

**7<sup>th</sup> SUPPLEMENT TO THE  
OFFERING DOCUMENT OF  
ATLAS SOVEREIGN FUND (ASF)**  
*(FORMERLY ATLAS SOVERIGN LIQUID FUND) (ASLF)*

**DATED: August 20, 2018**

**Seventh Supplement Dated August 20, 2018 to the  
Offering Document of Atlas Sovereign Fund (ASF)**

*(Formerly Atlas Sovereign Liquid Fund) (ASLF)*

**Issued on November 14, 2014.**

**(Managed by Atlas Asset Management Limited, as an Asset Management Company registered under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003)**

Established in Pakistan under the Trusts Act 1982 (11 of 1982) by a Trust Deed dated August 19, 2014 and as amended vide Supplemental Trust Deed dated May 23, 2017 between Atlas Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited, as the Trustee and registered under the regulation 44 of the Non-Banking Finance Companies and Notified Entities Regulation, 2008.

1. The name of the scheme 'Atlas Sovereign Liquid Fund' is hereby replaced in entire document and now read as Atlas Sovereign Fund.

2. **Amendment in the Name of Fund and Category:**

On first page the words "Liquid" appearing after the text "Sovereign" shall be deleted. Further, the text "ASLF" shall also be deleted and replaced with the text "ASF". Thereafter the text "*(Formerly Atlas Sovereign Liquid Fund) (ASLF)*" shall be inserted.

Beneath this the text "Money Market" shall be deleted and replaced with the word "Income".

**For the sake of clarity the amended Paragraph shall be read as under:**

**OFFERING DOCUMENT OF**

**Atlas Sovereign Fund ASF**

*(Formerly Atlas Sovereign Liquid Fund) (ASLF)*

**Income Scheme**

**MANAGED BY**

**Atlas Asset Management Limited**

**[An Asset Management Company Registered under the Non-Banking  
Finance Companies (Establishment and Regulation) Rules, 2003]**

**Date of Publication of Offering Document Dated November 14, 2014**

**Initial Offering Period from December 01, 2014 to December 02, 2014 (both days inclusive)**

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The **Atlas Sovereign Fund** *(Formerly Atlas Sovereign Liquid Fund)* (the Fund/the Scheme/the Trust/the Unit Trust/ASF) has been established through a Trust Deed (the Deed) dated August 19, 2014 under the Trust Act, 1882 entered into and between **Atlas Asset Management Limited**, the Management Company, and **Central Depository Company of Pakistan Limited**, the Trustee.

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### **3. Amendment in First Paragraph “Regulatory Approval and Consent”:**

In first paragraph the words “Liquid” appearing after the text “Sovereign” shall be deleted. Further, the text “ASLF” shall also be deleted and replaced with the text “ASF”. Thereafter the text “(Formerly Atlas Sovereign Liquid Fund) (ASLF)” shall be inserted.

Further, a new paragraph at the end shall be added as follows:

“In the Offering Document any reference to the previous title of Fund (which was “Atlas Sovereign Liquid Fund (ASLF)” shall be deemed to include the reference of the new title of Fund which is “Atlas Sovereign Fund (ASF).”

**For the sake of clarity the amended Paragraph shall be read as under:**

#### **Approval of the Securities and Exchange Commission of Pakistan**

The Securities and Exchange Commission of Pakistan (SECP) has authorized the offer of Units of **Atlas Sovereign Fund** has registered ASF as a notified entity under the Non-Banking Finance Companies and Notified Entities Regulations 2008 (“Regulations”) vide letter No. SCD/AMCW/AAML/92/2014 dated September 15, 2014. SECP has approved this Offering Document, under the Regulations vide No. SCD/AMCW/AAML/139/2014 dated November 05, 2014.

In the Offering Document any reference to the previous title of Fund which was “Atlas Sovereign Liquid Fund (ASLF)” shall be deemed to include the reference of the new title of Fund which is “Atlas Sovereign Fund (ASF)”.

**It must be clearly understood that in giving this approval, SECP does not take any responsibility for the financial soundness of the Fund nor for the accuracy of any statement made or any opinion expressed in this Offering Document.**

### **4. Amendment in Sub-Clause 2.1 “Investment Objective”:**

The entire text of “Investment Objectives” shall be deleted and replaced with the following text:

“The objective of Atlas Sovereign Fund (ASF) (Formerly Atlas Sovereign Liquid Fund) (ASLF) is to generate competitive returns by investing in Government Securities and Debt Instruments.”

**For the sake of clarity the amended sub-clause shall be read as under:**

The objective of Atlas Sovereign Fund (ASF) (Formerly Atlas Sovereign Liquid Fund) (ASLF) is to generate competitive returns by investing in Government Securities and Debt Instruments.

### **5. Amendment in Sub-Clause 2.1.1 “Investment Policy”:**

The following amendments in sub-clause 2.1.1 shall be made:

1. The word “liquid” wherever appearing in the sub-clause shall be deleted. The text “ASLF” wherever appearing in the sub-clause shall be deleted and replaced with the text “ASF”. The text “(Formerly Atlas Sovereign Liquid Fund) shall be inserted after the text “Atlas Sovereign Liquid Fund”

2. The text under the heading “Benchmark” shall be deleted and replaced with the following text:

“The Performance Benchmark for Atlas Sovereign Fund shall be average six (6) months PKRV rates”.

3. The entire text under “Authorized Investments” shall be deleted and replaced with the following text:

- a) ASF will invest in corporate debt instruments and Government securities. In selecting portfolio securities, ASF will, consider individual credit risks, but it may be understood that market value of even high quality fixed-rate securities will fluctuate with change in interest rate levels. The percent of the assets in various types of securities will vary in the light of investment objective, prevailing market conditions and exposure limits as laid down in the Rules. Any particular security will be sold, and the proceed reinvested, whenever, such action is deemed prudent in light of the investment objectives of ASF, regardless of the holding period of such security.
- b) ASF will enter into repurchase agreements, under which it will acquire ownership of debt security and seller will agree at the time of the sale, to repurchase the obligation at a mutually agreed-upon time and price, thereby determining yield during the holding period. The ASF will enter into such agreement only with credit worthy institutions.
- c) Subject to such regulatory permissions that may be required, ASF may invest in Pakistan origin investment issued, traded or listed inside & outside Pakistan.
- d) ASF may also hold assets in form of cash deposits with banks or financial institutions with the object of maintaining sufficient liquidity to meet the redemption requirements and to take advantage of suitable investment opportunities as and when they arise.
- e) The weightings of the investment mix of the portfolio shall be managed in a manner that reduces the risk of loss in market value of the investment as a result of prevailing market situation, including any major shift in lending rates.

The above Investment Policies will be governed by the Rules and any other conditions imposed by the Commission.

The maximum and minimum weightages of the Fund at any time in the Authorized Investments shall be as follows:

No.	Description	Minimum Issuer/Instrument Rating	Maximum Exposure	Minimum Exposure
1	Government Securities	Not Applicable	100%	*70%
2	Margin Trading System (MTS) and Spread Transactions	Not Applicable	20%	0%
3	Cash in Bank Accounts and near cash instruments (having maturity not exceeding 90 days)	BBB	100%	**10%
4	Term Deposit Receipts (TDR) Maturity Up to 6 months	BBB	20%	N/A
	Term Deposit Receipts (TDR) Maturity exceeding 6 month		15%	
5	Reverse Repo transactions, with maturity of up to 6 months	Subject to SECP or other regulatory approvals	20%	N/A
	Reverse Repo transactions, with Maturity Up to 12 months		15%	

6	Non-traded Placement with DFI's and NBFC including Letter of Placement (LOP), Certificate of Investment (COI), Certificate of Deposit (COD) and Certificate of Musharaika (COM) of less than 6 months		20%	
6	Non-traded instrument or securities including, but not limited to, Certificate of Deposit (CoD), Certificate of Musharaka (CoM), TDRs and commercial papers below 6 month maturity	BBB	15%	0%
7	Other fixed income securities (including TFCs/Sukuks, Commercial Papers)	BBB	20%	0%
8	Fixed Income securities issued by Federal Government, Provincial Government, Local Government, Government Agencies, Autonomous bodies and public sector entities, listed or otherwise and traded outside Pakistan	Subject to prior approval of SBP and SECP	20% (subject to a cap of USD 15 mn)	0%

**Notes:**

- 1) At least 70% of the Net Assets shall be invested in Government Securities based on monthly average basis calculated at the end of each month. In the event of any breach in the same due to increase or decrease in net assets due to issuance or redemption, the same shall be regularized within one month of the breach.

At least 10% of the Net Assets shall be invested in cash & near cash instruments based on monthly average basis calculated at end of each month.”

**For the sake of clarity the amended sub-clause 2.1.1 shall be read as under:**

**2.1.1 Investment Policy**

**Atlas Sovereign Fund (ASF)** (Formerly Atlas Sovereign Liquid Fund), in line with its Investment Objectives, will invest in Authorized Investments.

**Benchmark:**

The Performance Benchmark for Atlas Sovereign Fund (ASF) shall be average six (6) months PKRV rates.

**Authorized Investments**

- a) ASF will invest in corporate debt instruments and Government securities. In selecting portfolio securities, ASF will, consider individual credit risks, but it may be understood that market value of even high quality fixed-rate securities will fluctuate with change in interest rate levels. The percent of the assets in various types of securities will vary in the light of investment objective, prevailing market conditions and exposure limits as

laid down in the Rules. Any particular security will be sold, and the proceed reinvested, whenever, such action is deemed prudent in light of the investment objectives of ASF, regardless of the holding period of such security.

- b) ASF will enter into repurchase agreements, under which it will acquire ownership of debt security and seller will agree at the time of the sale, to repurchase the obligation at a mutually agreed-upon time and price, thereby determining yield during the holding period. The ASF will enter into such agreement only with credit worthy institutions.
- c) Subject to such regulatory permissions that may be required, ASF may invest in Pakistan origin investment issued, traded or listed inside & outside Pakistan.
- d) ASF may also hold assets in form of cash deposits with banks or financial institutions with the object of maintaining sufficient liquidity to meet the redemption requirements and to take advantage of suitable investment opportunities as and when they arise.
- e) The weightings of the investment mix of the portfolio shall be managed in a manner that reduces the risk of loss in market value of the investment as a result of prevailing market situation, including any major shift in lending rates.

The above Investment Policies will be governed by the Rules and any other conditions imposed by the Commission.

The maximum and minimum weightages of the Fund at any time in the Authorized Investments shall be as follows:

No.	Description	Minimum Issuer/Instrument Rating	Maximum Exposure	Minimum Exposure
1	Government Securities	Not Applicable	100%	*70%
2	Margin Trading System (MTS) and Spread Transactions	Not Applicable	20%	0%
3	Cash in Bank Accounts and near cash instruments (having maturity not exceeding 90 days)	BBB	100%	**10%
4	Term Deposit Receipts (TDR) Maturity Up to 6 months	BBB	20%	N/A
	Term Deposit Receipts (TDR) Maturity exceeding 6 month		15%	
5	Reverse Repo transactions, with maturity of up to 6 months	Subject to SECP or other regulatory approvals	20%	N/A
	Reverse Repo transactions, with Maturity Up to 12 months		15%	
6	Non-traded Placement with DFI's and NBFC including Letter of Placement (LOP), Certificate of Investment (COI), Certificate of Deposit (COD) and Certificate of Musharaika (COM) of less than 6 months		20%	

6	Non-traded instrument or securities including, but not limited to, Certificate of Deposit (CoD), Certificate of Musharaka (CoM), TDRs and commercial papers below 6 month maturity	BBB	15%	0%
7	Other fixed income securities (including TFCs/Sukuks, Commercial Papers)	BBB	20%	0%
8	Fixed Income securities issued by Federal Government, Provincial Government, Local Government, Government Agencies, Autonomous bodies and public sector entities, listed or otherwise and traded outside Pakistan	Subject to prior approval of SBP and SECP	20% (subject to a cap of USD 15 mn)	0%

**Notes:**

- 2) At least 70% of the Net Assets shall be invested in Government Securities based on monthly average basis calculated at the end of each month. In the event of any breach in the same due to increase or decrease in net assets due to issuance or redemption, the same shall be regularized within one month of the breach.
- 3) At least 10% of the Net Assets shall be invested in cash & near cash instruments based on monthly average basis calculated at end of each month.

**6. Amendment in Clause 2.3 “Investment Restrictions”:**

The entire text under “Investment Restrictions” shall be deleted except “Exemption to Investment Restrictions” and shall be replaced with the following text:

- (a) The Trust Property shall be subject to such exposure limits or other prohibitions as are provided in the Regulations, Trust Deed, this Offering Document of the Fund, circulars and directives and shall also be subject to any exemptions that may be specifically given to the Fund by SECP and are explicitly mentioned under the heading Exceptions to Investment Restriction in this offering document or subsequently in writing. If and so long as the value of the holding in a particular company or sector shall exceed the limit imposed by the Regulations, the Management Company shall not purchase any further Investments in such company or sector. In the event Exposure limits are exceeded due to corporate actions including taking up rights or bonus issue and/or owing to appreciation or depreciation in value of any Investment, disposal of any Investment or Redemption of Units, the excess exposure shall be regularized in such manner and within such time as specified in the Regulations, circular or notification issued by SECP from time to time.
- (b) The Management Company, on behalf of the Fund, shall not enter into transactions with any broker that exceeds the limit provided in the Regulations and or circulars and notifications issued by the Commission from time to time.

Transactions relating to money market instruments and debt securities do not fall under this clause.

- (c) The Management Company on behalf of ASF will not at any time invest in:
  - i. Purchase or sell

- Bearer securities;
  - Securities on margin;
  - Securities which result in assumption of unlimited liability (actual or contingent)
  - Real estate, commodities or commodity contracts;
  - Anything other than Authorized Investments as defined herein;
- ii. Participate in a joint account with others in any transaction;
  - iii. Take exposure to equities;
  - iv. Affect a short sale in a security whether listed or unlisted;
  - v. Purchase any security in a forward contract.
  - vi. Take Exposure in any other Collective Investment Scheme.
  - vii. Lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person as specified in the Regulation;
  - viii. Make any investment which will vest with the Management Company or its group the management or control of the affairs of the investee company.
  - ix. Invest in securities of the Management Company
  - x. Issue a senior security which is either stock or represents indebtedness, without the prior written approval of the Commission
  - xi. Apply for de-listing from stock exchange, unless it has obtained prior written approval of the Commission.
  - xii. Sell or issue Units for consideration other than cash unless permitted by the Commission on the basis of structure and investment policy of the Scheme.
  - xiii. Merge with, acquire or take over any scheme, unless it has obtained the prior approval of the SECP in writing to the scheme of such merger, acquisition or take over.
  - xiv. Invest the subscription money until the closure of initial offering period.
  - xv. Enter on behalf of the Scheme, into underwriting or sub-underwriting contracts.
  - xvi. Subscribe to an issue underwritten, co-underwritten or sub-underwritten by group companies of the Management Company.
  - xvii. Pledge any of the securities held or beneficially owned by the Scheme except as allowed under the Regulations.
  - xviii. Accept deposits
  - xix. Make a loan or advance money to any person from the assets of the Scheme
  - xx. Take exposure of more than thirty five per cent (35%) of its Net Assets in any single group. "Group" mean persons having at least 30% common directors or 30% or more shareholding in any other company, as per publicly disclosed information;
  - xxi. The Management Company shall not acquire twenty five percent (25%) or more of the voting rights or control of a company on behalf of the Scheme;
  - xxii. Take exposure of more than ten per cent (10%) of its Net Assets in the Management Company's listed group companies;
  - xxiii. The Management Company shall not invest more than twenty five percent (25%) of total net assets of the Scheme of any securities of any one sector as per classification of the stock exchange
  - xxiv. Invest more than twenty percent (20%) of the Net Assets in MTS and spread transactions; or
  - xxv. Rating of any security in the portfolio shall not be lower than investment grade rating or BBB- (Triple B minus)
  - xxvi. Rating of any NBFC and Modaraba with which Funds are placed shall not be lower than investment grade rating or BBB-Triple B minus).

- xxvii. Rating of any bank / DFI with which Funds are placed shall not be lower than investment grade rating,
- xxviii. Weighted average time to maturity of net assets shall not exceed 4 years other than Government Securities.
- xxv. At least 70% of Net Assets of ASF shall remain invested in Government Securities during the year based on monthly average investment calculated [at the end of each month. In the event of any breach in the same due to increase or decrease in net assets due to issuance or redemption, the breach shall be regularized within one month of the breach;

Further no restriction regarding

- i. Time to maturity of any single asset in the portfolio.
- ii. Duration of a single security in the portfolio

- (d) In case of redemptions requests are pending due to constraint of liquidity in the Fund, for more than the period as stipulated in the Regulations, the Management Company shall not make any fresh investment or rollover of any investment.

**For the sake of clarity the amended sub-clause 2.3 shall be read as under:**

- (a) The Trust Property shall be subject to such exposure limits or other prohibitions as are provided in the Regulations, Trust Deed, this Offering Document of the Fund, circulars and directives and shall also be subject to any exemptions that may be specifically given to the Fund by SECP and are explicitly mentioned under the heading Exceptions to Investment Restriction in this offering document or subsequently in writing. If and so long as the value of the holding in a particular company or sector shall exceed the limit imposed by the Regulations, the Management Company shall not purchase any further Investments in such company or sector. In the event Exposure limits are exceeded due to corporate actions including taking up rights or bonus issue and/or owing to appreciation or depreciation in value of any Investment, disposal of any Investment or Redemption of Units, the excess exposure shall be regularized in such manner and within such time as specified in the Regulations, circular or notification issued by SECP from time to time.
- (b) The Management Company, on behalf of the Fund, shall not enter into transactions with any broker that exceeds the limit provided in the Regulations and or circulars and notifications issued by the Commission from time to time.

Transactions relating to money market instruments and debt securities do not fall under this clause.

- (c) The Management Company on behalf of ASF will not at any time invest in:
  - i. Purchase or sell
    - Bearer securities;
    - Securities on margin;
    - Securities which result in assumption of unlimited liability (actual or contingent)
    - Real estate, commodities or commodity contracts;
    - Anything other than Authorized Investments as defined herein;
  - ii. Participate in a joint account with others in any transaction;
  - iii. Take exposure to equities;
  - iv. Affect a short sale in a security whether listed or unlisted;
  - v. Purchase any security in a forward contract.
  - vi. Take Exposure in any other Collective Investment Scheme.

- vii. Lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person as specified in the Regulation;
- viii. Make any investment which will vest with the Management Company or its group the management or control of the affairs of the investee company.
- ix. Invest in securities of the Management Company
- x. Issue a senior security which is either stock or represents indebtedness, without the prior written approval of the Commission
- xi. Apply for de-listing from stock exchange, unless it has obtained prior written approval of the Commission.
- xii. Sell or issue Units for consideration other than cash unless permitted by the Commission on the basis of structure and investment policy of the Scheme.
- xiii. Merge with, acquire or take over any scheme, unless it has obtained the prior approval of the SECP in writing to the scheme of such merger, acquisition or take over.
- xiv. Invest the subscription money until the closure of initial offering period.
- xv. Enter on behalf of the Scheme, into underwriting or sub-underwriting contracts.
- xvi. Subscribe to an issue underwritten, co-underwritten or sub-underwritten by group companies of the Management Company.
- xvii. Pledge any of the securities held or beneficially owned by the Scheme except as allowed under the Regulations.
- xviii. Accept deposits
- xix. Make a loan or advance money to any person from the assets of the Scheme
- xx. Take exposure of more than thirty five per cent (35%) of its Net Assets in any single group. "Group" mean persons having at least 30% common directors or 30% or more shareholding in any other company, as per publicly disclosed information;
- xxi. The Management Company shall not acquire twenty five percent (25%) or more of the voting rights or control of a company on behalf of the Scheme;
- xxii. Take exposure of more than ten per cent (10%) of its Net Assets in the Management Company's listed group companies;
- xxiii. The Management Company shall not invest more than twenty five percent (25%) of total net assets of the Scheme of any securities of any one sector as per classification of the stock exchange
- xxiv. Invest more than twenty percent (20%) of the Net Assets in MTS and spread transactions; or
- xxv. Rating of any security in the portfolio shall not be lower than investment grade rating or BBB- (Triple B minus)
- xxvi. Rating of any NBFC and Modaraba with which Funds are placed shall not be lower than investment grade rating or BBB-Triple B minus).
- xxvii. Rating of any bank / DFI with which Funds are placed shall not be lower than investment grade rating,
- xxviii. Weighted average time to maturity of net assets shall not exceed 4 years other than Government Securities.
- xxv. At least 70% of Net Assets of ASF shall remain invested in Government Securities during the year based on monthly average investment calculated [at the end of each month. In the event of any breach in the same due to increase or decrease in net assets due to issuance or redemption, the breach shall be regularized within one month of the breach;

Further no restriction regarding

- i. Time to maturity of any single asset in the portfolio.
- ii. Duration of a single security in the portfolio

(d) In case of redemptions requests are pending due to constraint of liquidity in the Fund, for more than the period as stipulated in the Regulations, the Management Company shall not make any fresh investment or rollover of any investment.

#### **Exemption to Investment Restrictions**

In order to protect the right of the Unit Holders, the Management Company may take an Exposure in any unauthorized investment due to recovery of any default proceeding of any counter party of any Authorized Investment with the approval of the Commission.

#### **7. Amendment in Sub-Clause 4.5.6 (c) (i) of “Determination of Purchase (Public Offer) Price”:**

In sub-clause 4.5.6 (c) (i) the text “previous day (known pricing)” shall be deleted and replaced with the text “Business Day (Forward pricing)”

**For the sake of clarity the revised sub-clause 5.5.6 (c) (i) shall be read as under:**

(c) The Purchase (Offer) Price shall be equal to the sum of:

(i) The Net Asset Value as of the close of the Business Day (Forward pricing);

#### **8. Amendment in Sub-Clause 4.8.1 of “Determination of Redemption (Repurchase) Price”:**

In sub-clause 4.8.1 the text “previous day (Known Pricing)” shall be deleted and replaced with the text “close of the Business Day (Forward pricing)”.

**For the sake of clarity the revised sub-clause 5.5.6 (c) shall be read as under:**

4.8.1 The Redemption (Repurchase) Price shall be equal to the Net Asset Value as of the close of Business Day (forward pricing) less:

#### **9. Amendment in Annexure ‘B’:**

In Annexure ‘B’ under the heading ‘**CURRENT REMUNERATION OF MANAGEMENT COMPANY**’, the text “0.45% of Average Annual Net Assets” shall be deleted and replaced following text:

“10% of the Gross Earnings subject to a minimum fee of 0.45% of average daily Net Assets and maximum fee of 0.80% of average Annual Net Asset”.

Further, the sub-clauses (a) and (b) under the heading ‘**Current Cut-off Timing & Business Hours for dealing in Units**’, shall be deleted except the Note given under sub-clause (i)(b) and shall be replaced with the text “Every Dealing Day- 9:00 a.m. to 4:00 p.m.”

**For the sake of clarity the amended Annexure ‘B’ shall be read as under:**

#### **ANNEXURE ‘B’**

##### **CURRENT REMUNERATION OF MANAGEMENT COMPANY**

Current level of management fee is 10% of the Gross Earnings subject to a minimum fee of 0.45% of average daily Net Assets and maximum fee of 0.80% of average Annual Net Asset.

The Management Company is entitled to charge a management fee, 1.0% of average annual net assets of the Fund that has been verified by the trustee and is paid in arrears on monthly basis.

Provided that the Management Company may charge performance based or fixed fee or the combination of both which shall not exceed the limit prescribed in the regulation and such fee structure shall be disclosed in the offering document.

#### **CUT-OFF TIMINGS/BUSINESS HOURS/DEALING DAYS**

i. **Current Cut-off Timing & Business Hours for dealing in Units:**

Every Dealing Day- 9:00 a.m. to 4:00 p.m.

**Note:** Any change in the Cut-Off Timings/Business Hours including for the month of Ramadan shall be notified to investors/Unit-Holders via the Company's website.

ii **Current Dealing Days:**

Any Business day from Monday to Friday on which scheduled banks are open for business in Pakistan.