

# Message from the CEO

It brings me immense pleasure to announce that the outgoing fiscal year was yet again a successful year for Atlas Asset Management Limited (AAML). It was only ten years ago Atlas had launched two of its open-end funds, Atlas Income Fund and Atlas Stock Market Fund, which have now become one of our flagship brands. The last decade showed a plethora of challenges amidst volatility and turbulence in the mutual fund industry, with the industry reaching its lowest ebb of financial crisis in the year 2008- 2009. However, the crises provided a challenging opportunity to the industry and the regulators. Necessary regulatory measures were taken not only to revive the industry but to regain the confidence of the investors. With the industry reaching its maturity, it has become increasingly challenging to identify catalysts for growth and profitability. The industry has become a launch pad for offering pension products. Mutual Funds can offer many other wonderful investment products and there is a need for the industry and the regulators to work together.

It is encouraging that mutual funds are positioned as a long term investment vehicle with the potential to achieve financial goals and provide investment solution, especially in the challenging times.

## **The significant milestones achieved by the Company and our employees in 2013-14:**

The Company has surpassed expectations by achieving a level of growth beyond our competitors. After the 2008 financial crisis and the subsequent four years of recovery and stabilization, with the diligent and resilient performance, teamwork, and decision-making of the Management and employees, we have closed the year with an increase in growth surpassing the industry average. Further, in terms of NAV, our equity funds, income funds and pension funds have been consistent good performers.

The aggregate income for FY 2013-14 and shareholders equity exceeded the budgeted targets. The Management Company is gaining strength to consolidate and accelerate the growth of mutual fund and pension fund business. The aggregate AUM is at its highest closing level at Rs. 13.5 billion.

Our marketing and sales department also played a pivotal role in spreading maximum brand awareness of our products with increased retail and corporate presence coupled with better customer service facilitation. Product brochures and marketing collateral for all our funds was re-launched and dispatched to clients throughout Pakistan. Marketing effort was intensified with focused product campaigns, sponsored events, radio and print ads, corporate presentations and direct marketing activities which eventually resulted in increased market penetration. With the lack of knowledge about investment avenues in the masses, our marketing team is working towards focusing on imparting investor education about mutual and pension funds.

To meet our client's evolving needs and provide them with comprehensive investment solutions, our fund management team is diligently working towards new product development and better customer satisfaction. I take pride in telling you that only have we achieved product diversification with our funds covering all asset classes but have also achieved in increasing and broadening our investor base.

## **Company targets and challenges for 2014-2015:**

The Finance Act 2014 has brought major change in taxation for mutual funds. Two principles govern mutual funds taxation throughout the world. Fund investors are responsible for paying tax on the amount of a fund's earnings and gains distributed to them, whether they receive the distributions in cash or reinvest them in additional fund shares. Unlike most companies, mutual funds are not subject to taxation on their income or capital gains at the entity level, provided that they meet the distribution requirements. The second principle is that there is tax neutrality whether an investor invests directly or through mutual funds. While we welcome application of these principles, we note that imposition of Workers Welfare Fund, Federal Excise Duty and Sales Tax on mutual funds and imposition of tax on distribution on stock fund at a rate higher than applicable rate of the income of the stock funds are not tax neutral. Furthermore the higher return offered by Government on NSS have crowding out impact on mutual funds. We have taken up these issues with the Government and hope to get the resolution in near future. Nevertheless through cost control in fixed income funds, better portfolio management and better customer service we can still remain competitive. This is a challenge that we should all accept.

VPS is a better structured product than occupational retirement schemes offered by employers. I am pleased to announce that the AUM size of our pension fund has crossed Rs. 1 billion. An article highlighting Taxation of Retirement whilst describing important features of VPS was written by me which was published in the National Dailies. The article can also be downloaded from our web-site.

AAML shall continue its efforts towards professional development and training, particularly in the business management, information technology, marketing, investment management and related areas. We will be further strengthening our IT infrastructure and software application.

The Company has enormous potential. This is no doubt the fruitful amalgamation of sound long-term business decisions by Management, as well as the determination and perseverance of our employees as a whole. We hope to surpass expectations over the next year and to continue with a high standard of resilience, teamwork, and achievement in the years to come.

I pray for your wellbeing and prosperity and that of your family members. I also pray for the wellbeing and prosperity of Pakistan and that it attains a high economic growth so as to improve the lives of our people. Let us work hard, sincerely and relentlessly to achieve this cherished goal.



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