gap (a)</b>		<b>1,692,472,263</b>	<b>242,211,575</b>	<b>283,976,500</b>	<b>(43,271,941)</b>	<b>2,175,388,396</b>
<b>Off-balance sheet financial instruments</b>		-	-	-	-	-
<b>Off-balance sheet gap (b)</b>		-	-	-	-	-
<b>Total interest rate sensitivity gap (a + b)</b>		<b>1,692,472,263</b>	<b>242,211,575</b>	<b>283,976,500</b>		
<b>Cumulative interest rate sensitivity gap</b>		<b>1,692,472,263</b>	<b>1,934,683,838</b>	<b>2,218,660,338</b>		

## (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 2022.

## 23.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to redemptions of its redeemable units on a regular basis. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is therefore to invest a majority of its assets in short term instruments in order to maintain liquidity.

The Fund can borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates. However, no borrowing was required to be obtained by the Fund during the current year.

## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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, 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
----- Rupees -----						
<b>2022</b>						
<b>Assets</b>						
Bank balances and Term Deposits Receipts	544,930,005	-	-	-	-	544,930,005
Investments	-	80,000,000	433,979,429	680,404,215	-	1,194,383,644
Profit accrued	6,352,778	35,377,739	-	-	-	41,730,517
Security deposit and other receivables	-	-	-	100,000	-	100,000
	<b>551,282,783</b>	<b>115,377,739</b>	<b>433,979,429</b>	<b>680,504,215</b>	<b>-</b>	<b>1,781,144,166</b>
<b>Liabilities</b>						
Payable to Atlas Asset Management Limited - Management Company	2,829,528	-	-	-	-	2,829,528
Payable to Central Depository Company of Pakistan Limited - Trustee	136,134	-	-	-	-	136,134
Payable against redemption of units	1,000,000	-	-	-	-	1,000,000
Dividend payable	487,666	-	-	-	-	487,666
Accrued expenses and other liabilities	544,554	384,116	-	-	-	928,670
	<b>4,997,882</b>	<b>384,116</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,381,998</b>
<b>Net assets</b>	<b>546,284,901</b>	<b>114,993,623</b>	<b>433,979,429</b>	<b>680,504,215</b>	<b>-</b>	<b>1,775,762,169</b>
----- Rupees -----						
<b>2021</b>						
<b>Assets</b>						
Bank balances and Term Deposits Receipts	1,161,547,092	-	-	-	-	1,161,547,092
Investments	-	-	-	1,066,779,465	-	1,066,779,465
Profit accrued	6,844,087	20,550,506	-	-	-	27,394,594
Security deposit and other receivables	-	-	-	100,000	100,000	200,000
	<b>1,168,391,179</b>	<b>20,550,506</b>	<b>-</b>	<b>1,066,879,465</b>	<b>100,000</b>	<b>2,255,921,150</b>
<b>Liabilities</b>						
Payable to Atlas Asset Management Limited - Management Company	3,206,990	-	-	-	-	3,206,990
Payable to Central Depository Company of Pakistan Limited - Trustee	164,233	-	-	-	-	164,233
Payable against redemption of units	75,723,636	-	-	-	-	75,723,636
Dividend payable	448,433	-	-	-	-	448,433
Accrued expenses and other liabilities	544,554	-	344,907	-	-	889,461
	<b>80,087,846</b>	<b>-</b>	<b>344,907</b>	<b>-</b>	<b>-</b>	<b>80,432,754</b>
<b>Net assets / (liabilities)</b>	<b>1,088,303,333</b>	<b>20,550,506</b>	<b>(344,907)</b>	<b>1,066,879,465</b>	<b>100,000</b>	<b>2,175,488,397</b>

## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### 23.3 Credit risk

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

	2022		2021	
	Balance as per statement of assets and liabilities	Maximum exposure	Balance as per statement of assets and liabilities	Maximum exposure
----- Rupees -----				
Bank balances and Term Deposits Receipts	544,930,005	544,930,005	1,161,547,092	1,161,547,092
Investments	1,194,383,644	1,194,383,644	1,066,779,465	1,066,779,465
Profit accrued	41,730,518	41,730,518	27,394,595	27,394,595
Security deposit and other receivables	670,468	670,468	580,800	580,800
	<b>1,781,714,635</b>	<b>1,781,714,635</b>	<b>2,256,301,952</b>	<b>2,256,301,952</b>

23.4 RECONCILIATION OF LIABILITIES ARISING OUT OF FINANCING ACTIVITIES	Receivable against issuance of units	Payable against redemption of units	Total
	----- (Rupees in '000) -----		
Opening balance as at July 01, 2021	-	75,723,636	75,723,636
Receivable against issuance of units	3,747,777,310	-	3,747,777,310
Payable against redemption of units	-	4,176,977,381	4,176,977,381
	3,747,777,310	4,176,977,381	7,924,754,691
Amount received on issuance of units	(3,747,777,310)	-	(3,747,777,310)
Amount paid on redemption of units	-	(4,251,701,017)	(4,251,701,017)
	(3,747,777,310)	(4,251,701,017)	(7,999,478,327)
<b>Closing balance as at June 30, 2022</b>	<b>-</b>	<b>1,000,000</b>	<b>1,000,000</b>

### 23.5 Credit quality of financial assets

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

# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Ratings of amounts placed with banks, investment in GOP ijarah sukuks and corporate sukuk certificates.

	% of financial assets	
	2022	2021
	----- % -----	
GOP Ijarah Sukuks (Government Guaranteed)	48.82	12.55
Sukuk Certificates	24.23	10.60
AAA	0.99	30.70
AA+	0.00	0.33
AA	18.94	23.11
AA-	0.00	19.67
A+	7.01	3.04
	<b>100.00</b>	<b>100.00</b>

The maximum exposure to credit risk before any credit enhancement as at 30 June 2022 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.

## 23.6 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 sukuks 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.

## 23.7 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 2022, 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. For the remaining financial assets and financial liabilities, the Fund has not disclosed the fair values, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

## 24 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 2022

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 23, 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.

### 25 UNIT HOLDING PATTERN OF THE FUND

Category	2022			2021		
	Number of unit holders	Rupees	% of total	Number of unit holders	Rupees	% of total
Individuals	1,671	755,415,268	42.67%	1179	714,627,380	33.13%
Insurance Companies*	7	55,676,754	3.14%	8	43,021,862	1.99%
Others	14	441,168,806	24.91%	16	959,313,756	44.47%
Associated Companies/ Directors	3	63,483	0.00%	3	390,848	0.02%
Retirement Funds	21	518,583,188	29.28%	21	439,679,669	20.40%
	<b>1,716</b>	<b>1,770,907,499</b>	<b>100%</b>	<b>1,227</b>	<b>2,157,033,516</b>	<b>100%</b>

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

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

2022		2021	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Alfalah CLSA Securities (Private) Limited	74.3%	Alfalah CLSA Securities (Private) Limited	57.8%
Pak Oman Investments	25.7%	Pak Oman Investments	42.3%
	<b>100%</b>		<b>100%</b>

### 27 THE MEMBERS OF THE INVESTMENT COMMITTEE

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

Name	Designation	Qualification	Overall experience
Mr. Ali H. Shirazi	Director	Masters in Law	18.5 years
Mr. M. Abdul Samad	Chief Executive Officer	MBA, M.Com	22 Years
Mr. Khalid Mehmood	Chief Investment Officer	MBA - Finance	18 Years
Mr. Muhammad Umar Khan	Head of Portfolio Management	MSc - Finance	14 Years
Mr. Fawad Javaid	Head of Fixed Income	CMA	14 Years
Mr. Faran-ul-Haq	Head of Equities	M.B.A, CFA	11 Years

# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

## 28 NAME AND QUALIFICATION OF FUND MANAGER

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

## 29 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 Director	Meeting held on					
	02 July 2021	06 Sep 2021	28 Oct 2021	21 Feb 2022	28 Apr 2022	24 June 2022
Mr. Iftikhar H. Shirazi	P	P	P	P	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	P	P	P	P	P	P
Mr. M. Habib-ur-Rahman	P	L	L	P	P	L
Ms Zehra Naqvi	P	P	P	P	P	P
Mr. M. Abdul Samad	P	P	P	P	P	P
Ms Qurrat-ul-ain Jafari (Chief Financial Officer)	P	P	P	P	P	P
Ms Zainab Kazim(Company Secretary)	P	P	P	P	P	P

P Present  
L Leave of absence

## 30 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) [2021: AM2+ (AM Two Plus)] on 24 December 2021. 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)" [2020: "AA- (f)"] on 18 April 2022.

## 31 GENERAL

The figures have been rounded off to the nearest Rupee.

## 32 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on 08 September 2022.

For Atlas Asset Management Limited  
(Management Company)

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

**Muhammad Abdul Samad**  
Chief Executive Officer

**Iftikhar H. Shirazi**  
Chairman

**Tariq Amin**  
Director

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# Atlas Islamic Stock 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 Hassan Usmani

### Auditors

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EY Ford Rhodes  
Chartered Accountants

### Legal Advisers

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Mohsin Tayebaly & Co.

### Bankers

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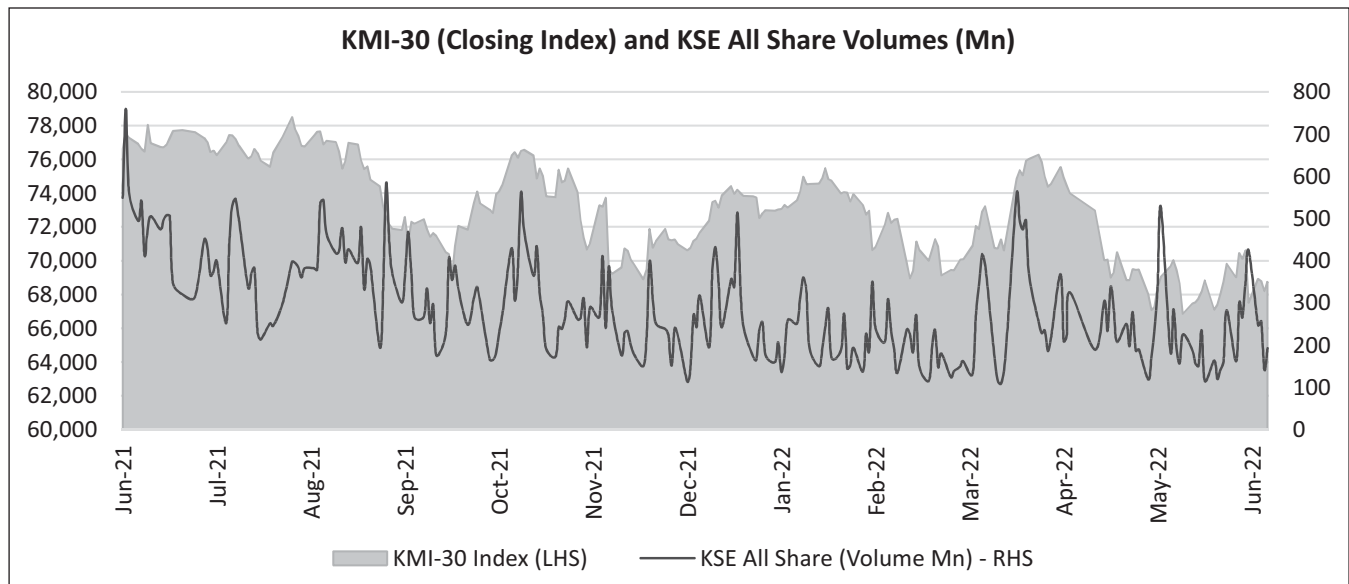
Al-Baraka Bank (Pakistan) Limited  
Bank Alfalah Limited - Islamic Banking  
Bank Al Habib Limited - Islamic Banking  
BankIslami Pakistan Limited  
Dubai Islamic Bank Pakistan Limited  
Habib Bank Limited - Islamic Banking  
MCB Bank Limited - Islamic Banking



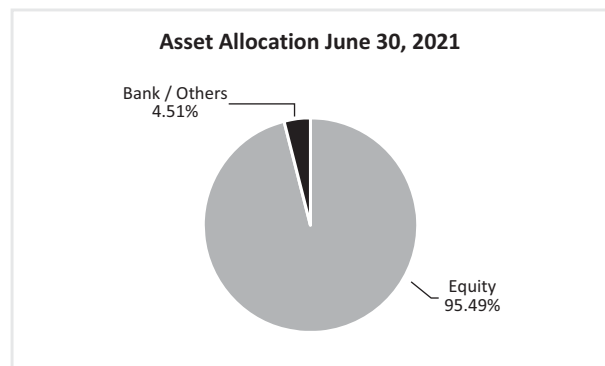
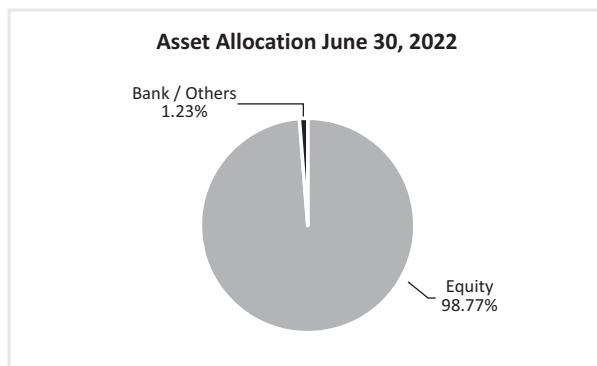
# Fund Manager's Report

Atlas Islamic Stock Fund (AISF) is an open-ended equity fund. The fund has a high-risk rating with the objective 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. The KMI-30 Index serves as the performance benchmark of Atlas Islamic Stock Fund.

The KMI-30 index declined 10.25% from 76,621.54 points as on June 30, 2021, to 68,766.37 points as on June 30, 2022. The daily average volume during FY22 declined by 44.70% to 292 million shares compared to daily average of 528 million shares traded in FY21. Net outflow of US \$298 was recorded by Foreign Portfolio Investors during FY22 compared to net outflow of US \$387 million in FY21. On local investors' front, Individuals, Banks, Companies and Other Organizations were net buyers of US \$157 million, US \$115 million, US \$111 million, and US \$60 million. Mutual Funds, Broker Proprietary Trading and Insurance Companies remained net sellers of US \$128 million, US \$20 million, and US \$1 million, respectively.



The Net Asset Value per unit of Atlas Islamic Stock Fund (AISF) decreased by 13.74% to Rs. 494.41 as on June 30, 2022. The benchmark KMI-30 index decreased by 10.25% during the same period. The KMI-30 index decreased from 76,621.54 points as on June 30, 2021 to 68,766.37 points as on June 30, 2022. AISF's strategy will continue to focus on dividend plays and stocks that are trading at relatively cheap multiple with prospect of earnings growth. AISF equity portfolio exposure stood at 98.77% that mainly comprised of Oil & Gas Exploration, Fertilizer, Cement and Shariah Compliant Commercial Banks. The Net Assets of the Fund stood at Rs. 3.86 billion, with 7.81 million units outstanding as of June 30, 2022.



The Investment Committee of Atlas Asset Management Limited, the Management Company of Atlas Islamic Stock Fund, under the authority delegated by the Board of Directors of Atlas Asset Management Limited has approved aggregated interim distribution of Rs. 0.00 per unit for the period ended June 30, 2022 (0.00% 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	2018-19	2019-20	2020-21	2021-22
Atlas Bachat Islamic Plan	85%	15%	4.37%	11%	10.90%	5.96%
Atlas Bachat Balanced Islamic Plan	50%	50%	-5.24%	9.55%	21.50%	-2.15%
Atlas Bachat Growth Islamic Plan	15%	85%	-14.84%	8.12%	32.10%	-10.3%

#### Breakdown of Unit holding by size:

Type of Investor	No. of Investors	Amount of Investment (Rs.)	Percentage (%)
Individuals	8	1,730,548,748	44.84%
Retirement Funds	789	423,495,254	10.97%
Associated Companies/ Directors	3	403,480,480	10.45%
Others	7	345,189,955	8.94%
Insurance Companies	11	956,948,395	24.79%
<b>Total</b>	<b>818</b>	<b>3,859,662,832</b>	<b>100.00%</b>

During the month of August 2021, provisioning against Sindh Workers' Welfare Fund by AISF amounting to Rs. 33.88 million been reversed on the clarification received by Sindh Revenue Board vide letter No. SRB/TP/70/2013/8772 dated August 12, 2021 addressed to Mutual Fund Association of Pakistan. This reversal of provision has contributed towards an unusual increase in NAV of the AISF by 1.21%. This is one-off event and is not likely to be repeated in the future. The Scheme has also held provision for FED liability that amounted to Rs. 10,453,385 up till June 30, 2022 (Rs. 1.34 per unit).

The Total Expense Ratio (TER) of the Fund is 3.67% including expenses representing Government levy and SECP Fee of 1.27%.

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

Karachi: 8 September 2022

**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 Stock Fund

AISF	Resolution	For	Against	Abstain
Number	303	303	-	-
%	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

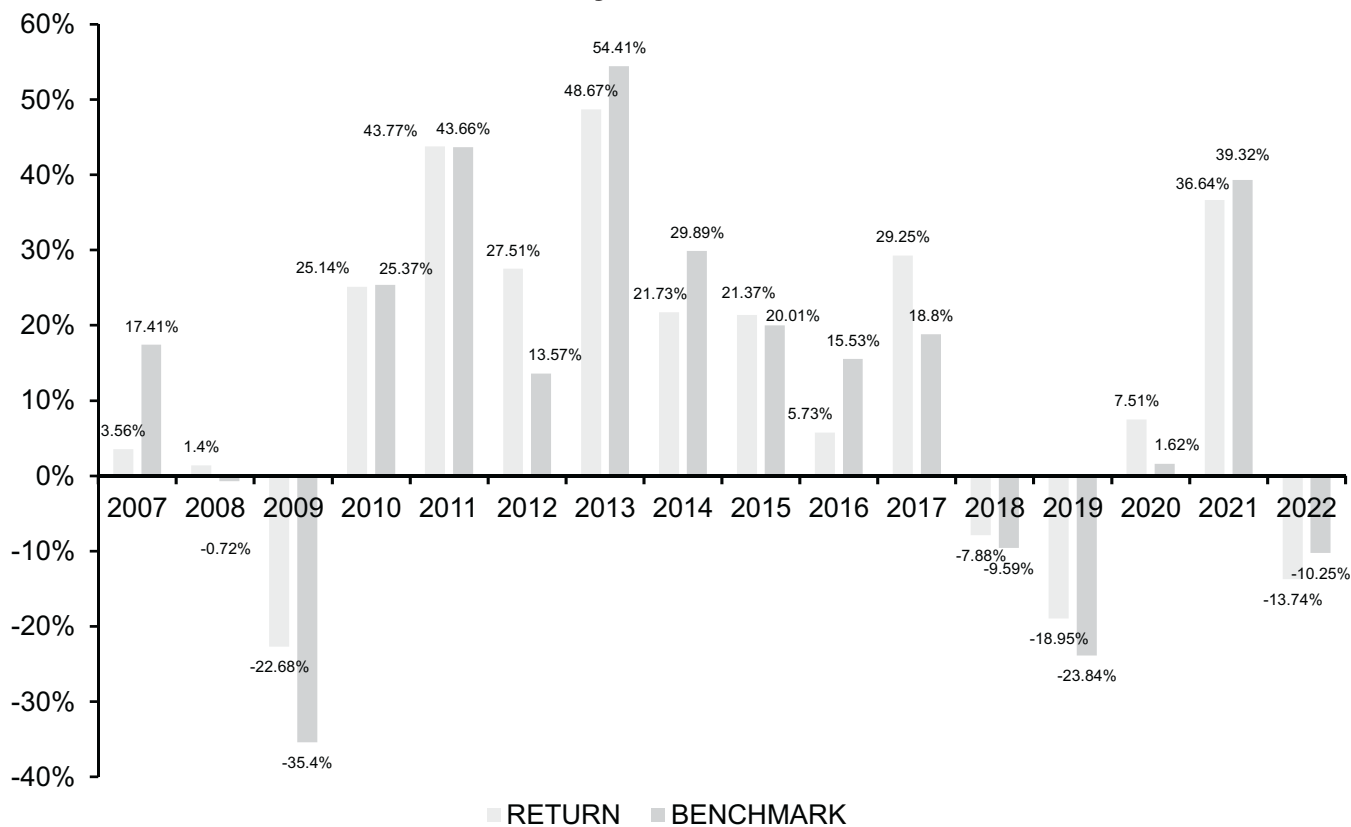
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007*
Net Assets (Rs. in '000)	3,859,663	2,706,741	1,823,315	1,204,994	2,262,189	2,478,898	1,411,789	1,415,763	809,364	974,606	510,953	318,777	252,773	417,775	597,788	512,580
Number of units in issue	7,806,639	4,722,705	4,001,514	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.)	494.41	573.13	455.66	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)	(601,600)	711,018	190,108	(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.)	(77.06)	150.55	47.51	(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 (%)	(13.74)	36.64	7.51	(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.)	494.41	586.08	465.96	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.)	494.41	573.13	455.66	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.)	-	50.00	6.50	-	-	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	-	10.97	1.51	-	-	7.41	-	12.23	12.05	33.82	20.55	36.90	51.65	-	1.79	3.00
Date of Distribution	-	28-Jun-21	30-Jun-20	-	-	7-Jul-17	-	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.)	620.37	657.67	577.53	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.)	485.97	481.07	351.78	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.)	643.14	643.14	564.77	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.)	485.97	470.44	344.01	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)

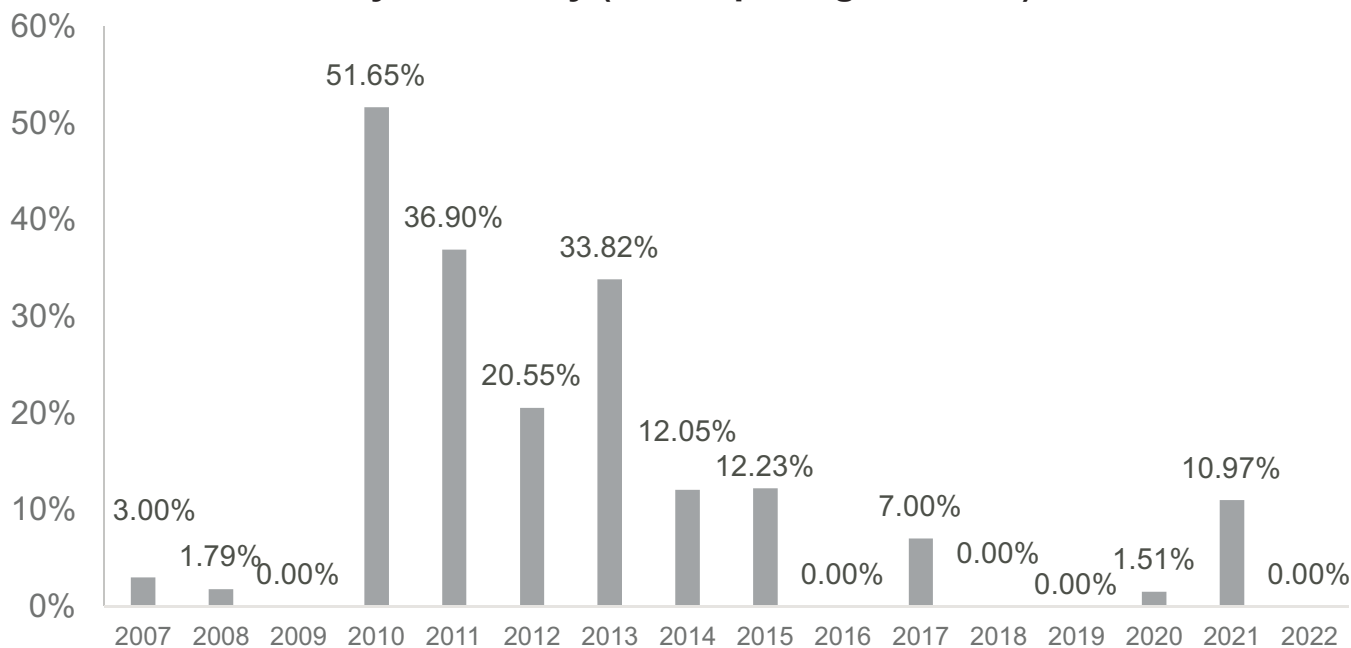
\*\* Relates to announced prices.

**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.

## Yearly Performance



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



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# TRUSTEE REPORT TO THE UNIT HOLDERS

## Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of Atlas 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, 2022 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Karachi: 28 September 2022

**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, 2022 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 2022

**Dr. Mufti Hassan Usmani**  
Shariah Advisor

# INDEPENDENT AUDITOR'S REPORT

## To the Unit holders of Atlas Islamic Stock 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 of the statement of assets and liabilities as at 30 June 2022, 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 2022, 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>Equity investments</b>	
<p>As disclosed in note 5 to the accompanying financial statements of the Fund for the year ended 30 June 2022, the investments held by the Fund comprised of listed shares which represent significant portion of the total assets of the Fund as at the year end.</p> <p>In view of the above, we have considered this area as a key audit matter.</p>	<p>We performed a combination of audit procedures focusing on the existence and valuation of investments. Our key procedures included the following:</p> <ul style="list-style-type: none"><li>• We obtained an understanding of fund's process over acquisition, disposals and periodic valuation of investment portfolio and evaluated / tested controls in those areas for the purpose of our audit.</li><li>• We performed substantive audit procedures on year-end balance of portfolio including review of custodian's statement, 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 2022.</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 investments and exposure limits prescribed in such Regulations and the applicability of disclosures in this regard.</li></ul>

Key audit matter	How our audit addressed the key audit matter
	<ul style="list-style-type: none"> <li>We also evaluated the adequacy of the overall disclosures in the financial statements in respect of the investment portfolio in accordance with the requirements of the Regulations and applicable financial reporting standards.</li> </ul>

### Other Information

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

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

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

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

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

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

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

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

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

Karachi: 15 September 2022

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

# STATEMENT OF ASSETS AND LIABILITIES

## AS AT 30 JUNE 2022

	Note	2022 ----- Rupees -----	2021 ----- Rupees -----
<b>ASSETS</b>			
Bank balances	4	34,014,966	79,257,880
Investments	5	3,844,668,700	2,680,575,760
Profit receivable on bank balances		328,060	352,047
Receivable against sale of investments		1,758,939	38,060,666
Dividend receivable		-	3,801,825
Advance, security deposits and other receivables	6	5,197,419	5,197,419
<b>Total assets</b>		<b>3,885,968,084</b>	<b>2,807,245,597</b>
<b>LIABILITIES</b>			
Payable to Atlas Asset Management Limited - Management Company	7	22,583,003	18,770,072
Payable to Central Depository Company of Pakistan Limited - Trustee	8	452,585	346,485
Payable to the Securities and Exchange Commission of Pakistan	9	744,456	476,814
Payable against redemption of units	10	-	1,384,692
Accrued expenses and other liabilities	11	2,525,199	79,526,084
<b>Total liabilities</b>		<b>26,305,243</b>	<b>100,504,147</b>
<b>NET ASSETS</b>		<b>3,859,662,841</b>	<b>2,706,741,450</b>
<b>UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)</b>		<b>3,859,662,841</b>	<b>2,706,741,450</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	12		
		----- Number of units -----	
<b>NUMBER OF UNITS IN ISSUE</b>		<b>7,806,639</b>	<b>4,722,705</b>
		----- Rupees -----	
<b>NET ASSET VALUE PER UNIT</b>		<b>494.4078</b>	<b>573.1337</b>

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

For Atlas Asset Management Limited  
(Management Company)

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

**Muhammad Abdul Samad**  
Chief Executive Officer

**Iftikhar H. Shirazi**  
Chairman

**Tariq Amin**  
Director

# INCOME STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2022

		2022	2021
	Note	----- Rupees -----	-----
<b>INCOME</b>			
Profit on bank balances	4.1	7,002,087	3,365,522
Dividend income		242,035,532	111,751,534
Capital (loss) / gain on sale of investments - net		(112,655,928)	351,052,100
Net unrealised (loss) / gain on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		(635,145,926)	340,329,557
		<b>(747,801,854)</b>	<b>691,381,657</b>
<b>Total (loss) / income</b>		<b>(498,764,235)</b>	<b>806,498,713</b>
<b>EXPENSES</b>			
Remuneration of the Management Company	7.1	92,330,889	57,217,097
Sindh sales tax on remuneration of the Management Company	7.2	12,003,010	7,438,223
Remuneration of the Trustee	8.1	4,722,407	3,384,045
Sindh sales tax on remuneration of the Trustee	8.2	613,910	439,926
Annual fee Securities and Exchange Commission of Pakistan	9.1	744,481	476,815
Accounting and operational charges	13	18,022,483	5,946,720
Shariah advisory fee		200,000	200,000
Auditors' remuneration	15	468,283	349,916
Transaction Charges	11.3	7,070,668	5,195,952
Annual listing fee		27,499	30,138
Printing charges		32,730	58,512
(Reversal) / provision for Sindh Workers Welfare Fund	11.2	(33,881,485)	14,510,562
Legal and professional charges		475,770	211,560
Bank charges		5,191	21,686
<b>Total expenses</b>		<b>102,835,836</b>	<b>95,481,152</b>
<b>Net (loss) / income for the year before taxation</b>		<b>(601,600,071)</b>	<b>711,017,561</b>
Taxation	16	-	-
<b>Net (loss) / income for the year after taxation</b>		<b>(601,600,071)</b>	<b>711,017,561</b>
<b>Allocation of net income for the year</b>			
- Net earnings for the year after taxation		-	711,017,561
- Income already paid on units redeemed		-	(180,874,776)
		<b>-</b>	<b>530,142,785</b>
<b>Accounting income available for distribution:</b>			
-Relating to capital gains		-	691,381,657
-Excluding capital gains		-	(161,238,872)
		<b>-</b>	<b>530,142,785</b>

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

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

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

**Muhammad Abdul Samad**  
Chief Executive Officer

**Iftikhar H. Shirazi**  
Chairman

**Tariq Amin**  
Director

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## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022

	2022	2021
	----- Rupees -----	
<b>Net (loss) / income for the year after taxation</b>	<b>(601,600,071)</b>	<b>711,017,561</b>
Other comprehensive income	-	-
<b>Total comprehensive (loss) / income for the year</b>	<b><u>(601,600,071)</u></b>	<b><u>711,017,561</u></b>

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

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

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

**Muhammad Abdul Samad**  
Chief Executive Officer

**Iftikhar H. Shirazi**  
Chairman

**Tariq Amin**  
Director

# STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE YEAR ENDED 30 JUNE 2022

	30 June 2022		
	Capital value	Undistributed income	Net assets
	----- Rupees -----		
Capital value	1,956,495,995	-	1,956,495,995
<b>Undistributed income brought forward</b>			
- Realised income	-	443,117,090	443,117,090
- Unrealised income	-	307,128,365	307,128,365
<b>Net assets at the beginning of the year (Units outstanding: 4,722,705) (Rs. 573.1337 per unit)</b>	<b>1,956,495,995</b>	<b>750,245,455</b>	<b>2,706,741,450</b>
Issue of 5,146,679 units	2,898,659,413	-	2,898,659,413
Redemption of 2,062,745 units	(1,136,273,176)	-	(1,136,273,176)
Total comprehensive loss for the year	-	(601,600,071)	(601,600,071)
Shariah non-compliant income set-aside for charity	-	(7,864,775)	(7,864,775)
<b>Net assets at end of the year (Units outstanding: 7,806,639) (Rs. 494.4078 per unit)</b>	<b>3,718,882,232</b>	<b>140,780,609</b>	<b>3,859,662,841</b>
<b>Undistributed income carried forward</b>			
- Realised income	-	598,562,721	-
- Unrealised loss	-	(457,782,112)	-
	-	<b>140,780,609</b>	-
	30 June 2021		
	Capital value	Undistributed income	Net assets
	----- Rupees -----		
Capital value	1,452,346,030	-	1,452,346,030
<b>Undistributed income brought forward</b>			
- Realised income	-	410,531,817	410,531,817
- Unrealised loss	-	(39,562,729)	(39,562,729)
<b>Net assets at the beginning of the year (Units outstanding: 4,001,514) (Rs. 455.6600 per unit)</b>	<b>1,452,346,030</b>	<b>370,969,088</b>	<b>1,823,315,118</b>
Issue of 4,032,321 units	2,320,718,135	-	2,320,718,135
Redemption of 3,311,130 units	(1,743,960,643)	(180,874,776)	(1,924,835,419)
Total comprehensive income for the year	-	711,017,561	711,017,561
Refund of element	(72,607,527)	-	(72,607,527)
Final cash dividend declared for the year ended 30 June 2021 Rs. 50 per unit declared on 28 June 2021	-	(146,586,050)	(146,586,050)
Shariah non-compliant income set-aside for charity	-	(4,280,368)	(4,280,368)
<b>Net assets at end of the year (Units outstanding: 4,722,705) (Rs. 573.1337 per unit)</b>	<b>1,956,495,995</b>	<b>750,245,455</b>	<b>2,706,741,450</b>
<b>Undistributed income carried forward</b>			
- Realised income	-	443,117,090	-
- Unrealised income	-	307,128,365	-
	-	<b>750,245,455</b>	-

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

For Atlas Asset Management Limited  
(Management Company)

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

**Muhammad Abdul Samad**  
Chief Executive Officer

**Iftikhar H. Shirazi**  
Chairman

**Tariq Amin**  
Director

# CASH FLOW STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2022

	2022	2021
Note	----- Rupees -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net (loss) / income for the year after taxation	(601,600,071)	711,017,561
<b>Adjustments for:</b>		
Profit on bank balances	(7,002,087)	(3,365,522)
Dividend income	(242,035,532)	(111,751,534)
Capital loss / (gain) on sale of investments - net	112,655,928	(351,052,100)
Net unrealised loss / (gain) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	635,145,926	(340,329,557)
(Reversal) / provision for Sindh Workers Welfare Fund	(33,881,485)	14,510,562
	<b>464,882,750</b>	<b>(791,988,151)</b>
<b>Decrease/(increase) in assets</b>		
Receivable against sale of investments	36,301,727	(38,060,666)
	<b>36,301,727</b>	<b>(38,060,666)</b>
<b>(Decrease)/increase in liabilities</b>		
Payable to Atlas Asset Management Limited - Management Company	3,812,931	2,406,015
Payable to Central Depository Company of Pakistan Limited - Trustee	106,100	79,754
Payable to the Securities and Exchange Commission of Pakistan	267,642	187,462
Payable against redemption of units	(1,384,692)	(16,123,588)
Accrued expenses and other liabilities	(43,119,400)	36,641,029
	<b>(40,317,419)</b>	<b>23,190,672</b>
Profit received on bank balances	7,026,076	3,275,352
Dividend received	237,972,581	108,087,709
Investments made during the year	(3,413,657,857)	(2,278,885,747)
Investments sold during the year	1,501,763,063	2,123,854,386
<b>Net cash used in operating activities</b>	<b>(1,807,629,151)</b>	<b>(139,508,884)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts against issuance of units	2,898,659,413	2,320,718,135
Payments against redemption of units	(1,136,273,176)	(1,924,835,419)
Refund of capital	-	(72,607,527)
Cash Dividend	-	(146,586,050)
<b>Net cash generated from financing activities</b>	<b>1,762,386,237</b>	<b>176,689,139</b>
<b>Net (decrease) / increase in cash and cash equivalents during the year</b>	<b>(45,242,914)</b>	<b>37,180,255</b>
Cash and cash equivalents at the beginning of the year	79,257,880	42,077,624
<b>Cash and cash equivalents at the end of the year</b>	<b>34,014,966</b>	<b>79,257,880</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

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Director

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# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

## 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 and Offering Document has been revised various times during 2007 to 2022 with its last amendment in 26 July 2021 and 14 April 2022, respectively. Further the Trust Deed has been registered under the Sindh Trust Act as disclosed in note 1.5. 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.
- 1.5 The Trust Act, 1882 has been repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on July 26, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

## 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.

# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

## 2.2 New / Revised Standards, Interpretations and Amendments

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Fund's accounting periods beginning on or after July 01, 2021 but are considered not to be relevant or do not have any significant effect on the Fund's operations and therefore not detailed in these 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)
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	January 01, 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	January 01, 2022
IAS 41 Agriculture - Taxation in fair value measurements	January 01, 2022
IFRS 3 - Reference to the Conceptual Framework (Amendments)	January 01, 2022
IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities	January 01, 2022
Definition of Accounting Estimates - Amendments to IAS 8	January 01, 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	January 01, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction Amendments to IAS 12	January 01, 2023
Classification of liabilities as current or non-current - Amendment to IAS 1	January 01, 2024
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalized

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

## 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

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## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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 and provision under uncertain circumstances such as taxes recoverable and Federal excise duty payable on remuneration of the Management Company as disclosed in notes 6.1 and 7.3 respectively.

### 2.5 Accounting convention

These financial statements have been prepared under the historical cost convention except investments which are required to be 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 and are set out 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

##### Equity instruments

On initial recognition of an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. An equity instrument held for trading purposes or in which FVOCI election is not taken is classified as measured at FVTPL. Given the objectives of the Fund, all investments have been classified as FVTPL.

##### Debt instruments

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

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

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## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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

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

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

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

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

### **Business model assessment**

The Fund'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; 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 etc.

### **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 asset to identify whether they meet the SPPI criteria.

'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 FVTPL.

### **c) Subsequent Measurement**

#### **Debt instruments at FVTPL**

These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains / losses and impairment are recognised in income statement.

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# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

## **Debt instruments at FVOCI**

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss. The Fund has not used this classification for its investment portfolio.

## **Debt instruments at Amortised Cost**

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognised in income statement.

## **Equity investments at FVTPL**

These assets are subsequently measured at fair value. Dividends are recognised as income in income statement unless the dividend clearly represents a recovery of part of the cost of the investment.

## **Equity instruments at FVOCI**

Upon initial recognition, the Fund can elect to irrevocably classify an equity investment at FVOCI when they meet the definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by instrument basis.

Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss as other operating income when the right of payment has been established, except when the Fund benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

## **Financial liabilities**

All 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.

### **d) Derecognition**

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

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

When the Fund has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor

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## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

transferred control of the asset, the asset is recognised to the extent of the Fund's continuing involvement in the asset. In that case, the fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the fund has retained. The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

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

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

**f) Regular way contracts**

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

**g) Impairment of financial assets**

IFRS 9 requires an expected credit loss model which requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

However, SECP through its SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 have 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, October 24, 2012 have been followed.

**h) 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.

**i) Determination of fair value**

The fair value of financial assets are determined as follows:

**i) Debt securities (other than Government securities)**

The debt securities are valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities vide its Circular No. 33 of 2012 dated 24 October 2012. In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

**ii) Debt securities (Government securities)**

The government securities not listed on a stock exchange and traded in the interbank market are valued at the average rates quoted on a widely used electronic quotation system (PKRV rates) which are based on the remaining tenure of the securities.

**iii) Equity securities**

The equity securities are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange (PSX).

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## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### 3.2 Cash and cash equivalents

Cash and cash equivalents include deposits with banks and other short term highly liquid investments with original maturities of three months or less.

### 3.3 Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

### 3.4 Unit holders' Fund

Unit holders' Fund representing the units issued by the Fund, is carried at the redemption amount representing the investors' right to a residual interest in the Fund's assets.

### 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 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.

# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

## 3.8 Revenue recognition

- Dividend income is recognised when the right to receive the dividend is established.
- Profit 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 gain / (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 year in which they arise.

## 3.9 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.

## 3.10 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 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 the fund's accounting income available for distribution by the year end, as cash dividend, to the unitholders.

## 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.

<b>4 BANK BALANCES</b>	<b>Note</b>	<b>2022</b>	<b>2021</b>
		----- Rupees -----	----- Rupees -----
In local currency			
- Profit and loss sharing accounts	4.1	27,717,077	47,467,565
- Current account		5,023,856	1,477,487
- Cheque in hand	4.2	1,274,033	30,312,828
		<b><u>34,014,966</u></b>	<b><u>79,257,880</u></b>

4.1 The rate of return on these accounts during the year ranges between 6.75% to 15% (30 June 2021: 5% to 6.9%) per annum. The profit rates effective at the year end on these accounts ranges between 13.75% to 15% (30 June 2021: 6.8% to 6.85%) 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 06 July 2022 (30 June 2021: 06 August 2021).

<b>5 INVESTMENTS</b>	<b>Note</b>	<b>2022</b>	<b>2021</b>
		----- Rupees -----	----- Rupees -----
<b>At fair value through profit or loss</b>			
Investment in Listed equity securities	5.1	<b><u>3,844,668,700</u></b>	<b><u>2,680,575,760</u></b>

# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

## 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 2021	Purchases during the year	Bonus / Right issued shares during the year	Sales during the year	As at 30 June 2022	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>Banks</b>										
Meezan Bank Limited	2,227,795	1,458,388	337,169	601,704	3,421,648	394,719,341	386,577,791	10.05	10.02	0.21
	<b>2,227,795</b>	<b>1,458,388</b>	<b>337,169</b>	<b>601,704</b>	<b>3,421,648</b>	<b>394,719,341</b>	<b>386,577,791</b>	<b>10.05</b>	<b>10.02</b>	<b>0.21</b>
<b>Textile Composite</b>										
Interloop Limited	371,938	1,142,926	21,643	89,000	1,447,507	103,250,830	88,297,927	2.30	2.29	0.16
Kohinoor Textile Mills Limited	442,000	456,500	-	14,000	884,500	68,781,279	44,225,000	1.15	1.15	0.30
Nishat Mills Limited	600,500	1,312,280	-	220,000	1,692,780	152,050,720	125,113,370	3.25	3.24	0.48
	<b>1,414,438</b>	<b>2,911,706</b>	<b>21,643</b>	<b>323,000</b>	<b>4,024,787</b>	<b>324,082,829</b>	<b>257,636,297</b>	<b>6.70</b>	<b>6.68</b>	<b>0.94</b>
<b>Cement</b>										
Attock Cement Pakistan Limited	127,500	-	-	127,500	-	-	-	-	-	-
Cherat Cement Company Limited	133,000	866,300	-	570,500	428,800	60,824,636	39,895,552	1.04	1.03	0.22
D.G. Khan Cement Company Limited	482,000	363,420	-	843,000	2,420	253,552	151,250	0.00	0.00	0.00
Fauji Cement Company Limited	2,402,000	4,270,500	-	530,000	6,142,500	123,548,230	87,039,225	2.26	2.26	0.45
Kohat Cement Company Limited	246,050	80,900	-	50,500	276,450	55,685,977	35,974,439	0.94	0.93	0.14
Lucky Cement Limited (Note # 5.3)	329,200	297,500	-	72,000	554,700	437,990,294	254,629,488	6.62	6.60	0.17
Pioneer Cement Limited	-	225,000	-	225,000	-	-	-	-	-	-
Maple Leaf Cement Factory Limited	495,000	3,675,000	-	2,100,000	2,070,000	72,765,755	56,614,500	1.47	1.47	0.19
	<b>4,214,750</b>	<b>9,778,620</b>	<b>-</b>	<b>4,518,500</b>	<b>9,474,870</b>	<b>751,068,444</b>	<b>474,304,454</b>	<b>12.33</b>	<b>12.29</b>	<b>1.17</b>
<b>Refinery</b>										
Attock Refinery Limited	100,000	491,000	-	230,000	361,000	53,393,635	63,456,580	1.65	1.64	0.34
National Refinery Limited	14,000	5,000	-	18,500	500	250,240	126,285	0.00	0.00	0.00
	<b>114,000</b>	<b>496,000</b>	<b>-</b>	<b>248,500</b>	<b>361,500</b>	<b>53,643,876</b>	<b>63,582,865</b>	<b>1.65</b>	<b>1.65</b>	<b>0.34</b>
<b>Power Generation &amp; Distribution</b>										
The Hub Power Company Limited	1,593,689	3,430,146	-	594,707	4,429,128	344,423,786	301,933,656	7.85	7.82	0.34
K-Electric Limited (face value Rs. 3.5 per share)	5,265,000	-	-	-	5,265,000	22,007,700	16,005,600	0.42	0.41	0.02
	<b>6,858,689</b>	<b>3,430,146</b>	<b>-</b>	<b>594,707</b>	<b>9,694,128</b>	<b>366,431,486</b>	<b>317,939,256</b>	<b>8.27</b>	<b>8.24</b>	<b>0.36</b>
<b>Oil &amp; Gas Marketing Companies</b>										
Attock Petroleum Limited	-	12,000	-	12,000	-	-	-	-	-	-
Pakistan State Oil Company Limited (Note # 5.3)	451,012	441,001	-	85,000	807,013	170,320,185	138,677,114	3.61	3.59	0.17
Sui Northern Gas Pipelines Limited	702,776	735,000	-	80,000	1,357,776	61,587,752	46,449,517	1.21	1.20	0.21
	<b>1,153,788</b>	<b>1,188,001</b>	<b>-</b>	<b>177,000</b>	<b>2,164,789</b>	<b>231,907,937</b>	<b>185,126,631</b>	<b>4.82</b>	<b>4.80</b>	<b>0.39</b>
<b>Oil &amp; Gas Exploration Companies</b>										
Mari Petroleum Company Limited	95,790	124,300	-	12,930	207,160	336,924,592	360,404,538	9.37	9.34	0.16
Oil & Gas Development Company Limited	2,395,177	1,959,500	-	508,500	3,846,177	351,180,320	302,578,745	7.87	7.84	0.09
Pakistan Oilfields Limited	82,594	227,200	-	5,500	304,294	118,310,226	123,485,548	3.21	3.20	0.11
Pakistan Petroleum Limited (Note # 5.3)	1,605,970	1,242,000	-	329,500	2,518,470	207,477,827	170,021,910	4.42	4.41	0.09
	<b>4,179,531</b>	<b>3,553,000</b>	<b>-</b>	<b>856,430</b>	<b>6,876,101</b>	<b>1,013,892,964</b>	<b>956,490,741</b>	<b>24.87</b>	<b>24.77</b>	<b>0.44</b>

# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Name of Investee Company	As at 01 July 2021	Purchases during the year	Bonus / Right issued shares during the year	Sales during the year	As at 30 June 2022	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>Engineering</b>										
Aisha Steel Mills Limited	-	3,111,841	-	1,705,892	1,405,949	25,146,192	15,535,736	0.40	0.40	0.15
International Industries Limited	152,500	86,300	-	157,500	81,300	15,565,942	8,433,249	0.22	0.22	0.06
International Steels Limited	157,000	50,000	-	207,000	-	(10)	-	-	-	-
Ittefaq Iron Industries Limited	-	649,500	-	-	649,500	10,852,070	4,559,490	-	-	0.45
Mughal Iron And Steel Industries Limited	158,000	638,200	36,945	599,550	233,595	22,987,273	13,464,416	0.35	0.35	0.07
	<b>467,500</b>	<b>4,535,841</b>	<b>36,945</b>	<b>2,669,942</b>	<b>2,370,344</b>	<b>74,551,467</b>	<b>41,992,891</b>	<b>0.97</b>	<b>0.97</b>	<b>0.73</b>
<b>Automobile Assembler</b>										
Al-Ghazi Tractors Limited	-	36,200	-	-	36,200	16,440,881	14,124,154	0.37	0.37	0.06
Milat Tractors Limited	32,850	29,030	43	61,880	43	26,817	37,521	0.00	0.00	-
Pak Suzuki Motor Company Limited	84,500	289,900	-	274,800	99,600	19,202,525	21,036,516	0.55	0.55	0.12
	<b>117,350</b>	<b>355,130</b>	<b>43</b>	<b>336,680</b>	<b>135,843</b>	<b>35,670,223</b>	<b>35,198,191</b>	<b>0.92</b>	<b>0.92</b>	<b>0.18</b>
<b>Automobile Parts &amp; Accessories</b>										
Panther Tyres Limited	351,506	570,000	99,301	110,000	910,807	48,537,160	29,510,147	0.77	0.76	0.54
Thal Limited (face value Rs. 5 per share)	113,000	83,600	-	21,600	175,000	71,320,048	47,183,500	1.23	1.22	0.22
	<b>464,506</b>	<b>653,600</b>	<b>99,301</b>	<b>131,600</b>	<b>1,085,807</b>	<b>119,857,208</b>	<b>76,693,647</b>	<b>2.00</b>	<b>1.98</b>	<b>0.76</b>
<b>Transport</b>										
Pakistan International Bulk Terminal Limited	950,000	1,050,000	-	2,000,000	-	-	-	-	-	-
	<b>950,000</b>	<b>1,050,000</b>	<b>-</b>	<b>2,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Technology &amp; Communications</b>										
Air Link Communication Limited	-	361,725	15,879	361,000	16,604	1,097,555	670,636	0.02	0.02	0.00
Avanceon Limited	-	534,879	-	-	534,879	41,019,744	41,672,423	1.08	1.08	0.16
Octopus Digital Limited	-	27,532	-	27,000	532	21,599	37,937	0.00	0.00	0.00
Pakistan Telecommunication Company Limited	2,353,000	100,000	-	2,423,000	30,000	351,911	208,800	0.01	0.01	0.00
Systems Limited	122,000	132,500	55,000	77,000	232,500	77,607,962	76,692,450	1.99	1.99	0.08
	<b>2,475,000</b>	<b>1,156,636</b>	<b>70,879</b>	<b>2,888,000</b>	<b>814,515</b>	<b>120,098,771</b>	<b>119,282,246</b>	<b>3.10</b>	<b>3.10</b>	<b>0.25</b>
<b>Fertilizer</b>										
Engro Fertilizers Limited	1,205,456	2,406,040	-	2,460,104	1,151,392	99,567,162	102,059,387	2.65	2.64	0.26
Engro Corporation Limited (Note # 5.3)	637,500	1,008,397	-	131,000	1,514,897	436,842,708	389,464,870	10.13	10.09	0.09
Fauji Fertilizer Bin Qasim Limited	-	3,659,000	-	40,000	3,619,000	92,264,915	73,248,560	1.91	1.90	0.28
	<b>1,842,956</b>	<b>7,073,437</b>	<b>-</b>	<b>2,631,104</b>	<b>6,285,289</b>	<b>628,674,785</b>	<b>564,772,817</b>	<b>14.69</b>	<b>14.63</b>	<b>0.63</b>
<b>Pharmaceuticals</b>										
Abbott Laboratories (Pakistan) Limited	33,550	63,000	-	50	96,500	74,573,702	63,172,760	1.64	1.64	0.10
Glaxosmithkline Pakistan Limited	65,000	-	-	65,000	-	-	-	-	-	-
Glaxosmithkline Consumer Healthcare Pakistan Limited	-	27,000	-	27,000	-	1	-	-	-	-
Highnoon Laboratories Limited	103,240	23,100	12,634	500	138,474	76,377,930	73,373,218	1.91	1.90	0.33
The Searle Company Limited	105,872	5,000	2,061	110,500	2,433	452,346	265,246	0.01	0.01	0.00
	<b>307,662</b>	<b>118,100</b>	<b>14,695</b>	<b>203,050</b>	<b>237,407</b>	<b>151,403,979</b>	<b>136,811,224</b>	<b>3.56</b>	<b>3.54</b>	<b>0.43</b>
<b>Chemicals</b>										
Engro Polymer & Chemicals Limited	1,150,000	1,690,500	-	1,495,000	1,345,500	71,155,121	107,142,165	2.79	2.78	0.15
ICI Pakistan Limited	21,000	-	-	21,000	-	-	-	-	-	-
Sitara Chemical Industries Limited	8,000	-	-	8,000	-	-	-	-	-	-
	<b>1,179,000</b>	<b>1,690,500</b>	<b>-</b>	<b>1,524,000</b>	<b>1,345,500</b>	<b>71,155,121</b>	<b>107,142,165</b>	<b>2.79</b>	<b>2.78</b>	<b>0.15</b>
<b>Paper &amp; Board</b>										
Packages Limited	77,500	17,500	-	95,000	-	-	-	-	-	-
	<b>77,500</b>	<b>17,500</b>	<b>-</b>	<b>95,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Name of Investee Company	As at 01 July 2021	Purchases during the year	Bonus / Right issued shares during the year	Sales during the year	As at 30 June 2022	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>Leather &amp; Tanneries</b>										
Bata Pakistan Limited	8,780	-	-	8,780	-	-	-	-	-	-
Service Global Footwear Limited	261,014	504,000	-	-	765,014	38,946,795	30,738,263	0.80	0.80	0.37
	<b>269,794</b>	<b>504,000</b>	<b>-</b>	<b>8,780</b>	<b>765,014</b>	<b>38,946,795</b>	<b>30,738,263</b>	<b>0.80</b>	<b>0.80</b>	<b>0.37</b>
<b>Foods &amp; Personal Care Products</b>										
At-Tahur Limited	1,404,250	200,000	137,910	779,000	963,160	20,927,496	18,367,458	0.48	0.48	0.48
Treet Corporation Limited	275,000	-	-	275,000	-	-	-	-	-	-
Unity Foods Limited	348,500	100,000	-	448,500	-	-	-	-	-	-
	<b>2,027,750</b>	<b>300,000</b>	<b>137,910</b>	<b>1,502,500</b>	<b>963,160</b>	<b>20,927,496</b>	<b>18,367,458</b>	<b>0.48</b>	<b>0.48</b>	<b>0.48</b>
<b>Glass &amp; Ceramics</b>										
Shabbir Tiles & Ceramics Limited (face value Rs. 5 per share)	400,000	718,000	-	400,000	718,000	12,345,645	10,504,340	0.27	0.27	0.30
Tariq Glass Industries Limited	-	605,000	-	12,500	592,500	70,436,263	61,507,425	1.60	1.59	0.43
	<b>400,000</b>	<b>1,323,000</b>	<b>-</b>	<b>412,500</b>	<b>1,310,500</b>	<b>82,781,908</b>	<b>72,011,765</b>	<b>1.87</b>	<b>1.87</b>	<b>0.73</b>
<b>Total as at 30 June 2022</b>						<b>4,479,814,627</b>	<b>3,844,668,700</b>	<b>100</b>	<b>100</b>	
Total as at 30 June 2021						<b>2,340,246,204</b>	<b>2,680,575,760</b>	<b>100</b>	<b>100</b>	

5.2 The cost of listed equity securities as at 30 June 2022 is Rs. 4,302,450,812 (30 June 2021: Rs. 2,373,447,395).

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	
	2022	2021	2022	2021
	----- Rupees -----			
Pakistan Petroleum Limited	135,000	135,000	9,113,850	11,722,050
Pakistan State Oil Company Limited	110,000	110,000	18,902,400	24,667,500
Lucky Cement Limited	75,000	75,000	34,428,000	64,758,000
Engro Corporation Limited	55,000	55,000	14,139,950	16,203,550
	<b>375,000</b>	<b>375,000</b>	<b>76,584,200</b>	<b>117,351,100</b>

## 6 ADVANCE, SECURITY DEPOSITS AND OTHER RECEIVABLES

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

Deposits with:

- National Clearing Company of Pakistan Limited		2,500,000	2,500,000
- Central Depository Company of Pakistan Limited		100,000	100,000
Tax Recoverable	6.1	2,597,419	2,597,419
		<b>5,197,419</b>	<b>5,197,419</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

## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholders. Such deductions aggregate to Rs. 2.597 million (30 June 2021: 2.597 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 tax recoverable as at 30 June 2022 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

Had the Tax recoverable not been recorded in these financial statements of the Fund, the net asset value of the Fund as at 30 June 2022 would have been lower by Rs. 0.33 per unit (30 June 2021: Rs. 0.55 per unit).

7 PAYABLE TO ATLAS ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY - RELATED PARTY	Note	2022 ----- Rupees -----	2021 ----- Rupees -----
Remuneration of the Management Company	7.1	7,958,142	5,386,550
Sindh sales tax on remuneration of the Management Company	7.2	2,579,857	2,256,816
Federal excise duty on remuneration of the Management Company	7.3	10,453,385	10,453,385
Accounting and operational charges	13	1,591,619	673,321
		<b>22,583,003</b>	<b>18,770,072</b>

**7.1** As per the amendments made in the NBFC Regulations, 2008 vide SRO 639 (I) / 2019 dated 20 June 2019, the Management Company shall set and disclose in the offering document the maximum rate of fee chargeable to Collective Investment Scheme within allowed expense ratio. The Management Company has charged management fee at the rate of 2.4% from 01 July 2021 to 30 September 2021 and 2.5% from 01 October 2021 to 30 June 2022 (2021: 2.4%) per annum of the average annual net assets.

**7.2** Sindh Sales Tax has been charged at 13% (30 June 2021:13%) on management fee levied through Sales Tax on Services Act, 2011 during the year resulting in an amount of Rs. 12,003,010 (2021: Rs. 7,438,223) and an amount of Rs. 11,679,969 (2021: Rs. 7,209,334) 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.

## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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 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 2021: 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 2022 would have been lower by Rs 1.34 per unit (30 June 2021: Rs 2.21 per unit).

	Note	2022 Rupees	2021 Rupees
<b>8 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN - TRUSTEE - RELATED PARTY</b>			
Remuneration of the Trustee	8.1	400,514	306,631
Sindh sales tax on remuneration of the Trustee	8.2	52,071	39,854
		<b>452,585</b>	<b>346,485</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 billion Rs. 0.20% per annum of Net Assets
- On an amount exceeding Rs.1 billion Rs. 2.0 million plus 0.10% per annum of Net Assets amount exceeding Rs.1 billion.

**8.2** Sindh Sales Tax has been charged at 13% (30 June 2021:13%) on Trustee fee levied through Sales Tax on Services Act, 2011 during the year resulting in an amount of Rs. 613,910 (2021: Rs. 439,926) and an amount of Rs. 601,693 (2021: Rs. 430,366) has been paid to the Trustee which acts as the collecting agent.

	Note	2022 Rupees	2021 Rupees
<b>9 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)</b>			
Annual fee payable	9.1	<b>744,456</b>	<b>476,814</b>

## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

- 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 0.02% of the average annual net assets of the Fund as annual fee.

### 10 PAYABLE AGAINST REDEMPTION OF UNITS

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

11 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2022	2021
		Rupees	
Auditors' remuneration payable		384,994	330,421
Printing charges payable		-	14,033
Rating fee payable		140,000	140,000
Charity payable	11.1	1,194,295	1,579,943
Transaction charges payable	11.3	127,557	2,324,516
Withholding tax and capital gain payable		86,381	14,830,976
Payable to shariah advisor		49,896	50,001
Provision for Sindh Workers' Welfare Fund	11.2	-	33,881,485
Zakat payable		13,700	57,205
Dividend payable		185,722	26,047,520
Others		342,654	269,984
		<b>2,525,199</b>	<b>79,526,084</b>

- 11.1 The Shariah Advisor of the Fund has certified an amount of Rs. 7,864,775 (30 June 2021: Rs. 4,280,368) against dividend income, as Shariah non-compliant income during the year, which has accordingly been marked to charity. The payments made during the year amounts to Rs. 8,250,423 (2021: Rs. 2,961,425)

- 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 Mutual Fund Association of Pakistan (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 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 / pension Funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / pension Funds, MUFAP had recommended that as a matter of abundant caution provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e. starting from May 21, 2015). The Funds have accordingly made provision in respect of SWWF as recommended by MUFAP.

During the year ended June 30, 2022, SRB through its letter dated August 12, 2021 has intimated MUFAP that the CISs / pension funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and has also been taken up with the SECP and all the Asset Management Companies, in consultation with SECP, have reversed the cumulative provision for SWWF recognised in the financial statements of the Funds, for the period from May 21, 2015 to August

# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

12, 2021, on August 13, 2021. The SECP has given its concurrence for prospective reversal of provision for SWWF. Accordingly, going forward, no provision for SWWF would be recognised in the financial statements of the Fund.

## 11.3 TRANSACTION CHARGES PAYABLE

This represents brokerage, federal excise duty and settlement charges.

## 12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 30 June 2022 (30 June 2021: Nil).

## 13 ACCOUNTING AND OPERATIONAL CHARGES

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

The Management Company has charged expenses at the rate of 0.4% of the average annual net assets of the fund for the period from 01 July 2021 to 14 September 2021 and 0.50% of the average annual net assets of the fund for the period from 15 September 2021 to 30 June 2022 (2021: 0.17% of the average annual net assets of the fund for the period from 01 July 2020 to 02 December 2020 and 0.30% of the average annual net assets of the fund for the period from 03 December 2020 to 30 June 2021) for allocation of such expenses to the Fund).

## 14 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at 30 June 2022 is 3.67% (30 June 2021: 4.0%) which includes 1.27% (30 June 2021: 1.00%) representing government levies on the Fund such as sales taxes, annual fee to the SECP, etc. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an equity scheme.

## 15 AUDITORS' REMUNERATION

	2022	2021
	----- Rupees -----	
Audit fee	222,100	222,100
Half yearly review of financial statements	111,000	111,000
Certification charges	60,500	60,500
Out of pocket expenses	40,000	40,000
Sindh sales tax on services	34,684	34,688
Prior year adjustment	-	(118,372)
	<b>468,284</b>	<b>349,916</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 the fund's accounting income available for distribution by the year end, as cash dividend, to the unitholders. Due to loss, distribution is not required during the year ended 30 June 2022, accordingly, no provision for taxation has been made in these financial statements during the year.

# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

## 17 EARNING / (LOSS) PER UNIT

Earning / (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 earning 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. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with policies / regulatory requirements of collective investment schemes.
- 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:

	2022	2021
	----- Rupees -----	
<b>Atlas Asset Management Limited (Management Company)</b>		
Remuneration of the Management Company	92,330,889	57,217,097
Remuneration paid	89,759,296	55,456,443
Sindh sales tax on remuneration of the Management Company	12,003,010	7,438,223
Accounting and operational charges	18,022,483	5,946,720
Remuneration payable to the Management Company	7,958,142	5,386,550
Issue of 44,012 (2021: 21,777) units	24,998,765	10,303,519
Dividend declared	-	2,904,036
Outstanding 102,635 (2021:58,622) units - at net asset value	50,743,545	33,598,630
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Remuneration of the Trustee	4,722,407	3,384,045
Sindh sales tax on remuneration of the Trustee	613,910	439,926
Remuneration paid	4,628,524	3,310,461
Remuneration payable to the Trustee	400,514	306,631
Settlement charges	209,474	192,075
Sindh sales tax on settlement charges	23,371	24,970
<b>Atlas Insurance Limited (Group company)</b>		
Issue of 715,419 (2021: 249,093) units	393,129,656	148,800,726
Redemption of 672,437 (2021: 261,423) units	368,129,656	157,455,660
Dividend declared	-	29,197,792
Outstanding 672,437 (2021: 629,456) units - at net asset value	332,458,098	360,762,619
<b>Atlas Insurance Limited - Window Takaful Operation</b>		
Issue of Nil (2021: 47,099) units	-	25,000,000
Redemption of Nil (2021: 47,099) units	-	25,567,750

## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022	2021
	----- Rupees -----	
<b>Atlas Foundation (Group company)</b>		
Issue of 51,214 (2021: 1,285) units	30,000,000	659,142
Dividend declared	-	5,241,628
Outstanding 156,148 (2021: 104,935) units - at net asset value	77,200,789	60,141,610
<b>Atlas Honda Limited (Group Company)</b>		
Issue of 104,531 (2021: 13,071) units	58,821,286	7,568,436
Dividend declared	-	8,904,042
Outstanding 295,683 (2021: 191,152) units - at net asset value	146,187,982	109,555,795
<b>Atlas Honda Limited Employee Provident Fund (Retirement benefit plan of group company)</b>		
Issue of Nil (2021: 8,587) units	-	4,971,936
Dividend declared	-	4,971,936
Redemption of Nil (2021: 16,748) units	-	10,000,000
Outstanding 108,026 (2021: 108,026) units - at net asset value	53,408,897	61,913,186
<b>Atlas Group of Companies, Management Staff Gratuity Fund (Retirement benefit plan of group company)</b>		
Issue of 25,983 (2021: 20,295)	13,949,942	11,843,858
Redemption of 3,487 (2021: 18,201) units	2,000,000	9,969,716
Dividend declared	-	7,193,858
Outstanding 178,797 (2021: 156,301) units - at net asset value	88,398,631	89,581,735
<b>Batools Benefit Trust (Trust having common Director / Trustee)</b>		
Issue of Nil (2021: 8,126) units	-	4,705,011
Dividend declared	-	5,535,307
Outstanding 118,832 (2021: 118,832) units - at net asset value	58,751,468	68,106,706
<b>Shirazi Investments (Private) Limited (Group Company)</b>		
Issue of 1,522,221 (2021: Nil) units	869,444,774	-
Dividend declared	-	22,109,596
Outstanding 1,964,413 (2021: 442,192) units - at net asset value	971,221,110	253,435,088
<b>Shirazi Investments (Private) Limited Employee Provident Fund (Retirement benefit plan of group company)</b>		
Issue of 4,883 (2021: 441) units	2,700,000	255,225
Dividend declared	-	255,225
Redemption of 5,545 (2021: 25,721) units	3,202,710	15,240,102
Outstanding 4,883 (2021: 5,545) units - at net asset value	2,414,193	3,178,203
<b>Directors and their close family members and key management personnel and executives of the Management Company</b>		
Issue of 147,119 (2021: 39,474) units	80,620,874	21,642,324
Redemption of 38,808 (2021: 21,616) units	21,468,407	12,520,109
Dividend declared	-	8,408,164
Outstanding 264,547 (2021: 180,136) units - at net asset value	130,794,100	103,243,267

**18.5** 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 2022

## 19 FINANCIAL INSTRUMENTS BY CATEGORY

	-----As at 30 June 2022 -----			
	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	34,014,966	-	-	34,014,966
Investments	-	3,844,668,700	-	3,844,668,700
Profit receivable on bank balances	328,060	-	-	328,060
Receivable against sale of investments	1,758,939	-	-	1,758,939
Dividend receivable	-	-	-	-
Security Deposit	2,600,000	-	-	2,600,000
	<b>38,701,965</b>	<b>3,844,668,700</b>	<b>-</b>	<b>3,883,370,665</b>

	-----As at 30 June 2022 -----		
	At fair value through profit or loss	At amortised cost	Total
	----- (Rupees) -----		
<b>Financial Liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company	-	22,583,003	22,583,003
Payable to Central Depository Company of Pakistan Limited - Trustee	-	452,585	452,585
Payable against redemption of units	-	-	-
Accrued expenses and other liabilities	-	2,425,118	2,425,118
	<b>-</b>	<b>25,460,706</b>	<b>25,460,706</b>

	-----As at 30 June 2021 -----			
	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	79,257,880	-	-	79,257,880
Investments	-	2,680,575,760	-	2,680,575,760
Profit receivable on bank balances	352,047	-	-	352,047
Receivable against sale of investments	38,060,666	-	-	38,060,666
Dividend receivable	3,801,825	-	-	3,801,825
Security Deposit	2,600,000	-	-	2,600,000
	<b>124,072,418</b>	<b>2,680,575,760</b>	<b>-</b>	<b>2,804,648,178</b>

# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	-----As at 30 June 2021 -----		
	At fair value through profit or loss	At amortised cost	Total
	----- (Rupees) -----		
<b>Financial Liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company	-	18,770,072	18,770,072
Payable to Central Depository Company of Pakistan Limited - Trustee	-	346,485	346,485
Payable against redemption of units	-	1,384,692	1,384,692
Accrued expenses and other liabilities	-	30,756,417	30,756,417
	-	<b>51,257,666</b>	<b>51,257,666</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 2022, 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 2022, with all other variables held constant, the net income for the year and net assets would have been higher / lower by Rs. 283,582 (2021: Rs. 489,438).

#### 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 2022 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.

# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

The Fund's profit rate sensitivity related to financial assets and financial liabilities as at 30 June 2022 can be determined as follows:

----- 2022 -----						
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			
Percentage	(Rupees)					
<b>Financial Assets</b>						
Bank balances	6.75 - 15.00	27,717,077	-	-	6,297,889	34,014,966
Investments		-	-	-	3,844,668,700	3,844,668,700
Profit receivable on bank balances		-	-	-	328,060	328,060
Receivable against sale of investments		-	-	-	1,758,939	1,758,939
Dividend receivable		-	-	-	-	-
Security Deposit		-	-	-	2,600,000	2,600,000
		<b>27,717,077</b>	<b>-</b>	<b>-</b>	<b>3,855,653,588</b>	<b>3,883,370,665</b>
<b>Financial Liabilities</b>						
Payable to Atlas Asset Management Limited - Management Company		-	-	-	22,583,003	22,583,003
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	452,585	452,585
Payable against redemption of units		-	-	-	-	-
Accrued expenses and other liabilities		-	-	-	2,425,118	2,425,118
		<b>-</b>	<b>-</b>	<b>-</b>	<b>25,460,706</b>	<b>25,460,706</b>
<b>On-balance sheet gap (a)</b>		<b>27,717,077</b>	<b>-</b>	<b>-</b>	<b>3,830,192,882</b>	<b>3,857,909,959</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>27,717,077</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cumulative interest rate sensitivity gap</b>		<b>27,717,077</b>	<b>27,717,077</b>	<b>27,717,077</b>	<b>-</b>	<b>-</b>

----- 2021 -----						
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			
Percentage	(Rupees)					
<b>Financial Assets</b>						
Bank balances	5 - 6.90	47,467,565	-	-	31,790,315	79,257,880
Investments		-	-	-	2,680,575,760	2,680,575,760
Profit receivable on bank balances		-	-	-	352,047	352,047
Receivable against sale of investments		-	-	-	38,060,666	38,060,666
Dividend receivable		-	-	-	3,801,825	3,801,825
Security Deposit		-	-	-	2,600,000	2,600,000
		<b>47,467,565</b>	<b>-</b>	<b>-</b>	<b>2,757,180,613</b>	<b>2,804,648,178</b>
<b>Financial Liabilities</b>						
Payable to Atlas Asset Management Limited - Management Company		-	-	-	18,770,072	18,770,072
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	346,485	346,485
Payable against redemption of units		-	-	-	1,384,692	1,384,692
Accrued expenses and other liabilities		-	-	-	30,756,417	30,756,417
		<b>-</b>	<b>-</b>	<b>-</b>	<b>51,257,666</b>	<b>51,257,666</b>
<b>On-balance sheet gap (a)</b>		<b>47,467,565</b>	<b>-</b>	<b>-</b>	<b>2,705,922,947</b>	<b>2,753,390,512</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>47,467,565</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cumulative interest rate sensitivity gap</b>		<b>47,467,565</b>	<b>47,467,565</b>	<b>47,467,565</b>	<b>-</b>	<b>-</b>

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## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### (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.

In case of 5% increase / decrease in KMI 30 index on 30 June 2022, with all other variables held constant, net income of the Fund for the period would increase / decrease by Rs. 192,233,435 (2021: 134,028,788) 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 2022 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:

# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

----- As at 30 June 2022 -----						
	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	27,717,077	-	-	-	6,297,889	34,014,966
Investments	-	-	-	-	3,844,668,700	3,844,668,700
Profit receivable on bank balances	328,060	-	-	-	-	328,060
Receivable against sale of investments	1,758,939	-	-	-	-	1,758,939
Dividend receivable	-	-	-	-	-	-
Security Deposit	-	-	-	-	2,600,000	2,600,000
	<b>29,804,076</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,853,566,589</b>	<b>3,883,370,665</b>
<b>Financial Liabilities</b>						
Payable to Atlas Asset Management Limited - Management Company	22,583,003	-	-	-	-	22,583,003
Payable to Central Depository Company of Pakistan Limited - Trustee	452,585	-	-	-	-	452,585
Payable against redemption of units	-	-	-	-	-	-
Accrued expenses and other liabilities	127,557	1,629,185	668,376	-	-	2,425,118
	<b>23,163,146</b>	<b>1,629,185</b>	<b>668,376</b>	<b>-</b>	<b>-</b>	<b>25,460,706</b>
<b>Net assets / (liabilities)</b>	<b>6,640,930</b>	<b>(1,629,185)</b>	<b>(668,376)</b>	<b>-</b>	<b>3,853,566,589</b>	<b>3,857,909,959</b>

----- As at 30 June 2021 -----						
	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	79,257,880	-	-	-	-	79,257,880
Investments	-	-	-	-	2,680,575,760	2,680,575,760
Profit receivable on bank balances	352,047	-	-	-	-	352,047
Receivable against sale of investments	38,060,666	-	-	-	-	38,060,666
Dividend receivable	3,801,825	-	-	-	-	3,801,825
Security Deposit	-	-	-	-	2,600,000	2,600,000
	<b>121,472,418</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,683,175,760</b>	<b>2,804,648,178</b>
<b>Financial Liabilities</b>						
Payable to Atlas Asset Management Limited - Management Company	18,770,072	-	-	-	-	18,770,072
Payable to Central Depository Company of Pakistan Limited - Trustee	346,485	-	-	-	-	346,485
Payable against redemption of units	1,384,692	-	-	-	-	1,384,692
Accrued expenses and other liabilities	2,324,516	2,017,570	424,016	-	25,990,315	30,756,417
	<b>22,825,765</b>	<b>2,017,570</b>	<b>424,016</b>	<b>-</b>	<b>25,990,315</b>	<b>51,257,666</b>
<b>Net assets / (liabilities)</b>	<b>98,646,653</b>	<b>(2,017,570)</b>	<b>(424,016)</b>	<b>-</b>	<b>2,657,185,445</b>	<b>2,753,390,512</b>

# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

## 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.

	2022		2021	
	Balance as per statement of assets and liabilities	Maximum exposure	Balance as per statement of assets and liabilities	Maximum exposure
Bank balances	34,014,966	34,014,966	79,257,880	79,257,880
Profit receivable on bank balances	328,060	328,060	352,047	352,047
Receivable against sale of investments	1,758,939	1,758,939	38,060,666	38,060,666
Dividend receivable	-	-	3,801,825	3,801,825
Security Deposit	2,600,000	2,600,000	2,600,000	2,600,000
	<b>38,701,965</b>	<b>38,701,965</b>	<b>124,072,418</b>	<b>124,072,418</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 3.845 million (2021: Rs 2.68 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:

Ratings of amounts placed with banks	% of financial assets exposed to credit risk	
	2022	2021
AAA	14.98	6.78
AA+	2.64	1.77
AA	0.02	0.02
A+	82.36	88.70
A	-	2.73
	<b>100.00</b>	<b>100.00</b>

The maximum exposure to credit risk before any credit enhancement as at 30 June 2022 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.

### 20.4.2 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.

## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### 20.5 RECONCILIATION OF LIABILITIES ARISING OUT OF FINANCING ACTIVITIES

	Receivable against issuance of units	Payable against redemption of units	Total
	(Rupees in '000)		
Opening balance as at July 01, 2021	-	1,384,692	1,384,692
Receivable against issuance of units	2,928,972,241	-	2,928,972,241
Payable against redemption of units	-	1,136,273,176	1,136,273,176
	2,928,972,241	1,136,273,176	4,065,245,417
Amount received on issuance of units	(2,928,972,241)	-	(2,928,972,241)
Amount paid on redemption of units	-	(1,137,657,868)	(1,137,657,868)
	(2,928,972,241)	(1,137,657,868)	(4,066,630,109)
<b>Closing balance as at June 30, 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 20.6 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. For the remaining financial assets and financial liabilities, the Fund has not disclosed the fair values, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

### 20.7 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 Pakistan Stock Exchange Limited (Level 1).

For the remaining financial assets and financial liabilities, the Fund has not disclosed the fair values, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

## 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	2022			2021		
	Number of unit holders	Rupees	% of total	Number of unit holders	Rupees	% of total
Individuals	789	423,495,255	10.97	674	467,448,694	17.27
Retirement Funds	11	956,948,395	24.79	10	818,818,774	30.25
Associated Companies/ Directors	8	1,730,548,748	44.84	8	917,582,392	33.90
Others	7	345,189,955	8.94	9	366,607,606	13.54
Insurance Companies	3	403,480,480	10.45	3	136,283,984	5.03
	<b>818</b>	<b>3,859,662,832</b>	<b>100.00</b>	<b>704</b>	<b>2,706,741,450</b>	<b>100.00</b>

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

2022		2021	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Optimus Capital Management (Pvt) Ltd	7.73%	Optimus Capital Management (Private) Limited	7.35%
Topline Securities Limited	7.06%	Taurus Securities Limited	6.88%
Next Capital Limited	5.77%	Habib Metropolitan Financial Services Limited	5.27%
Ismail Iqbal Securities (Pvt) Ltd	5.30%	Alfalah securities (Private) Limited	5.24%
Alfalah CLSA Securities (Private) Limited	5.22%	Shajar Capital Pakistan (Private) Limited	4.89%
Standard Capital Securities (Pvt) Limited	4.81%	Topline Securities Limited	4.89%
Arif Habib Limited	4.68%	AKD Securities Limited	4.33%
Summit Capital (Private) Limited	4.59%	Pearl Securities Limited	4.26%
Habib Metropolitan Financial Services Limited	4.43%	Insight Securities (Private) Limited	4.22%
Insight Securities (Private) Limited	4.33%	BMA Capital Management Limited	3.99%
<b>Total</b>	<b>53.92%</b>	<b>Total</b>	<b>51.32%</b>

# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

## 24 THE MEMBERS OF THE INVESTMENT COMMITTEE

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

Name	Designation	Qualification	Overall experience
Mr. Ali H. Shirazi	Director	Masters in Law	18.5 years
Mr. M. Abdul Samad	Chief Executive Officer	MBA, M.Com	22 Years
Mr. Khalid Mehmood	Chief Investment Officer	MBA - Finance	18 Years
Mr. Muhammad Umar Khan	Head of Portfolio Management	MSc - Finance	14 Years
Mr. Fawad Javaid	Head of Fixed Income	CMA	14 Years
Mr. Faran-ul-Haq	Head of Equities	M.B.A, CFA	11 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 Director	Meeting held on					
	02 July 2021	06 Sep 2021	28 Oct 2021	21 Feb 2022	28 Apr 2022	24 June 2022
Mr. Iftikhar H. Shirazi	P	P	P	P	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	P	P	P	P	P	P
Mr. M. Habib-ur-Rahman	P	L	L	P	P	L
Ms Zehra Naqvi	P	P	P	P	P	P
Mr. M. Abdul Samad	P	P	P	P	P	P
Ms Qurrat-ul-ain Jafari (Chief Financial Officer)	P	P	P	P	P	P
Ms Zainab Kazim (Company Secretary)	P	P	P	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) [2021: AM2+ (AM Two Plus)] on 24 December 2021. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.

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## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### 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 08 September 2022.

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

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

**Muhammad Abdul Samad**  
Chief Executive Officer

**Iftikhar H. Shirazi**  
Chairman

**Tariq Amin**  
Director