

**THE INVESTORS ARE ADVISED IN THEIR OWN INTEREST TO CAREFULLY READ THE CONTENTS OF THE OFFERING DOCUMENT IN PARTICULAR THE RISK FACTORS MENTIONED AT PARA (5.7) AND (5.8) AND WARNINGS IN PART XIV BEFORE MAKING ANY DECISION.**

# **OFFERING DOCUMENT**

## **ATLAS FUND OF FUNDS** (PAK RUPEES 500 Million)

Managed by:

### **Atlas Asset Management Limited**

Subscription date:  
December 13, 2004 to December 16, 2004 during banking hours

Listed at: Karachi Stock Exchange

Date of publication: November 22, 2004

Underwritten by:

S. No.	Name of Underwriters
1.	Al Zamin Leasing Modaraba
2.	Arif Habib Securities Limited
3.	Atlas Investment Bank Limited
4.	Crescent Commercial Bank Limited
5.	Crescent Leasing Corporation Limited
6.	First International Investment Bank Limited
7.	Javed Omer Vohra & Company Limited
8.	Moosani Securities (Pvt.) Limited
9.	National Investment Trust Limited
10.	Network Leasing Corporation Limited
11.	Pakistan Kuwait Investment Company (Pvt.) Limited
12.	Shirazi Investments (Pvt.) Limited
13.	Soneri Bank Limited

## MISSION STATEMENT

We are committed to offering our investors the best possible returns on a diverse range of products; to meeting not only the customers' current and future requirements, but also exceeding their expectations. We aim to be the company with which people prefer to do business. We are committed to providing a stimulating and challenging environment in which all our people can be valuable contributors to the achievement of our vision, while achieving career progression and job satisfaction. We recognize that our success comes from our people. We are committed to the highest ethical and fiduciary standards and firmly believe that by placing the best interest of our clients first, we will also serve the best interest of our employees, our shareholders and the communities in which we operate.

## VISION

To be a market leader in providing quality fund management services with customer satisfaction as our premier goal.

# Atlas Fund of Funds

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## Atlas Fund of Funds

### SUMMARY

Name	Atlas Fund of Funds (AFF)
Structure of Scheme	Closed-end Scheme
Date of Publication	November 22, 2004
Date of Subscription	December 13-16, 2004
Investment Adviser	Atlas Asset Management Limited (AAML), licensed by the Securities and Exchange Commission of Pakistan to undertake investment advisory services under the NBFC (Establishment and Regulation), Rules 2003
Registered Address of Investment Adviser	Ground Floor, Federation House, Sharae Firdousi, Clifton, Karachi-75600, Pakistan
Trustee and Custodian	Central Depository Company of Pakistan Limited, 8th Floor, Stock Exchange Building, Stock Exchange Road, Karachi - 74000, Pakistan
Registrar	Atlas Asset Management Limited
Balloting Agent	C&K Management Associates (Pvt.) Limited
Listed on Stock Exchange	Applied for listing at the Karachi Stock Exchange.
Regulatory Approvals	<b>Registration of AAML:</b> SECP letter No. SC/MF-DD(MS)/363/2002 dated October 8, 2002 <b>Approval of Trustee:</b> SECP letter No. NBFC-II/JD-(R)/Atlas FOF/440 dated May 13, 2004 <b>Approval of the Trust Deed:</b> SECP letter No. NBFC-II/JD(R)/Atlas-FOF/439, dated May 13, 2004 <b>Authorization of the Scheme:</b> SECP letter No. NBFC-II/JD(R)Atlas-FOF/650/2004, dated July 28,2004 <b>Approval for listing:</b> October 07, 2004
Issue Price of Certificate	Rs. 10 per Certificate (par value)
Minimum Application Amount	Rs. 5,000/-
<b>Capital:</b> 1. Investment Adviser 2. Pre- IPO 3. Public Offer <b>Total Issue</b>	Rs. 50,000,000 i.e. 5,000,000 Certificates of Rs. 10/- each Rs. 250,000,000 i.e. 25,000,000 Certificates of Rs. 10/- each Rs. 200,000,000 i.e. 20,000,000 Certificates of Rs. 10/- each <b>Rs. 500,000,000 i.e. 50,000,000 Certificates of Rs. 10/- each</b>
Bankers to the Issue	1. Atlas Investment Bank Limited 2. Askari Commercial Bank Limited 3. Crescent Commercial Bank Limited 4. Habib Bank Limited 5. Jahangir Siddiqui Investment Bank Limited 6. Muslim Commercial Bank Limited 7. National Bank of Pakistan 8. Soneri Bank Limited 9. United Bank Limited
Duration	Perpetual
Place	Karachi
Date of Creation of Scheme	May 29, 2004

**OFFERING DOCUMENT OF  
ATLAS FUND OF FUNDS (AFF)**

Date of Publication of Offering Document: November 22, 2004

(Managed by Atlas Asset Management Limited registered under the Asset Management Companies Rules, 1995, now replaced by Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (Rules))

**PART I – INTRODUCTION**

- a) Atlas Fund of Funds (AFF) has been established in Pakistan as a closed-end fund by a Trust Deed (Deed), dated May 29, 2004 registered under the Trusts Act, 1882 (11 of 1882) between Atlas Asset Management Limited (AAML), as the Investment Adviser and Central Depository Company of Pakistan Limited (CDC), as the Trustee, and is authorized under Rule 41 of the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003.
- b) **If you have any doubt about the contents of this Offering Document, you should consult one or more from amongst your legal adviser, stockbroker, bank manager, or other financial adviser. Investors must recognize that all investments involve varying levels of risk. The portfolio of AFF consists of market-based investments and is subject to market fluctuations and risks inherent in all such investments. The value of the Certificates of AFF may appreciate as well as depreciate, and consequently the level of dividend declared by AFF may get affected to that extent. Investors are requested to read the Risk Disclosure and Disclaimer statement contained in paragraph 5.7 and 5.8 of this Offering Document.**

**PART II – REGULATORY APPROVAL AND CONSENT**

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

The Securities and Exchange Commission of Pakistan (Commission) has authorized the offer of certificates of AFF under Rule 41 of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (Rules) vide letter No. NBFC-II/JD(R) /Atlas-FOF/650/2004 dated July 28, 2004. The Commission has approved this Offering Document, under Rule 48 of the Rules, vide letter Number NBFC-II/JD(R)/Atlas-FOF/917, dated November 03, 2004.

**It must be distinctly understood that in giving this approval, the Commission does not take any responsibility for the financial soundness of AFF nor for the accuracy of any statement made or any opinion expressed in this Offering Document. This Offering Document is governed by the provisions of the Trust Deed. It sets forth information about AFF that a prospective investor should know before investing in certificate(s) of AFF.**

**2.2 Clearance of the Offering Document by the Stock Exchange**

The Offering Document has been cleared by the Karachi Stock Exchange (Guarantee) Limited (“KSE”), in accordance with the requirements under the Listing Regulations. While clearing the Offering Document, the Stock Exchange neither guarantees the correction of the contents of the Offering Document nor the viability of the Scheme.

The Karachi Stock Exchange has not evaluated the quality of the offer and its clearance of the offer should not be construed as any commitment of the same. The public/ investors should conduct their own independent investigation and analysis regarding the quality of the offer before subscribing.

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### 2.3 Filing of the Offering Document

The Investment Adviser has filed a copy of this Offering Document signed by the Chief Executive along with the documents (1) to (11) below with the KSE and the Commission. Certified copies of these documents can be inspected at the registered office of the Investment Adviser or the place of business of the Trustee or the offices of Atlas Investment Bank Limited, at addresses provided in the part XVII of this Offering Document.

1. The Commission's letter No. SC/MF-DD(MS)/363/2002 dated Oct 08, 2002 registering Atlas Asset Management Limited\* as an asset management company together with the Certificate of Registration;
2. License for undertaking Investment Advisory Services issued by Commission under its letter no. NBFC-47/IA/05/2004 dated August 26, 2004 under NBFC Rules;
3. The Commission's letter No. NBFC-I/JD-(R)/AAMC-329/2004, dated April 14, 2004, allowing Atlas Asset Management Limited to launch equity fund;
4. The Commission's letter No. NBFC-II/JD-(R)/Atlas-FOF/440 dated May 13, 2004, approving the appointment of Central Depository Company of Pakistan Limited as the trustee of AFF;
5. Trust Deed (Deed) of AFF dated May 29, 2004 between Atlas Asset Management Limited (the Investment Adviser), as the establisher and Central Depository Company of Pakistan Limited, as the trustee;
6. Consent of the Auditors, Legal Adviser, Bankers to the issue, Trustee, Directors, Secretary and Chief Executive of the Investment Adviser to their respective appointments and having been named and described as such in the Offering Document;
7. The Commission's letter No. NBFC-II/JD(R)/Atlas FOF/650/2004 dated July 28, 2004 for the authorization of Atlas Fund of Funds;
8. Material Contracts as given in Annexure "A";
9. Letter No. KSE/GEN-8079, dated October 07, 2004 from KSE, clearing the Offering Document under the Listing Regulation;
10. The Commission's letter's No. NBFC-II-JD(R)/Atlas-FOF/917 dated November 03, 2004, approving this Offering Document;
11. Letter dated November 03, 2004 from Messrs Hameed Chaudhri & Company, Chartered Accountants, Auditors of AFF, consenting to the issue of report appearing in Part XVI of the Offering Document.

\* incorporated as Atlas Asset Management Company Limited and name changed via shareholders resolution on October 30, 2004.

## **PART III – DEFINITIONS**

Unless the context requires otherwise the following words or expressions shall have the meanings respectively assigned to them viz.:

- 3.1. "Accounting Date" means in case of the final Accounting Period, the date on which money required for the final distribution is transferred to the Distribution Account, and in any other case the thirtieth day of June in each year provided that the Investment Adviser with the written consent of the Trustee and approval of SECP may change such date to any other date.
- 3.2. "Accounting Period" means a period ending on and including an Accounting Date and commencing (in case of the first such period) from the date on which the Deposited Property is first paid and transferred to the Trustee and (in any other case) from the end of the preceding Accounting Period.
- 3.3. "Annual Fee" means any fee payable to SECP under the Rules
- 3.4. "Auditors" means the Auditor of the Trust appointed by the Investment Adviser.
- 3.5. "Authorized Investment" means Pakistan origin investments transacted, issued, traded and listed inside or outside Pakistan and includes any of the following:
  - a) Investment in closed-end funds, listed on any of the stock exchanges in Pakistan or in respect of which permission to deal on a Stock Exchange is under consideration;
  - b) Deposits in Scheduled Banks on profit and loss (PLS) basis;
  - c) Units in any unit trust schemes;
  - d) Repurchase transactions (REPOs) and reverse REPOs, including Carry Over Transactions (COT) through clearing house of a Stock Exchange;
  - e) Any other Investment(s), which is/are in line with the basic investment objectives of the Fund, with the approval of SECP.

The Authorized Investment shall not include bearer security or any other security that would involve the assumption of unlimited or undeterminable liability.
- 3.6. "Bank" means a banking company licensed under the Banking Companies Ordinance, 1962 or any other regulation for the time being in force.
- 3.7. "Bank Accounts" means accounts maintained with a Bank, the beneficial ownership of which vests in the Holder.
- 3.8. "Business Day" means a day on which Banks are open for business in Pakistan.
- 3.9. "Bonus Certificates" means the certificates issued on distribution of the distributable income, in the form of stock dividend.
- 3.10. "Book Entry Certificates " means certificates which have been entered into the Central Depository System.
- 3.11. "CDC" means Central Depository Company of Pakistan Limited.
- 3.12. "Central Depository System" means the central depository system (CDS) established and operated by the CDC under section 4 of the Central Depositories Act, 1997.
- 3.13. "Certificate" means one undivided certificate in the Trust.



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- 3.14. "Certificate of holding" shall mean the definitive certificate acknowledging the number of certificates of the par value of Rs.10/= registered in the name of the Holder issued at the request of the Holder pursuant to the provisions of this Deed.
- 3.15. "Companies Ordinance" means the Companies Ordinance, 1984, as amended from time to time.
- 3.16. "Connected Person" shall have the same meaning as in the Rules.
- 3.17. "Constitutive Document" means the Trust Deed, which is the principal document governing the formation, management or operation of the Trust.
- 3.18. "Custodian" means a Bank, a central depository company, or any other depository for the time being appointed by the Trustee with the approval of the Investment Adviser to hold and protect the Deposited Property or any part thereof as custodian on behalf of the Trustee.
- 3.19. "Deposited Property" means the Investment and all income, profit and other benefits arising therefrom and all cash and other assets movable or immovable and property of every description for the time being held or deemed to be held upon trust by the Trustee for the benefit of the Holders pursuant to this Deed but does not include any amount standing to the credit of the Distribution Account.
- 3.20. "Distribution Account" means the Bank Account, which may be current, saving or deposit account, maintained by the Trustee with a Bank, approved by the Investment Adviser, in which the amount required for the distribution of income to the Holders shall be transferred.
- 3.21. "Duties and Charges" means in relation to any particular transaction or dealing all stamp and other duties, taxes, Government charges, brokerage, bank charges, transfer fees, registration fees and other duties and charges whether in connection with the constitution of the Deposited Property or increase or decrease of the Deposited Property on the sale or purchase of Investments or in respect of the issue, transfer, cancellation or replacement of a Certificate or otherwise which may have become or may be payable in respect of or prior to or upon the occasion of the transaction or dealing in respect of which such duties and charges are payable but do not include any commission charges or costs which may have been taken into account in ascertaining the Net Asset Value.
- 3.22. "Formation Cost" means all preliminary and floatation expenses of the Trust, including expenses in connection with the authorization of the Scheme, execution and registration of the Constitutive Document, issue, circulation and publication of the Prospectus and all other expenses incurred during the Initial Offering Period.
- 3.23. "Financial Institution" means a NBFC, licensed under the Rules, a Modaraba registered under the Modaraba Companies and Modarabas (Flotation and Control) Ordinance, 1980 and a DFI regulated by the State Bank of Pakistan or any other corporate body recognized as a financial institution under the laws of Pakistan.
- 3.24. "Holder" or "Holders" or "Certificate Holder" or "Certificate Holders" means the Certificate Holder(s) for the time being entered in the Register as owner of the Certificate, including jointly so registered, pursuant to the provisions of this Deed.
- 3.25. "Investment" means any Authorized Investment forming part of the Deposited Property.
- 3.26. "Net Assets", in relation to the Trust, means the excess of assets over liabilities of the Trust, such excess being computed in the manner specified hereunder: -
- a) A security listed on a stock exchange shall be valued at its last sale price on such exchange on the date as of which it is valued, or if such exchange is not open on such date, then at its last sale price on the next preceding date on which such exchange was open and if no sale is reported for such date, the security shall be valued at an amount not higher than the closing asked price nor lower than the closing bid price.

- b) An investment purchased and awaiting payment against delivery shall be included for valuation purposes as a security held, and the cash account of the Fund shall be adjusted to reflect the purchase price, including brokers commission and other expenses incurred in the purchase thereof but not disbursed as of the valuation date;
  - c) An investment sold but not delivered pending receipt of proceeds shall be valued at the net sale price;
  - d) The value of any dividends, bonus, certificates or right which may have been declared on securities in the portfolio but not received by the Fund as of the close of business on the valuation date shall be included as assets of the Fund, if the security upon which such dividends, bonuses or rights were declared is included in the assets and is valued ex-dividend, ex-bonus or ex-rights as the case may be;
  - e) A security not listed or quoted on a stock exchange shall be valued at investment price or its break up value as per last audited accounts, whichever is lower;
  - f) Mark-up accrued on any mark-up bearing security in the portfolio shall be included as an asset of the Fund, if such accrued interest is not otherwise included in the valuation of the security;
  - g) Any other income accrued up to the date on which computation was made shall also be included in the assets; and
  - h) All liabilities, expenses, taxes and other charges, including Annual Fee due or accrued up to the date of computation which are chargeable under these rules, other than the paid-up capital of the Fund, shall be deducted from the value of the assets.
  - i) The remuneration accrued up to the date of computation payable to the Investment Adviser shall be included as an expense.
- 3.27. "Net Asset Value" or "NAV" means per Certificate value of the Fund arrived at by dividing the Net Assets by the number of Certificates outstanding.
- 3.28. "Ordinance" means the Securities and Exchange Ordinance, 1969, as amended from time to time.
- 3.29. "Par Value" means the face value of a Certificate that shall be Rupees Ten (Rs. 10).
- 3.30. "Personal Law" means the law of inheritance and succession as applicable to the individual Holder.
- 3.31. "Pre-IPO Investors" means the initial investors, who shall be required to subscribe to the Certificates in the pre-IPO.
- 3.32. "Prospectus" means the advertisement or other document, which contains the investment and distribution policy and all other information in respect of the Trust, as required by the Rules and is calculated to invite offers by the public to invest in the Trust.
- 3.33. "Proxy" means written authority given by a Holder to another person to attend the meeting of the Holders, called by the Investment Adviser, pursuant to this Deed. Proxy shall be issued in the same manner and on the same terms as provided in the Companies Ordinance.
- 3.34. "Register," means the Register of the Holders kept pursuant to the Rules and this Deed.
- 3.35. "Registrar" means a company including a Bank that the Investment Adviser shall appoint for performing the Registrar Functions.
- 3.36. "Registrar Functions" means the functions with regard to:
- a) Maintaining the Register;

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- b) Receiving application for transfer/ transmission of Certificates directly from Holder or legal representatives;
  - c) Processing requests for transfer and transmission of Certificates with regard to the Holders; and effectuating such transfers in the Register.
  - d) Issuing Certificates to Holders;
  - e) Dispatching income distribution warrants;
  - f) Canceling old Certificates on replacement; and
  - g) Keeping record of change of addresses/ other particulars of the Holders.
- 3.37. "Reporting" or "Base Currency" means Pakistani Rupee in which financial reports are presented.
- 3.38. "Resolution" means a resolution that has been passed pursuant to this Deed by a majority of not less than three-fourth of such Certificate Holders entitled to vote as are present in person or by Proxy at a general meeting of which not less than twenty-one days notice specifying the intention to propose the resolution has been duly given.
- 3.39. "Rules" means the Non-Banking Finance Companies (Establishment and Regulation) Rules 2003, as amended from time to time.
- 3.40. "Scheme of Arrangement for Amalgamation" or "Scheme" means a Scheme for re-organization and merger of this Trust with other closed-end or open-ended trust, as approved by SECP. The Scheme shall also lay down the investment, distribution and other operational policies of the Fund.
- 3.41. "SECP or Commission" means the Securities and Exchange Commission of Pakistan, established under Section 3 of the Securities and Exchange Commission of Pakistan Act 1997 and its legal successor.
- 3.42. "Stock Exchange" means Karachi Stock Exchange, Lahore Stock Exchange, Islamabad Stock Exchange or any other stock exchange registered under the Ordinance.
- 3.43. "Transaction Day" means every Business Day on which the Stock Exchange is open for business.
- 3.44. "Trust", "Fund" "Closed-end Scheme" or "Closed-end Trust" means the Atlas Fund of Funds constituted by the Trust Deed dated May 29, 2004, as a closed-end scheme, whose Certificates are traded at a Stock Exchange.

Words and expressions used but not defined herein shall have the meanings assigned to them in the Rules. Words importing persons include corporations, words importing the masculine gender include the feminine gender, words importing singular include plural words, "written" or "in writing" include printing, engraving, lithography, or other means of visible reproduction.

### **PART IV – CONSTITUTION OF THE SCHEME**

#### **4.1 Constitution**

AFF is constituted by a Trust Deed entered into at Karachi on May 29, 2004 between:

1. Atlas Asset Management Limited (AAML), a company incorporated under the Companies Ordinance 1984, with its registered office at Ground Floor, Federation House, Sharae Firdousi, Clifton, Karachi-75600 as the establisher and the Investment Adviser; and
2. Central Depository Company of Pakistan Limited (CDC), a company incorporated under the Companies Ordinance 1984, with its registered office at 8th Floor, Stock Exchange Building, Stock Exchange Road, Karachi –74000, as the Trustee.

### 4.2 Trust Deed

1. The Deed shall be subject to and be governed by the Ordinance, the Rules and all other applicable laws and regulations and it shall be deemed for all purposes whatsoever that all the provisions required to be contained in a trust deed by the Rules are incorporated in the Deed as a part and parcel thereof and in the event of any conflict between the Deed and the provisions required to be contained in a trust deed by the Rules, the latter shall supersede and prevail over the provisions contained in the Deed.
2. The terms and conditions of the Trust Deed and any deed supplemental thereto shall be binding on each Holder as if he had been a party to the Deed and so to be bound by the Deed's provisions and each Holder authorizes and requires the Trustee and the Investment Adviser to do so as required of them by the terms of the Trust Deed.
3. The Trustee and the Investment Adviser acting together shall be entitled by a deed supplemental thereto to modify, amend, alter or add to the provisions of the Deed in such manner and to such extent as they may consider expedient for any purpose, subject only to the approval of the Commission, if so required. Provided that, the Trustee and the Investment adviser shall certify in writing that, in their opinion such modification, alteration or addition is required pursuant to any amendment in the Ordinance or the Rules or to ensure compliance with any fiscal or statutory requirement or to enable the provisions of the Deed to be more conveniently or economically managed or to enable the Certificates to be dealt in or quoted on the Stock Exchange or other wise for the benefit of the Holders and that it does not prejudice the interest of the Holders, or any other matter that does not alter the fundamental objectives of the Trust or any of them or operate to release the Trustee or the Investment Adviser from any responsibility to the Holders.
4. Any amendment in the Trust Deed, which would result in change in investment objectives, shall require approval of Certificate Holders by Resolution, except for the Investment(s) mentioned in Sub-para (e) of clause 3.5 of the Offering Document and the Trust Deed, for which Resolution will not be required.

### 4.3 Closed-end Fund

AFF is a closed-end fund with a capital of Rupees 500 million. It is divided into 50 million certificates having par value of Rupees Ten (Rs. 10) each. All certificates represent an undivided share in AFF and rank pari passu as to their rights in the net assets, earnings and receipt of dividend and distributions.

### 4.4 Offering Document

The provisions of the Deed govern this Offering Document. It sets forth information about AFF that a prospective investor should know before investing in any certificate. Prospective investors should consult from one or more of their stockbroker, bank manager, legal adviser or other financial adviser.

### 4.5 Initial Offer

1. Pre Initial Public Offering (Pre-IPO)

Rs. 300 million divided into 30 million certificates having Par value of Rs. 10 each has been offered in the Pre Initial Public offering (Pre IPO) for which subscription has been received. This include Rs. 50 million divided into 5 million Certificates of Rs. 10 each that has been taken up by the Investment Adviser.

2. Initial Public Offering (IPO)

Rs. 200 million divided into 20 million certificates having Par value of Rs. 10 each will be offered to general public, which is fully underwritten.

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### 4.6 Listing on the Stock Exchange

Application has been made to KSE for permission to deal in and for quotation of Certificates of Atlas Fund of Funds.

In accordance with the “Regulations for Future Trading on Provisionally Listed Companies” of the KSE, the Atlas Fund of Funds shall stand listed provisionally for trading and quotation of its Certificates on the Stock Exchange from the date of publication of the Offering Document.

If for any reason, the applications for formal listing are not accepted by the Stock Exchange, the Investment Adviser undertakes that a notice to that effect will be immediately published in the press, and thereafter to refund application money to the applicants in pursuance of this Offering Document, as required under the provisions of Section 72 of the Companies Ordinance, 1984 and Rule 9 of the Listing Regulations of the Karachi Stock Exchange (Guarantee) Limited.

### 4.7 Duration

The duration of AFF is perpetual. However, it can be wound up by the Commission or by the Investment Adviser on the occurrence of certain events as stated in Part XVIII of this Offering Document under the heading “Termination of the Closed-end Scheme”.

### 4.8 Information given in this Document, Responsibility of Investment Adviser

Atlas Asset Management Limited accepts the responsibility for the information contained in this Offering Document as being accurate at the date of its publication.

## PART V – INVESTMENT OBJECTIVES AND RESTRICTIONS

The purpose of introducing AFF is to provide investors a one-window facility to invest in a diversified portfolio of equity securities of closed-end schemes offering consistent returns and growth. Any amounts, which have not been invested in securities of closed-end schemes, may be invested in Authorized Investments, under the Deed as under:

- a) Deposits in Scheduled Banks on profit and loss (PLS) basis;
- b) Units in any unit trust schemes;
- c) Repurchase transactions (REPOs) and reverse REPOs, including Carry Over Transactions (COT) through clearing house of a Stock Exchange;

The Authorized Investment shall not include bearer security or any other security that would involve the assumption of unlimited or undeterminable liability.

### 5.1 Investment Objectives

The investment objective of the Trust is to invest in closed-end mutual funds, to take advantage of availability of such securities at discount to NAV, in order to post higher return. Depending upon the market opportunity, the Investment Adviser may defer investment in closed-end mutual funds; invest the Deposited Property in open-ended mutual funds, money market instruments or in deposit with Scheduled Banks.

## 5.2 Mutual Fund Industry in Pakistan

In the year 1963, National Investment Trust Limited, a public sector company launched National Investment (Unit) Trust (NIUT), Pakistan's first open-ended fund. From 1966 onward, Investment Corporation of Pakistan (ICP), another public sector company launched a series of 26 closed-end mutual funds. In 1971 the Government allowed private sector companies to launch closed end mutual funds and in 1995 allowed them to launch open ended schemes. In 2002, the Government of Pakistan sold the management rights of ICP mutual funds to private sector. After privatization, ICP mutual funds have been merged into five entities and reorganized as closed-end trusts. NIUT is now the only mutual fund scheme, managed by a public sector company.

- a) **Open-ended mutual funds:** There are nine asset management companies, managing thirteen funds with net assets in excess of Rs. 70 billion. Seven of these funds, with net assets of over Rs. 61 billion have investment in equity securities and the remaining five funds, with net assets of about Rs. 9 billion, are money market/ fixed income funds. The Investment Adviser may invest amount available after investment in closed end funds in open ended funds. The objective will be to invest in equity funds, if in the judgment of the Investment Adviser based on quantitative investment model, the equities are undervalued and invest in fixed income funds, when it would appear that equities are over valued.
- b) **Closed-end mutual funds:** The table below shows the performance of the funds and the turnover in shares of the funds for last five years.

### I – Performance

Years (ended June 30)	Number of Funds	Right Issues	New Issues	Net Assets	Market Value	Discount to NAV %	Earnings	Cash dividend	Stock dividend
2000	39	-	-	6,742	3,610	46.5	417	396	-
2001	38	-	-	5,750	2,911	49.4	490	480	-
2002	37	-	-	6179	3,953	36.0	542	713	-
2003	37	153	-	11,123	10,962	1.5	5,602	783	333
2004*	18	5742	4500	25,216	23,366	7.0	5,274	960	831

Source: annual reports except \* Investec Mutual Fund whose June 2003 figures are incorporated and Dominion Stock Fund where June 2002 figures are taken.

### II – Turnover in Shares of Closed-End Mutual Funds

Years – Jan to Dec	(Million Shares)
1999	80.63
2000	177.39
2001	33.52
2002	314.24
2003	918.46
2004 (upto Oct. 31)	1,743.17

Source KSE

## Atlas Fund of Funds

### III – Development in Closed-End Mutual Fund Sector

The closed end mutual fund sector has undergone major transformation in the last five years and has become vibrant. The following developments, have taken place:

1. Take over of two private sector mutual funds and their merger to achieve economies in management.
2. Privatization of ICP Mutual Funds and later their merger to bring economies in fund management.
3. Rights issue by various funds to increase the size of the funds under management.
4. New flotation of closed end mutual fund (as closed end trust).
5. Higher income and portfolio appreciation, due to better fund management.
6. Achieving investors' focus, resulting in decline in discount to NAV.

#### c) **Fund of Funds**

The investment in fund of funds can accrue following advantages:

- i. The fund of funds will invest in shares of other closed-end schemes, after taking into consideration the discounts to NAV and composition of their investment portfolio.
- ii. The increase in turnover in closed end mutual fund sector will provide good opportunity to fund of funds to invest in such securities and also disinvest. The sector has become liquid.
- iii. The shares of most of the closed end mutual funds are available at discount to net asset values; therefore a fund of funds is likely to pay higher return than the closed end funds it is investing in.

### 5.3 Investment Policy

In selecting the investment in closed end funds, the Investment Adviser shall follow the following three criteria;

- a) Comparison of net asset value and market value and available discount;
- b) Evaluation of portfolio of investee funds;
- c) Trading activities in shares of investee funds.

AFF may invest any amount, which is not invested in closed end schemes in unit trust schemes. The Fund may also invest in money market instruments or in transactions involving purchase of debt or equity securities with simultaneous sale at a future date to earn a spread.

Any investment may at any time be realized at the discretion of the Investment Adviser either in order to invest the proceeds of sale in other Authorized Investments or to provide cash required for the purpose of any provision of this Deed or in order to retain the proceeds of sale in cash or on deposit as aforesaid or partly one and partly another, on the condition that proceeds of sale shall remain in the account of the fund opened in the name of the Trustee. Any Investment which ceases to be an Authorized Investment shall be realized and the net proceeds of realization shall be applied in accordance with this clause. Provided that the Trust may postpone the realization of such Investment for such period as the Investment Adviser may determine to be in the interest of Holders.

The Fund shall not purchase from or sell without the approval of SECP, any security to the Investment Adviser or to the Trustee or to any director, officer or employee of the Investment Adviser or of the Trustee or to any person who beneficially owns ten percent (10%) or more of the equity of the Investment Adviser, or the Trustee save in the case such party is acting as an intermediary.

### 5.4 Restrictions

The AFF shall follow the investment restrictions and exposure limits imposed by the Rules. In the event of any changes in the investment restrictions in the Rules, restrictions applicable to AFF shall automatically be applied. The exposure limits and restrictions are stated below:

- i. Carry Over Transactions (COT), and other similar financing or spread transactions shall be restricted to such underlying securities and carried through with members of recognized stock exchanges where the Investment Adviser is of the view that the underlying securities offer adequate liquidity and that Carry Over Transactions (COT) or other similar financing are protected by the regulations of the Stock Exchange and the clearing house with appropriate safeguards and the Investment Adviser is of the view that relevant member (brokerage house) is of good standing.
- ii. AFF shall not invest in excess of 10% of the Net Assets in any one mutual fund scheme. AFF shall not in aggregate invest in excess of 25% of the Net Assets in mutual fund schemes managed by any one investment adviser/ management company.
- iii. The Trust will not at any time:
  - a) Transact in:
    - Bearer Securities;
    - Securities on margins;
    - Securities which result in assumption of unlimited or undetermined liability (actual or contingent);
    - Real estate or interest in real estate save and except that the Investment Adviser may invest in securities secured by real estate or interest therein or equity securities issued by companies that invest in real estate or interest therein;
    - Commodities or commodities contracts;
  - b) Merge with, acquire or takeover any other closed-end fund unless it has obtained the prior approval of the Commission in writing to the scheme of such merger, acquisition or takeover.
  - c) Pledge any of the securities held or beneficially owned by it;
  - d) Make a loan or advance money to any person except in connection with the normal business of the closed-end fund;
  - e) Purchase any security in a forward contract;
  - f) Participate in a joint account with others in any transaction;
  - g) Make an investment in a company which has the effect of vesting the management, or control over the affairs, of such company in the closed-end scheme;
  - h) Employ as a broker directly or indirectly, any director, officer or employee of the closed-end fund or its Investment Adviser or any connected person or member of family of such person and enter into transaction with any connected broker, which shall equal or exceed ten percent or more of the transactions of the fund in any one accounting year of that fund. Provided that the Commission may, in each case on merits, permit ten percent to be exceeded if the connected broker offers advantages to the fund not available elsewhere;
  - i) Issue at any time, without the prior approval of the Commission in writing, a senior security which is either stock or represents indebtedness;
  - j) Apply for de-listing from Stock Exchange, unless it has obtained prior approval of the Commission in writing to the scheme of de-listing;



## Atlas Fund of Funds

- k) Invest in any security of a company if any director or officer of the Investment Adviser owns more than five percent of the total amount of securities issued, or, the directors and officers of the Investment Adviser own more than ten percent of those securities collectively; and
- l) If it is an investment company, appoint fifty percent or more directors who represent interest of investment adviser;
- m) Make short sales of any security or maintain a short position.

### 5.5 Exception to Investment Restrictions

If and so long as the value of the holding in a particular scheme or schemes managed by any one Investment Adviser or asset management company shall have reached the limit as per paragraph 5.4 (ii), the Investment Adviser shall not purchase any further investment in such scheme or schemes. However, this restriction on purchase shall not apply to any offer of right certificates or any other offering, if the Investment Advisor is satisfied that accepting such offer is in the interest of the Fund. In such event, the investment will be brought within the permissible level within six months of the issue of right certificates.

### 5.6 Transactions with Connected Persons

Atlas Fund of Funds shall not without the prior approval of the Commission in writing, purchase from, or sell to, any connected person or employee of AFF or of the Investment Adviser thereof or a person who beneficially owns ten per cent or more of the equity securities of the Fund or of its Investment Adviser.

In case cash forming part of Atlas Fund of Funds' assets is deposited with the trustee or the custodian, which is a banking company or a NBFC, return shall be paid on the deposit by such trustee or custodian at a rate that is not lower than the rate offered by the said banking company or NBFC to its other depositors on deposits of similar amount and maturity.

### 5.7 Risks

**Investors should realize that all investments in mutual funds and securities are subject to market risks. Our target return/ dividend range cannot be guaranteed. It should be clearly understood that the portfolio of Atlas Fund of Funds is subject to market fluctuations and the risks inherent in all such investments. The value of the Certificates of Atlas Fund of Funds may appreciate as well as depreciate depending on the factors and forces affecting the stock market, as well as the level of dividend declared by Atlas Fund of Funds may go down as well as up. Past performance does not necessarily indicate future performance. The Certificate price of Atlas Fund of Funds is neither guaranteed nor is administered or managed. It is market determined and may be quoted below the NAV. Some of the factors which add to the risk of Atlas Fund of Funds include but are not limited to the following factors:**

- a) **Changes in business cycles affecting the business of the company in which the investment is made;**
- b) **Change in the business circumstances of the company, its business sector, industry and/ or the economy in general;**
- c) **Mismanagement of the investee company, third party liability whether through class action or otherwise or occurrence of other events such as strikes, fraud, etc. in the company in which the investment was made;**
- d) **Senior rights of creditors over Certificates Holders of the company in the event of winding up;**
- e) **Volatility in shares prices resulting from their dependence on market sentiment,**

- speculative activity, supply and demand for the shares and the liquidity in the market;
- f) **The possibility of defaults by participants or failure of stock exchange, the depositories, the settlement or the clearing system;**
  - g) **The inability of the issuer of the instrument, the relevant financial institution or the counter party in the case of reverse repurchase or other arrangements to fulfill their obligations;**
  - h) **Increase in lending rates as a result of a change in the supply and demand of liquidity in the market or on account of an increase of the underlying inflation rate;**
  - i) **Breakdown of law and order, war, natural disasters, etc.**
  - j) **Any governmental actions, legislative charges or court orders restraining payment of principal or income;**
  - k) **Changes in the exchange rates.**

#### 5.8 Disclaimer

**The Certificates of AFF are not bank deposits and are neither issued by, insured by, obligations of, nor otherwise supported by the Commission, the Stock Exchange, any Government agency, the Trustee (except to the extent specifically stated in this document and the Trust Deed) or any of the shareholders of the Investment Adviser or any of the Investors or any other Scheduled bank.**

### PART VI – OPERATORS AND PRINCIPALS

#### 6.1 Investment Adviser - Atlas Asset Management Limited

Atlas Asset Management Limited (Company) was incorporated on August 20, 2002, as Atlas Asset Management Company Limited and the name was changed on October 30, 2004 by shareholders' resolution. The Company is engaged in providing investment advisory and asset management services. It is licensed with the Commission to act as an Investment Adviser under Rule 5(2) of the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (Rules) vide License Number NBFC-47/1A/05/2004, dated August 26, 2004. The Company is also licensed by the Commission to act as an asset management company under Rule 5(2) of the Rules, vide License Number NBFC-32/AMC/03/2004, dated July 9, 2004. The Company is presently managing an open ended fund Atlas Income Fund, whose investment strategy is to invest in debt instruments and other fixed investment instruments.

The Company has entered into a cooperation agreement with ING Institutional & Government Advisory Services B.V. ("ING"). Under the terms of this agreement ING will provide technical support to the Company, including training to its staff.

#### a) **Shareholders:**

Atlas Asset Management Limited (AAML) has a paid up capital of Rupees 120 million, of which Rupees 90 million is held by Shirazi Investments (Pvt.) Limited, Atlas Group parent company and Rupees 30 million by Atlas Investment Bank Limited, an Atlas Group Company.

**Shirazi Investments (Pvt.) Limited (SIL)**, the parent company of the Atlas Group, started operations in 1962. It is engaged in trading in shares, fund management, underwriting, real estate and warehousing. As a holder of shares of Atlas Group companies, SIL plays an important role in directing the policies of the Group companies.

## Atlas Fund of Funds

**Atlas Investment Bank Limited (AIB)**, an Atlas Group Company, started operations in 1990. In July 2001, Atlas Lease Limited, another Atlas Group Company, was merged with AIB. The Bank offers a comprehensive range of corporate finance, lease finance, capital markets, brokerage, and advisory services by drawing on varied institutional specialization, experience and capabilities of its professionally trained staff. It offers a wide and diverse range of products and services to both individuals and corporate clients seeking financial accommodation. AIB lays emphasis on flexibility and its ability to serve its customers according to their particular needs and requirements.

### b) **The Board of Directors of the Investment Adviser:**

<b>Name, Occupation and Address</b>	<b>Other Directorship</b>
<b>Chairman</b>	
<b>Mr. Yusuf H. Shirazi</b> <b>Business</b>  2, Khayaban-e-Ghazi, Phase V, DHA, Karachi.	Shirazi Investments (Pvt.) Ltd. Atlas Investment Bank Ltd. Muslim Insurance Co. Ltd. Atlas Honda Ltd. Atlas Battery Ltd. Honda Atlas Cars (Pakistan) Ltd. Allwin Engineering Industries Ltd. Shirazi Trading Co. (Pvt.) Ltd. Shirazi Foundation
<b>Vice Chairman &amp; Chief Executive</b>	
<b>Mr. M. Habib-ur-Rahman</b> <b>Business Executive</b>  65/III 25th Street, Khyaban Badban Phase V DHA, Karachi.	Allwin Engineering Industries Ltd.
<b>Directors</b>	
<b>Mr. Peter A. Smyth</b> <b>Business Executive</b>  Flat 17, High West, 142 Pofulam Road, Pofulam Hong Kong.	ING Vysya Life Insurance Co. (Pvt.) Ltd. ING Vysya Bank Ltd. ING Australia Holdings ING Australia QBE Mercantile Mutual Ltd. ING Bank Australia ING Asia/ Pacific Ltd. Hong Kong ING Insurance Berhad ING Management Holdings (Malaysia) Sdn. Berhad ING Funds Berhad ING Pension Services Ltd. ING Pension Trust Ltd. NNA Pty Ltd. ING Mauritius Holdings ING Mauritius Investments I ING Mauritius Investments II
<b>Mr. Sherali Mundrawala</b> <b>Business</b>  C-62, K.D.A, Scheme No. 1, Karachi.	Atlas Investment Bank Ltd. Atlas Honda Ltd.

## Offering Document

**Mr. Tariq Amin**  
**Business Executive**

34/II, Khayaban-e-Badar,  
Phase V DHA, Karachi.

**Mr. Jawaid Iqbal Ahmed**  
**Business Executive**

C-106, Shalimar Estate,  
129 Clifton, Karachi.

**Mr. Saquib H. Shirazi**  
**Business**

64/ 1, 15th Street,  
off: Khayaban-e-Badban,  
Phase V, DHA,  
Karachi.

**Company Secretary**

**Mr. Ather Husain Medina**

57/ 1, 22nd Street,  
Phase V DHA, Karachi.

**Particulars of the Directors**

**Yusuf H. Shirazi**

Mr. Shirazi is the Chairman of Atlas Group of Companies and the founder member of Karachi and Lahore Stock Exchanges, International Chamber of Commerce & Industry, Management Association of Pakistan and Lahore University of Management Sciences. He is an AMP from Harvard Business School. He has been on the Board of Harvard Business School Alumni Association, Boston. He founded Harvard Club of Pakistan and Harvard Business School Club of Pakistan. He is also a visiting speaker at National Defense College, Naval College of War, Pakistan Administrative Staff College, IBA, LUMS and Harvard Business School - to name a few. He is among the Board of Governors of Ghulam Ishaq Khan Institute of Engineering, Science and Technology and Fauji Foundation Institute of Management and Computer Sciences.

**M. Habib-ur-Rahman**

Mr. Habib ur Rahman is an FCA from the Institute of Chartered Accountants in England & Wales and has attended management level programme PMD from Harvard Business School. He played an instrumental role in setting up the first open-ended mutual fund in the private sector in Pakistan and was until recently the Chairman & Chief Executive of ABAMCO, the largest private sector Asset Management Company in the country. He was a founding member, and Vice Chairman of the Mutual Funds Association of Pakistan. He has been SECP's nominee on the Board of the Karachi Stock Exchange in 2000, 2001, & 2003, and has also been a member of the SECP Advisory Group on Capital Markets, and the SECP Enquiry Committee on management of Exposure Rules by KSE/ LSE.

**Peter A. Smyth**

Mr. Smyth is the Regional General Manager of ING Asia/ Pacific Limited based in Hong Kong. He has a BA with major in Actuarial Studies from Macquarie University, Sydney, and is a Fellow of the Institute

## Atlas Fund of Funds

of Actuaries, London. He has extensive senior level experience covering the areas of General Management, Corporate Governance, M & A, Strategic Development and Performance Management in the areas of Life Insurance, Non-Life Insurance, Pensions, Funds Management, Investment Management, Distribution, Financial Planning, Retail, Commercial, and Wholesale Banking.

### **Sherali Mundrawala**

Mr. Mundrawala, one of the founder members of UBL, has over 40 years of extensive experience to his credit in the financial and manufacturing sectors. He has been on the Board of Atlas Investment Bank Limited since its inception. He is also on the Board of Atlas Honda Limited.

### **Tariq Amin**

Mr. Amin is the Chairman of Rhodia Pakistan, a leading multinational company dealing in chemicals. He is also the Chairman, Sindh Privatization Commission. He is a law graduate from the University of Karachi, and also holds a Masters degree in English from the University of Karachi, and a Postgraduate Diploma in Development Administration from the University of Leeds. Mr. Amin has been a Chief Executive and Country Manager of Rhone Poulenc, Chairman of the SITE Association of Industry and Trade, President, Pakistan France Business Alliance, President Overseas Investor Chamber of Commerce and Industry, Director Karachi Stock Exchange, and is presently a member of the Pay and Pensions Committee, Public Accounts Committee, Sindh, in addition to participating in numerous other corporate and social forums.

### **Jawaid Iqbal Ahmed**

Mr. Ahmed, is an AMP from Harvard Business School, Boston USA, and IPBM from IMD Lusanne, Switzerland. He is also MBA from IBA Karachi University. He has been working in the Atlas Group in various capacities. He has over 35 years of experience in the field of industrial and financial markets of Pakistan. He spearheaded joint venture partnerships of Atlas Group with Honda Japan, JSB Japan, Bank of Tokyo, Asian Development Bank and ING.

### **Saquib H. Shirazi**

Mr. Saquib Shirazi is the Chief Executive Officer of Atlas Honda Ltd. He graduated in Economics from The Wharton School of Finance, before completing his Masters from Harvard Business School, MBA (95). He is currently a director of Harvard Business School Alumni Association. He has worked with the Bank of Tokyo-Mitsubishi in Japan. He is former CEO of Atlas Investment Bank Limited and a nominee director of the Bank at Karachi Stock Exchange. Mr. Saquib H. Shirazi is on the Board of Privatization Commission of Pakistan. He is a Trustee and Governor of Lahore University of Management Sciences.

### **Company Secretary**

#### **Ather Husain Medina**

Mr. Medina is an MBA with a Major in Banking and Finance, from the Institute of Business Administration, Karachi, and has done his graduation in Computer Science from the FAST Institute of Computer Science, University of Karachi. He has extensive experience of equity research, having worked as an Investment Analyst at two leading foreign brokerage houses, Indosuez W.I. Carr Securities, and SocGen Crosby, and as Head of Research at Pakistan's largest open-ended mutual Fund, the National Investment Trust. Mr. Medina has also served as the Treasurer of the National Development Finance Corporation.

**c) Performance of Atlas Income Fund (AIF):**

AIF has been established in Pakistan under a trust deed, dated February 20, 2003. It was launched for public subscription on a continuous basis, with an initial seed capital of Rupees 300 million, from March 22, 2004 and the first Offer price was Rupees 510.34, based on the net asset value of units of previous day. The par value of units is Rupees 500. The net asset value per unit increased to Rupees 518.96 on June 30, 2004, showing an annualized return of 6.17 % from the date of launch to June 30, 2004. The total net assets of AIF increased to Rupees 371 million on June 30, 2004.

From July 1, 2004 to September 30, 2004 the NAV improved from Rs. 500.21 per unit to Rs 507.34 per unit showing an annualized return of 5.72 %, which was again amongst the highest in the income funds. The total net assets of AIF increased to Rs. 533.2 million on September 30, 2004.

**d) Performance of last 5 years of the Listed Associated Companies:****Atlas Investment Bank Limited**

(Rupees in millions – except per shares)

Year ended June 30	2004	2003	2002	2001*	2000*
Shareholders' Equity	662	520	449	177	155
Total Assets	5,875	5,068	3,543	1,336	1,308
Earnings Per Share	5.1	3.2	1.1	1.8	2.0
Cash Dividend	10%	10%	--	--	10%
Stock Dividend	20%	10%	--	--	5%
Market value Per share	27.85	13.50	5.95	6.50	7.00
Break-up Value Per Share	18.84	16.27	14.05	14.95	13.80

\*Pre-merger

**Muslim Insurance Company Limited**

(Rupees in millions – except per shares)

Year ended December 31	2003	2002	2001	2000	1999
Shareholders' Equity	140	112	112	102	87
Total Assets	406	338	218	181	161
Earnings Per Share	4.7	1.5	2.3	2.2	2.2
Cash Dividend	15%	15%	10%	--	--
Stock Dividend	15%	--	10%	20%	20%
Market value Per share	28.00	19.10	20.00	15.00	14.00
Break-up Value Per Share	15.80	12.70	13.90	15.10	15.60

**Atlas Honda Limited**

(Rupees in millions – except per shares)

Year ended June 30	2004	2003	2002	2001	2000
Shareholders' Equity	1,492	1,077	792	644	585
Total Assets	4,112	2,657	1,832	1,487	1,419
Earnings Per Share	26.7	20.9	13.2	8.1	4.1
Cash Dividend	75%	70%	60%	40%	20%
Stock Dividend	25%	--	--	40%	--
Market value Per share	175.00	80.00	40.05	25.00	19.25
Break-up Value Per Share	73.02	52.67	38.76	44.14	40.07

## Atlas Fund of Funds

### Atlas Battery Limited

(Rupees in millions – except per shares)

Year ended June 30	2004	2003	2002	2001	2000
Shareholders' Equity	213	130	108	105	100
Total Assets	376	304	305	357	279
Earnings Per Share	25.4	13.7	2.0	3.5	5.7
Cash Dividend	60%	60%	10%	15%	25%
Stock Dividend	40%	15%	5%	-	10%
Market value Per share	152.00	86.00	21.50	25.00	26.50
Break-up Value Per Share	58.97	45.40	39.60	38.60	40.30

### Honda Atlas Cars (Pakistan) Limited

(Rupees in millions – except per shares)

Year ended March 31	2004	2003	2002	2001	2000
Shareholders' Equity	1932	1,702	1,503	1,260	1,140
Total Assets	6999	2,985	2,453	2,037	1,790
Earnings Per Share	9.7	8.2	10.3	4.9	4.6
Cash Dividend	42.5%	35%	45%	20%	20%
Market value Per share	89.00	55.00	28.00	15.00	12.00
Break-up Value Per Share	46.00	41.00	36.00	30.00	27.00

### Allwin Engineering Industries Limited

(Rupees in millions – except per shares)

Year ended June 30	2004*	2003	2002	2001	2000
Shareholders' Equity	209	189	185	189	183
Total Assets	501	411	405	434	430
Earnings Per Share	5.02	1.3	(1.1)	1.2	1.2
Cash Dividend	10%	5%	5%	--	--
Market value Per share	25.90	15.00	6.50	5.00	7.00
Break-up Value Per Share	18.24	14.22	13.41	14.27	13.05

#### e) Duties and Responsibilities of the Investment Adviser

The duties and responsibilities of the Investment Adviser are to promote the establishment of AFF, to invest and manage the assets of AFF according to the provisions of the Deed, in good faith, to the best of its ability and without gaining any undue advantage for itself or any connected persons.

The Investment Adviser shall maintain proper accounts and records of AFF to enable a complete and accurate view of assets and liabilities, income and expenditure and amounts received in respect of subscription of Certificates and paid out on purchase of securities for investment purposes and by way of distribution. The Investment Adviser follows the Code of Corporate Governance for listed Companies for mutual funds under its management.

The Investment Adviser shall prepare and transmit to Certificate Holders and SECP the annual report together with balance sheet and income and expenditure account and auditors report within four months of the close of the financial year. The Investment Adviser shall also prepare and transmit to Certificate Holders and SECP the balance sheet and income and expenditure account in respect of first and third quarter and first half of the year, within the time frame prescribed by the SECP.

The Investment Adviser shall make available to the Trustee all information relating to the AFF. In the unlikely event of its happening, the Investment Adviser shall account to Trustee for any loss in value of the assets of AFF caused by its negligence, reckless or willful act or omission.

The Investment Adviser shall be responsible for all acts and omissions of all persons or agents to whom it may delegate the performance of its duties, as if these were its own acts and omissions.

The Investment Adviser shall instruct the Trustee on purchase, and sale of investments, and placement of cash with various Scheduled Banks.

The Investment Adviser shall if it considers necessary request the Trustee in writing, for the protection of Deposited Property or safeguarding the interest of the Certificate Holders, to institute or defend any suit, proceeding, arbitration or inquiry or any corporate or Certificate Holders' action in respect of the Deposited Property or any part thereof.

The Investment Adviser shall not be under any liability except such liability as may be expressly assumed under the Rules and the Deed nor shall the Investment Adviser (save as otherwise provided) be liable for any act or omission of the Trustee nor for anything except its own negligence or willful breach of duty.

**f) Powers of the Directors of the Investment Adviser**

The business of AFF shall be managed by the Directors of the Investment Adviser, who may exercise all such powers as are prescribed by the Rules or any statutory modification thereof for the time being in force or by the Articles of Association of the Investment Adviser, as amended from time to time.

**g) Remuneration of Directors of the Investment Adviser**

The remuneration and expenses of the directors for their services and attending board meetings shall be borne by the Investment Adviser.

**h) Interest of the Directors of the Investment Adviser in the promotion of the Fund and in the assets acquired by the Fund:**

The interest of the Directors in the promotion of the Fund is limited to the extent of management fee to be received from the AFF. The Fund has not acquired nor intend to acquire any assets from the Directors.

**i) Election/ Appointment of Directors of the Investment Adviser**

The Directors shall, unless the number of persons who offer themselves for election is not more than the number of directors fixed under Articles 59 of the Memorandum & Articles of Association of Atlas Asset Management Company Ltd., be elected by the shareholders of the Investment Adviser in General Meeting in the manner laid down in the Companies Ordinance, 1984, namely:

- i. Every member present in person or proxy shall have such number of votes as is equal to the product of the number of voting shares or securities held by him and the number of directors to be elected;
- ii. The number of votes calculated in accordance with the preceding clause (a) may be given to a single candidate or may be divided between any two or more candidates in such manner as the person voting may choose; and
- iii. The candidate who gets the highest number of votes shall be declared as Director and then the candidate who gets the next highest number of votes shall be so declared and so on until the total number of directors to be elected has been so elected. Notwithstanding that the number of persons offering themselves for election as directors fixed under the Article 59 of the Memorandum & Articles of Association of Atlas Asset Management Ltd., the number of votes cast in favour of each candidate and the name of the member casting such vote shall be recorded in the minutes of the meeting.



## Atlas Fund of Funds

**j) Benefit to the promoters and officers of the Fund during the last two years**

None, as the Fund is newly set up.

**k) Borrowing power of the Investment Adviser**

The Investment Adviser shall not borrow on account of the AFF.

**l) Break up value of the shares of Investment Adviser**

The break up value is Rs. 9.99 as on June 30, 2004

**m) Overdue loan/ default/ legal proceedings against Investment Adviser**

None

**n) Professional and independent management**

The Investment Adviser manages the funds under its management on a professional basis. An Investment Committee consisting of experienced professionals make investment decision. The Investment Committee has the support of in-house research department, which carries out comprehensive fundamental and technical research. The Company hires and retains professionals who have a high standing in the Market. The staff members are strictly prohibited from trading of Certificates in their own account.

### 6.2 Trustee – Central Depository Company of Pakistan Limited

Central Depository Company of Pakistan Limited (CDC) was incorporated in 1993. It was formed inter alia, for facilitating efficient, risk free and cost effective settlement of securities transactions in accordance with the International standards to cope up with the ever-rising volume of trading in securities at the Stock Exchanges in Pakistan. Given CDC's significance, the legislature enacted special law, known as Central Depositories Act, 1997 and the Government has also approved the rules and regulations relating to the operational aspects of the Central Depository System. The Non- Banking Finance Companies (Establishment and Regulation) Rules, 2003 allow the Central Depository Company to act as the Trustee of closed-end schemes set up under the Rules.

**a) Shareholders:** The sponsors and the shareholders of CDC include the Karachi Stock Exchange, the Lahore Stock Exchange, the Islamabad Stock Exchange, International Finance Corporation (IFC), Citibank Overseas Investment Corporation, National Investment Trust Limited (NIT), Investment Corporation of Pakistan (ICP), Pakistan Industrial Credit and Investment Corporation Limited (PICIC), Muslim Commercial Bank Limited and Habib Bank Limited.

**b) Management:** CDC is run purely on professional management basis and most of the Directors on the Board of CDC represent their respective investor institutions, without any personal stake in the company. The chief executive is a highly qualified professional without any affiliation in any investor institution.

**c) Trustee Division:** CDC has set up a separate trustee division with a dedicated team of professionals responsible for its day to day functions. The Trustee Division has the benefit of CDC's existing structure, as well as that for handling the National Clearing and Settlements System.

**d) CDC's Mission and Vision:** The mission of CDC is to offer a wide range of services that will support the capital markets so as to contribute to the country's ability to support and develop the Pakistani Capital Market as the hub of financial activities in the region. CDC's goals are to eliminate paper based settlement, to diversify its services, and to become a leading institution of the region.

### 6.3 Duties and Responsibilities of the Trustee

The Trustee shall take into its custody and under its control all the property of AFF and hold it in trust for the Certificate Holders in accordance with the law and the provision of the Constitutive Documents and the cash and registerable assets shall be registered in the name of, or to the order of the Trustee.

The Trustee shall carry out the instructions of the Investment Adviser in all matters including investment and disposition of the Deposited Property, unless they are in conflict with the Deed and the Offering Documents and the Rules.

The Trustee shall exercise all due diligence and vigilance in carrying out its duties and in protecting the interests of the certificate holders.

The Trustee shall issue a report to the Certificates Holders to be included in the annual report, whether in its opinion, the Investment Adviser has in all material respects managed the Deposited Property in accordance with the provisions of the Rules and the Constitutive Documents and if the Investment Adviser has not done so, the respects in which it has not done so and the steps the Trustee has taken in respect thereof.

The Trustee shall institute or defend any suit proceedings, arbitration or inquiry or any corporate or Certificate Holders action in respect of the Deposited Property or any part thereof if so requested by the Investment Adviser in writing. It is clarified that the Trustee shall be entitled to be reimbursed, out of the Deposited Property, for all reasonable costs and expenses incurred in taking the aforesaid action(s).

The Trustee shall be responsible for all acts and omissions of all persons or agents to whom it may delegate the performance of its duties, as if these were its own acts and omissions. In the unlikely event of its happening, the Trustee shall account for any loss in value of the Deposited Property where such loss has been caused by negligence or any reckless or willful act and/or omission of the Trustee or any of its directors, officers, nominees or agents.

The Trustee shall not be under any liability on account of anything done or suffered by AFF in good faith in accordance with or in pursuance of any request of the Investment Adviser provided they are not in conflict with the provision of the Deed or the Rules.

The Trustee shall ensure that the investment limits set out in the Rules and Constitutive Documents and the constitution under which the Fund is authorized are complied with.

The Trustee shall be required to adhere to performance standards, as mutually agreed upon between the Investment Adviser and the Trustee, from time to time.

### 6.4 Auditors

a) The Auditors of AFF are:

Hameed Chaudhri & Co.  
Chartered Accountants  
Karachi Chambers  
Hasrat Mohani Road  
Karachi, Pakistan

### 6.5 Share Registrar

The Management Company will itself take the responsibility of Share Registrar function at its office at Ground Floor, Federation House, Sharae Firdousi, Clifton, Karachi - 75600. The Management Company has installed the computer software and hardware for managing the system. Additionally qualified staff have been hired to undertake this function.

## Atlas Fund of Funds

### 6.6 Legal Advisors

The legal advisors of AFF are;

Mohsin Tayebaly & Company  
2nd Floor, Dime Centre  
B-C-4, Block - 9  
Kehkashan, Clifton,  
Karachi, Pakistan

### 6.7 Bankers

The following shall be the bankers of AFF:

KASB Bank Limited  
Muslim Commercial Bank Limited  
PICIC Commercial Bank Limited

In addition, the Investment Adviser may appoint any other Scheduled Bank. The Trustee shall operate the account on instruction from the Investment Adviser.

## PART VII – CHARACTERISTICS OF CERTIFICATES

### Minimum amount of application

Application for subscription in the Atlas Fund of Funds must be made for 500 certificates or multiples thereof. Application for Certificates below the value of Rs.5,000/- shall not be entertained. Certificates will be issued in lots of 500 certificates of the face value of Rs. 10/- each.

**Fictitious and more than one applications are prohibited and such applicants money shall be liable to confiscation under section 18-A of the Securities and Exchange Ordinance, 1969.**

## PART VIII – TYPES OF CERTIFICATES

### 8.1 Issue of Certificates

Atlas Fund of Funds has a capital of Rupees 500 Million which is divided into 50,000,000 Certificates having par value of Rupees 10 each, the break up of which is as given below:

	<b>Number of Certificates Total Value of Rs.10 each (Rupees)</b>	<b>Total Value (Rupees)</b>	<b>Percentage of Total</b>
Fully paid up in cash by the Atlas Asset Management Limited	5,000,000	50,000,000	10%
Fully paid in cash by pre-IPO investors	25,000,000	250,000,000	50%
Initial Public Offering	20,000,000	200,000,000	40%
Total Issue	50,000,000	500,000,000	100%

**Investment made or arranged by AAML**

Rule 33 (b) of The Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 states that the Investment Adviser shall hold or beneficially own equity securities of closed-end scheme of an amount which is neither less than 10% (ten percent) nor more than 20% (twenty percent) of the paid-up value of the Certificates at any given time. Since the Investment Adviser does not manage any other closed-end fund, therefore AAML has made investment of 10% of the paid up value of the Certificates in the Atlas Fund of Funds, which amounts to Rs. 50,000,000 of the total issue of Rs. 500,000,000. This Rs. 50,000,000 comes to 25% of the IPO amount of Rs. 200,000,000 and 16.6% of the pre-IPO amount of Rs. 300,000,000. This investment of the Investment Adviser in the Fund shall be kept free of any encumbrance.

**8.2 Pre-IPO Investors**

The pre-IPO Investors of Atlas Fund of Funds are the following, who have subscribed the amount as stated against their names in the pre-IPO.

	Name of Investor		Total Value (Rupees)
1	Askari Commercial Bank Ltd.	5,000,000	50,000,000
2	Atlas Asset Management Ltd.	5,000,000	50,000,000
3	Javed Omer Vohra & Company Ltd.	5,000,000	50,000,000
4	Pakistan OilFields Ltd.	5,000,000	50,000,000
5	Arif Habib Securities Ltd.	2,500,000	25,000,000
6	Pakistan Industrial Credit and Investment Corporation Ltd.	1,500,000	15,000,000
7	First International Investment Bank Ltd.	1,000,000	10,000,000
8	United Bank Ltd.	1,000,000	10,000,000
9	Engro Chemical Pakistan Ltd. Pension Fund	500,000	5,000,000
10	Network Leasing Corporation Ltd.	500,000	5,000,000
11	Pakistan Kuwait Investment Company (Pvt.) Ltd.	500,000	5,000,000
12	Pakistan State Oil Company Ltd. - Management Employees Pension Fund	500,000	5,000,000
13	First Mehran Modaraba	250,000	2,500,000
14	Kausar Abbas Bhayani	250,000	2,500,000
15	Sapphire Fibres Ltd.	250,000	2,500,000
16	Sapphire Power Generation Ltd.	250,000	2,500,000
17	Shirazi Investments (Pvt.) Ltd.	215,000	2,150,000
18	Askari General Insurance Company Ltd.	200,000	2,000,000
19	Engineer Mazhar Rafiq	200,000	2,000,000
20	SC Securities (Pvt.) Ltd.	150,000	1,500,000
21	Orix Investment Bank Pakistan Ltd.	100,000	1,000,000
22	Service Sales Corporation (Pvt.) Ltd. Pension Fund Trust	100,000	1,000,000
23	Capital Insurance Company Ltd.	25,000	250,000
24	Mr. Aqeel Abbas	10,000	100,000
	<b>Total</b>	<b>30,000,000</b>	<b>300,000,000</b>

## Atlas Fund of Funds

### 8.3 Confirmation of Investment under Pre-IPO

The Investment Adviser and the Pre-IPO Investors have subscribed to the Certificates of Rs. 300 million comprising 30 million Certificates of Rs. 10/- each as confirmed by the Auditor's Certificate in Paragraph XVI.

### 8.4 Opening and Closing of Subscription List

THE SUBSCRIPTION LIST WILL OPEN AT THE COMMENCEMENT OF BANKING HOURS ON DECEMBER 13, 2004 AND WILL CLOSE ON DECEMBER 16, 2004 AT THE CLOSE OF BANKING HOURS.

### 8.5 Underwriting

The present offer of 20,000,000 Certificates of the face value of Rs.10 per Certificate has been fully underwritten as under:

S. No.	Name of Underwriters	No. of Certificates	Total (Rs. Mn)
1	Javed Omer Vohra & Company Ltd.	5,000,000	50,000,000
2	Atlas Investment Bank Limited	3,450,000	34,500,000
3	Arif Habib Securities Ltd.	2,500,000	25,000,000
4	Shirazi Investments (Pvt.) Limited	2,300,000	23,000,000
5	Crescent Commercial Bank Ltd.	1,000,000	10,000,000
6	First International Investment Bank Ltd.	1,000,000	10,000,000
7	National Investment Trust Limited	1,000,000	10,000,000
8	Pakistan Kuwait Investment Company (Pvt.)Ltd.	1,000,000	10,000,000
9	Soneri Bank Limited	1,000,000	10,000,000
10	Al Zamin Leasing Modaraba	500,000	5,000,000
11	Crescent Leasing Corporation Ltd.	500,000	5,000,000
12	Network Leasing Corporation Ltd.	500,000	5,000,000
13	Moosani Securities (Pvt.) Ltd.	250,000	2,500,000
	<b>Total</b>	<b>20,000,000</b>	<b>200,000,000</b>

If and to the extent, certificates hereby offered are not subscribed and paid for in cash in full by the closing of the subscription date, the Underwriters shall within 15 days of being duly called upon by the Issuer to do so, subscribe and pay for or procure subscribers to subscribe and pay for in cash in full those certificates not subscribed, in proportion of their underwriting commitments.

In the opinion of the Issuer, the resources of the Underwriters are sufficient to discharge their underwriting commitments.

### 8.6 No Buy Back/ Repurchase Agreement

The Underwriters have not entered into any buy back/ repurchase agreement with the Investment Adviser or any other person in respect of this Issue.

### **8.7 Investor Eligibility**

Any investor or any group of investors qualified or authorized to subscribe to purchase the Certificates may make applications for the issue of Certificates in Atlas Fund of Funds. The onus for being so qualified lies with the investor and neither the Investment Adviser, nor the Trustee, nor the Registrar accepts any responsibility in this regard. Application may be made pursuant to the procedures described in paragraph below including but not limited to:

- a) Citizens of Pakistan resident in Pakistan.
- b) Companies, corporate bodies, financial institutions, bank, partners of a firm and societies incorporated in Pakistan so long as such investment is permitted under their respective memorandum and articles of association and/ or bye-laws. In respect of trusts, the trustees of such trust may make an application to subscribe the Certificates.
- c) Pakistanis resident abroad, foreign nationals and companies/ banks incorporated outside Pakistan can apply for Certificates through the domestic bankers to the issue, subject to the regulations of the State Bank of Pakistan and the Government of Pakistan and any such regulations and laws that may apply to their place of residence, domicile and citizenship. These applicants shall be treated equal to domestic applicants in the allotment of Certificates and their Certificates, when issued, shall also rank pari passu with all other Certificates for all distribution subject to the relevant taxation and exchange regulations/laws. Any person making an application for the issue of Certificates in Atlas Fund of Funds shall be deemed to have warranted that he is duly authorized to purchase such Certificates.

### **8.8 Basis of Allotment of Certificates**

The basis and conditions of allotment shall be as follows:

1. Application for the Certificates below the total value of Rs.5,000/- shall not be entertained.
2. Application for Certificates must be made for 500 certificates or in multiples thereof.
3. An applicant will be entitled to apply in one category of application only.
4. If the Certificates to be issued to the general public are sufficient for the purpose, all applications shall be accommodated.
5. If the issue is oversubscribed in terms of number of applications and amount, the distribution shall be made by computer balloting, in the presence of representatives of the Stock Exchange.
6. In case of over subscription of amount only, then all applications shall be accommodated initially for 500 Certificates and the balance shall be allotted on pro-rata basis to applicants who have applied for Certificates in multiples of 500 certificates.

### **8.9 Refund of Subscription Money to Unsuccessful Applicants**

The Investment Adviser shall take a decision within ten (10) days of the closure of subscription list as to which applications have been accepted or are successful and refund the money in cases of unaccepted or unsuccessful applications within ten (10) days of the date of such decision as required under the provision of section 71 of the Companies Ordinance, 1984.

As per sub section (2) of section 71 of the Companies Ordinance, if the refund is not made within ten days as required by sub section (1) of section 71 of the Companies Ordinance within the time specified therein, the Investment Adviser of the Fund shall be liable to repay the money with surcharge at the rate of one and a half percent, for every month or part thereof from the expiration of the 15th day and in addition, to a fine not exceeding Rs. 5,000/- and in the case of a continuing offence to a further fine not exceeding Rs.100/- for every day after the said 15th day on which the default continues.

## Atlas Fund of Funds

Provided that the Investment Adviser shall not be liable if it proves that the default in making the refund was not due to any misconduct or negligence on its part.

### **8.10 Issues and Dispatch of Certificates**

The Fund will dispatch physical Certificates to successful applicants or credit the respective CDS account within thirty (30) days of the closing of the subscription list, in compliance with the requirement of the Stock Exchange.

Certificates will be issued either in scripless form (in the Central Depository System) or in the shape of physical scrips on the basis of option exercised by the successful applicants. Certificates in physical scrips shall be dispatched to the Bankers to the Issue for onward delivery to successful applicants, whereas scripless Certificates shall be directly credited through book entries into the respective CDS account of the successful applicants maintained with the Central Depository Company of Pakistan Limited (CDC).

The applicants who opt for the issuance of certificates in scripless form in the CDS should fill in the relevant columns of the Application form. In order to exercise the scripless option, the applicant must also have a CDS account at the time of subscription date.

If the Investment Adviser makes default in compliance with the requirements of the Listing Regulations, it shall pay to the Stock Exchange a penalty of Rs. 500/- per day during which the default continues. The Stock Exchange may also notify the fact of such default and the name of the Fund by notice and also by publication in its Ready Board Quotation.

The Investment Adviser, as per the requirement of Rule 33(b) of The Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 shall hold or beneficially own equity securities of the Atlas Fund of Funds of an amount which is neither less than ten percent nor more than twenty percent of the paid-up value of such securities. As such the Investment Adviser has invested Rs. 50 million (i.e. 10% of the total fund size) in the pre-IPO of Atlas Fund of Funds, and shall receive the Certificate in physical form as a jumbo Certificate with writing on the face, restricting sale of Certificates.

### **8.11 Transfer of Certificates**

#### **a) Physical Certificates:**

The Investment Adviser of the Fund shall not refuse to transfer any fully paid Certificate unless the transfer deed for any reason is defective or invalid under the provisions of section 77 of the Companies Ordinance 1984. Provided that the Investment Adviser shall within thirty days from the date on which the instrument of transfer was lodged with it, notify the defect or invalidity to the transferee who shall, after the removal of such defect or invalidity be entitled to re-lodge the transfer deed with the Fund.

#### **b) Transfer under Book Entry system:**

The Certificates maintained within the Central Depository System (CDS) in the book entry form shall be transferred in accordance with the provisions of the Central Depositories Act, 1997 and the Central Depository Company of Pakistan Limited Regulations (CDC Regulations).

### **8.12 Principal Purpose for Issuance of Certificates**

The purpose of this offering is to invite the general public to participate in the ownership of the Fund so that the general public can share in the development of the capital markets and also to avail the benefit of lower income tax rate.

**8.13 Interest of Certificate Holders/ Investment Adviser/ Underwriter/ Bankers to the Issue**

None of the holders of the issued Certificates of the Fund have any special or other interest in the property or profit of the Fund other than that as Holders of Certificates in the capital of the Fund except for the following:

**Investment Adviser**

Investment Adviser to the scheme interested in remuneration of the Investment Adviser, Atlas Asset Management Limited.

**Underwriter**

Underwriters of the Issue interested in underwriting commission.

Please refer to paragraph 8.5 for the names of the underwriters interested in the underwriting commission.

**Bankers to the Issue**

Bankers to the Issue interested in the banking commission:

1. Atlas Investment Bank Limited
2. Askari Commercial Bank Limited
3. Crescent Commercial Bank Limited
4. Habib Bank Limited
5. Jahangir Siddiqui Investment Bank Limited
6. Muslim Commercial Bank Limited
7. National Bank of Pakistan
8. Soneri Bank Limited
9. United Bank Limited

**8.14 Right Certificates**

The Investment Adviser may decide to offer Right Certificates to the existing Certificate Holders at a subscription price not higher than the Net Asset Value (NAV) of the closed-end scheme at the close of the business day on the date of announcement of offer for rights. The issue of Right Certificates is subject to prior approval of majority Certificate Holders in their meeting to be held specifically for this purpose and subsequent approval of SECP. The meeting of Certificate Holders shall follow the requirements of holding of General Meetings as per the Companies Ordinance, 1984.

**8.15 Conversion of Fund in to Open-end Fund**

The Investment Adviser may convert the Atlas Fund of Funds into an open-ended fund with the approval of the Certificate Holders by a Resolution, the Trustee and the SECP, after fulfilling such conditions as are applicable to an open-ended scheme and on conditions which SECP may impose. However, the Investment Adviser may convert the Closed-end Scheme into an Open-ended Scheme after approval of SECP, if the Certificates are quoted at one-third below its NAV, as announced under Rule 58(6) of the Rules for a consecutive period of one year or for fifteen months out of previous two years.

**8.16 Merger with other Closed-end Funds**

Atlas Fund of Funds may, subject to the approval of the Certificate Holders by Resolution and approval of the SECP, merge with any other closed-end scheme or investment company, provided that it is strictly on the basis of Net Asset Value.

**PART IX – NO MONEY SHALL BE PAID TO THE INTERMEDIARY EXCEPT THE CERTIFICATE HOLDER OR HIS AUTHORIZED REPRESENTATIVE**



# Atlas Fund of Funds

## **PART X – DISTRIBUTION POLICY**

### **10.1 Distribution Policy**

At least 90% of the income, excluding realized and unrealized capital gains received by Atlas Fund of Funds reduced by such expenses as are chargeable to the Fund under the Rules, will be distributed annually, as dividend and the balance of income will be retained for re-investment. The entire amount available for distribution may be distributed as cash dividend or in the form of stock dividend which would comprise of the Bonus Certificates of the Trust. The Bonus Certificates would rank pari passu as to their rights in the Net Assets, earning and the receipt of dividend and Bonus Certificates. The issue of Bonus Certificates shall comply with the provisions of the Stock Exchanges, where the Fund is listed and shall require prior written approval of SECP, and shall also qualify under the tax laws. The Investment Adviser may also distribute a portion of realized capital gains. It may be noted that the income from capital gains varies from year to year, depending upon the situation prevailing in the stock market. In a financial year when income from this source is high, the Investment Adviser may retain a portion of this income, which in its judgment is reasonable, for distribution in a lean year. The Investment Adviser will also ensure that distribution out of capital gains does not dilute the portfolio. The dilution can take place if an investment, which has been kept for a number of years, as growth investment is realized and the capital gain is distributed. In such cases, the Investment Adviser may retain such capital gains and reinvest the proceeds, so that the portfolio does not get diluted. Atlas Fund of Funds shall comply with regulatory and taxation requirements and the dividend policy may be amended accordingly.

The Investment Adviser may from time to time pay to the members such interim dividends as appear to the Investment Adviser to be justified by the profits of the Fund. No dividends shall be paid otherwise than out of profits of the Fund for the year or any other undistributed profits. No unpaid dividends shall bear interest or mark-up against the Fund.

The dividends shall be paid within the period laid down in the Companies Ordinance, 1984.

### **10.2 Eligibility for Dividend**

The Right Certificates and Bonus Certificates shall rank pari passu with the existing Certificates of the Fund in all matters, as to their rights in the net assets, earnings, and the receipt of the dividends and distributions from the date of issue of these certificates.

### **10.3 Withholding Tax on Dividends**

Unless exempt from such taxation by applicable law or double taxation treaties, the withholding tax on profit distribution by the Fund will be as under:

Public companies including Insurance Companies: 5%;  
Others: 10%

In terms of the provisions of section 5 read with section 8 of the Income Tax Ordinance, 2001, the withholding tax deducted at source on dividend would be final tax in respect of such income. However, under the provision of sub section 4 of Section 18 of the Income Tax Ordinance, 2001 any amount received by a bank or a non-banking finance company, where such amount represents distribution by a mutual fund out of its income from profit on debt (such as profits on Treasury Bills, Pakistan Investment Bonds, Term Finance Certificates, Commercial Paper and Carry Over Transactions), shall be chargeable to tax at normal tax rates.

### **10.4 Deduction of Zakat**

Income distribution will be subject to deduction of Zakat at source pursuant to the provisions of Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

**PART XI – FEES AND CHARGES**

**11.1 Expenses of Atlas Fund of Funds**

The following expenses will be borne by the Fund:

- a) Remuneration of the Investment Adviser and the trustee;
- b) Brokerage and transaction costs relating to investing and disinvesting of the Fund's property;
- c) All expenses incurred by the Trustee effecting the registration of all registerable property in the Trustee's name;
- d) Legal and related costs as may be incurred in protecting or enhancing the interests of the trust or the collective interests of the certificate holders;
- e) Bank charges and financial cost;
- f) Audit fees;
- g) CDC annual fee and custody charges;
- h) SECP annual fee;
- i) Listing fee, including renewals payable to stock exchange;
- j) Rating fee payable to an approved rating agency;
- k) Formation costs estimated at and not exceeding Rs. 5 million, net of income earned on funds before completion of IPO, will be amortized over a period of not more than five years.
- l) Taxes if any applicable to the trust; and
- m) Legal counsel fee and other related expenses.

**11.2 Remuneration of the Investment Adviser**

The Investment Adviser shall be entitled to receive, after the accounts of the Fund have been audited, an annual remuneration of an amount not exceeding three percent (3%) of the average monthly net assets for the first five years of the Scheme; and an annual remuneration of an amount not exceeding two percent (2%) of the average monthly net assets thereafter.

**11.3 Remuneration of the Trustee**

The Trustee shall be entitled to a monthly remuneration out of the Deposited Property based on tariff based on the following slab rates:

<b>Net Assets</b>	<b>Charges</b>
Up to Rs. 250 million	0.20% p.a.
On amount exceeding Rs. 250 million up to Rs. 500 million	Rs.500,000 plus 0.15% p.a. on amount exceeding Rs. 250 million
On amount exceeding Rs. 500 million up to Rs. 2,000 million	Rs. 875,000 plus 0.08% of amount exceeding Rs.500 million
On amount exceeding Rs. 2,000 million up to Rs.5,000 million	Rs.2,075,000 plus 0.06% p.a. on amount exceeding Rs. 2,000 million
On amount exceeding Rs. 5,000 million	Rs. 3,875,000 plus 0.05% p.a. on amount exceeding Rs. 5,000 million

## Atlas Fund of Funds

Any costs incurred by the Trustee such as actual custodial costs/expenses and legal & related costs incurred in protecting or enhancing the interests of the fund or the collective interest of the Certificate holders, are reimbursable at actual.

### 11.4 Expenses of the Investment Adviser and the Trustee

The payment to Custodian, (if any) will be made by the Trustee and the payment to Registrar if so appointed will be made by the Investment Adviser and there will be no separate charge on the Deposited Property of Atlas Fund of Funds. The Investment Adviser and Trustee shall bear all expenditures in respect of their secretarial and office space and professional management including all accounting and administrative services provided in accordance with the provisions of the Trust Deed. Neither the Investment Adviser nor the Trustee shall make any charge against the Certificate Holder nor against the Deposited Property nor against the Distribution Account for their services nor their expenses, except such expenses as are expressly authorized under the provisions of the Rules and the Trust Deed to be payable out of Deposited Property.

### 11.5 Preliminary and Floatation Expenses

The expenses of this Issue inclusive of underwriting commission, commission to the bankers to the issue and brokerage to the members of the stock exchanges will not exceed 1% of the paid up capital of the Fund and will be borne by the Investment Adviser and shall be reimbursable by the Fund in equal amounts paid annually over a period of not less than five years.

Break-up of these expenses is as follows:

Expenses	Rupees
Underwriting commission* **	1,500,000
SECP Fee	25,000
Bankers to the Issue commission*	500,000
Stock Exchange Listing Fee	585,000
CDC issuer fee	67,500
Broker commission on issue of certificates *	2,000,000
Legal & professional charges	50,000
Other expenses including advertising, publication, printing of Offering Document, computer services, etc	272,500
<b>Total</b>	<b>5,000,000</b>

\* Represents maximum possible expenses under these heads.

\*\* Take up commission at the rate of 0.75% shall be paid at actual take up of certificates

Note: Estimates of expenses may be adjusted under one head or another; however the total expenses shall not exceed Rs. 5,000,000.

### 11.6 Underwriting Commission

The Investment Adviser has paid the Underwriters an initial underwriting commission which is 0.75% on account of the Fund on the amount underwritten. In addition the Underwriters shall be paid by the Investment Advisers an additional take-up commission which is 0.75% in respect of Certificates actually taken up by them in accordance with their underwriting commitments.

### **11.7 Commission to the Bankers to the Issue**

A commission at the rate of 0.25% of the amount collected on allotment in respect of successful applicants plus out of pocket expenses, if any, will be paid by the Investment Adviser on account of the Fund to the bankers to the issue for services to be rendered by them in connection with this issue. No commission shall be paid to the bankers in respect of Certificates taken up by the Underwriters by virtue of their underwriting commitments.

### **11.8 Brokerage**

Brokerage will be paid by the Investment Adviser to the members of the Karachi Stock Exchange (Guarantee) Limited at the rate of 1.0% of the value of Certificates actually sold through them. No brokerage shall be paid to the members in respect of Certificates taken up by the Underwriters by virtue of their underwriting commitments.

## **PART XII – TAXATION**

The information herein below is accurate as of the date of the printing of this Offering Document. The taxability and tax rates are subject to change from time to time, as may be announced by the Government.

### **12.1 Taxation on the income of AFF**

The following is a brief description of the Income Tax Law (Income Tax Ordinance 2001) applicable in respect of AFF.

#### Liability for Income Tax

Under the Income Tax law in Pakistan, AFF is regarded as a public company for tax purposes. The income of AFF is taxable at the rate applicable to a public company, which are as under:

- i. Dividend income received is taxable at the rate of 5% for public companies on gross income basis.
- ii. Capital gains arising on sale of securities listed on any stock exchange in Pakistan-exempt from tax upto tax year ending on the Thirtieth day of June, 2007.
- iii. All other income, if not otherwise exempt shall be taxed at the rate of 35% of net income.

Notwithstanding the tax rates stated above, the income of AFF will be exempted from Income Tax, if not less than 90% of the income of the year, as reduced by realized and un-realized capital gains is distributed amongst the Certificate Holders as dividend. It is the policy of the Fund to comply with this law so as to obtain tax exemption.

Further, under the provisions of Clause 47(b) of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 the Fund's income from dividend, profit on debt and commission is exempt from deduction of withholding tax under relevant provisions of law.

#### **Capital Value Tax**

Under Finance Act, 1989 (V of 1989) as amended by Finance Act 2004 (II of 2004), read with Circular No. 06 of 2004 dated July 01, 2004 a Capital Value Tax at the rate of 0.01% of the purchase value of modaraba certificates or any instrument of redeemable capital as defined in the Companies Ordinance, 1984 (XLVII of 1984) or shares of a public company listed on a registered stock exchange in Pakistan shall be charged on purchase of the same. This tax will be collected by the Stock Exchange concerned.

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## Atlas Fund of Funds

### 12.2 Taxation on Certificate Holders

The information set forth below is included for general information purpose only. In view of the individual nature of tax consequences, each investor is advised to consult with his tax adviser with respect to the specific tax consequences to him of investing in AFF.

#### Withholding Tax on Dividend

Unless exempt from such taxation by applicable law or double taxation treaties, the withholding tax on profit distribution by the Fund (excluding the amount of dividend paid out of capital gains on listed securities) will be as under:

	<b>Rate</b>
Public Company and Insurance Company	5%
Others	10%

In terms of the provisions of section 5 read with section 8 of the Income Tax Ordinance, 2001, the withholding tax deducted at source on dividend would be final tax in respect of such income. However, under the provisions of sub section 4 of section 18 of the Income Tax Ordinance, 2001 any amount received by a banking company or a non banking finance company, where such amount represents distribution by a mutual fund out of its income from profit on debt (such as profits on Treasury Bills, Pakistan Investment Bonds, Term Finance Certificates, Commercial Paper and Carry Over Transactions), shall be chargeable to tax at normal tax rates.

#### Exemption from Capital Gains

Capital gains derived from the sale of listed securities are presently not liable to income tax pursuant to Clause (110) of part I of the Second Schedule of the Income Tax Ordinance, 2001. This exemption is presently available up to tax year ending on the thirtieth day of June, 2007.

#### Tax Credit on Investment

Under section 62 of the Income Tax Ordinance, 2001, individuals (not companies) receive a tax credit on investments in new shares offered to the public by a public company listed on a stock exchange in Pakistan where the individual is the original allottee of the shares. The tax credit is available only for investments up to Rs. 100,000 per person or 10% of taxable income or total cost of acquiring shares; whichever is less and only if the investment is held for one year or more. The amount of the tax credit is equivalent to the average tax rate times the investment allowed. This tax credit is available for individuals who apply for and receive certificates in the Fund.

#### Zakat

Under Zakat and Ushr Ordinance 1980, (XVIII of 1980), except for certain category of investors, Certificates held by resident Pakistani Certificate holders are subject to Zakat at 2.5% of the Par Value of Certificates held on the Zakat Valuation Date. Except for those Certificate Holders exempted under the said Ordinance, Zakat will be collected from the dividend payment and paid into the government treasury.

### 12.3 Disclaimer

**The tax and Zakat information given above is based on the Investment Adviser's tax adviser's interpretation of the law, which to the best of the Investment Adviser's understanding is correct but Investors are expected to seek independent advice so as to determine the taxability arising from their investment in the Certificates of the Fund.**

**PART XIII – REPORTS AND ACCOUNTS**

**13.1 Financial Year**

Financial Year will commence from the date on which deposited property is first paid/ transferred to the Trustee and end on thirtieth day of June. For subsequent years it will commence from first day of July and close on thirtieth day of June.

**13.2 Revenue Recognition**

**Realized gain/ losses on investment**

Sales and purchases of marketable securities shall be recognized on the date of contract. Capital gains and losses on the sale of marketable securities shall be taken to income of the year in which these arise.

**Dividend/ Return**

Dividend income shall be recognized at the time of closure of shares transfer books of the company declaring dividend and return on securities other than shares shall be recognized on time proportion basis. Profit on bank deposits shall be recognized on accrual basis.

**Brokerage and underwriting commission**

Brokerage and underwriting commission shall be accrued as and when due.

**13.3 Method of Valuation of Property**

- a) A security listed on a stock exchange shall be valued at its last sale price on such exchange on the date as of which it is valued, or if such exchange is not open on such date, then at its last sale price on the next preceding date on which such exchange was open and if no sale is reported for such date, the security shall be valued at an amount not higher than the closing asked price nor lower than the closing bid price;
- b) An investment purchased and awaiting payment against delivery shall be included for valuation purposes as a security held, and the cash account of the Fund shall be adjusted to reflect the purchase price, including brokers commission and other expenses incurred in the purchase thereof but not disbursed as of the valuation date;
- c) An investment sold but not delivered pending receipt of proceeds shall be valued at the net sale price;
- d) The value of any dividends, bonus Certificates or rights which may have been declared on securities in the portfolio but not received by the Fund as of the close of business on the valuation date shall be included as assets of the Fund, if the security upon which such dividends, bonuses or rights were declared is included in the assets and is valued ex-dividend, ex-bonus or ex-rights as the case may be;
- e) A security not listed or quoted on a stock exchange shall be valued at investment price or its break up value as per last audited accounts, whichever is later;
- f) Mark-up accrued on any mark-up bearing security in the portfolio shall be included as an asset of the Fund, if such accrued interest is not otherwise included in the valuation of the security;
- g) Any other income accrued up to the date on which computation was made shall also be included in the assets;
- h) All liabilities, expenses, taxes and other charges, including Annual Fee due or accrued up to the date of computation which are chargeable under the Rules, other than the paid-up capital of the Fund, shall be deducted from the value of the assets; and

## Atlas Fund of Funds

- i) The remuneration accrued up to the date of computation payable to the Investment Adviser, for providing management and other services, shall be included as an expense.
- j) For any asset class where no specific method of valuation is prescribed in the Rules, the guidance from SECP shall be obtained and valuation shall be done accordingly.

### 13.4 Accounting Method

The accounts will be prepared in accordance with the International Accounting Standards issued by the International Accounting Standards Committee (IASC) as adopted in Pakistan and the requirements of the Companies Ordinance, 1984 and NBFC Rules.

#### 1. Marketable Securities

The Fund will adopt International Accounting Standards (IAS) through which Investments will be classified as held for trading, held to maturity and available for sale. Held for trading and available for sale Investments will be measured at fair value being their market value at balance sheet date. The resulting gain or loss may be included in profit and loss for the period whereas cost may be calculated on moving average basis. Held to Maturity Investments which have a fixed maturity shall be measured by amortised cost and those investments that do not have a fixed maturity shall be measured at cost.

Classification of investments may be made based on the intended purpose of holding such investments, which are as follows:

#### a) Securities held for trading

These are investment securities, which are acquired principally for the purpose of generating profit, from short-term fluctuations in price.

#### b) Securities held to maturity

These are investment securities with fixed or determinable payments and fixed maturity

#### c) Securities available for sale

These are investments, which do not fall under the “held for trading” or “held to maturity” categories.

### 13.5 Foreign Currencies

Foreign currencies transactions may be translated into Pak Rupees at the rate of exchange prevailing on the date of each transaction. Assets and liabilities denominated in foreign currencies may be translated into Pak Rupee at the rate of exchange ruling on the balance sheet date. Exchange differences may be included in income currently.

### 13.6 Reports to the Certificate Holders

- 1. The Investment Adviser, subject to the provisions of the Rules and applicable listing regulations, shall:
  - a) Within four months of closing of the Accounting Period, prepare and transmit the annual report together with a copy of the balance sheet, income and expenditure account together with the Auditor’s report for the Accounting Period to the SECP and Holders in accordance with the Rules.

- b) Within two months, or any such period as permitted by the SECP, after the close of the first half of its year (second quarter) of account, prepare and transmit to the Holders and the SECP a profit and loss account for and balance sheet as at the end of that half year, whether audited or otherwise, in accordance with the Rules.
  - c) Within a thirty days after the close of the first and third quarter of account, prepare and transmit the quarterly report to the Holders and the SECP a profit and loss account for and the balance sheet as at the end of that quarter, whether audited or otherwise, in accordance with the Rules.
2. Such report, so far as may be applicable, shall be in accordance with requirements laid down in clauses (e), (f) and (h) of Rule 34 of the Rules and shall contain a statement showing the shares/securities certificates owned at the beginning of the relevant period, share purchased or sold during such period, and the shares/securities held at the end of such period together with the value (at cost and at market), and the percentage in relation to its own assets and the paid-up capital of the company whose certificates shares/ securities are owned.
  3. The statement of income and expenditure of the Closed-end Scheme shall include a statement of income and expenditure of the Investment Adviser in relation to the Fund.
  4. The Investment Adviser shall disclose the Net Asset Value (NAV) of the Fund on a daily basis by posting such information on its web-site ([www.atlasfunds.com.pk](http://www.atlasfunds.com.pk)) or by providing such information to the Stock Exchanges, where the Fund is listed. The Investment Adviser shall also provide the information regarding the portfolio and asset allocation on monthly basis through the web-site and Stock Exchanges.

#### **PART XIV – WARNINGS**

**If you have any doubt about the contents of this Offering Document, you should consult one or more from amongst your legal adviser, stockbroker, bank manager, or other financial adviser. Investors must recognize that all investments involve varying levels of risk. Investors are requested to read the Risk Disclosure contained in paragraph 5.7 of this Offering Document.**

**It should be clearly understood that the portfolio of Atlas Fund of Funds is subject to market fluctuations and risks inherent in all such investments. The value of the certificates of Atlas Fund of Funds may appreciate as well as depreciate, as well as the level of dividend declared by Atlas Fund of Funds may go down as well as up. The prices of Atlas Fund of Funds are neither assured nor managed and are market determined.**

#### **PART XV – APPLICATION AND ALLOTMENT INSTRUCTIONS**

##### **15.1 Application procedure**

1. Name(s) and address(es) must be written in full, in block letters, in English and should not be abbreviated. All applications must bear the signature and address corresponding with that recorded with the bank in that account. In case of difference of signature with the bank and the National Identity Card/ Power of Attorney (as the case may be), both signatures should be affixed on the application form.
2. APPLICATION MUST BE MADE ON THE FUND'S PRINTED FORM OR A LEGIBLE PHOTOCOPY THEREOF.
3. The applicants opting for scripless form of security are required to complete the relevant sections of the application. In case of discrepancy between the information provided in the application form and the information already held by CDS, the Investment Adviser reserves the right to issue Certificates in physical form.
4. In case of individual investors, an attested copy of National Identity Card/ Passport (in case of



## Atlas Fund of Funds

overseas Pakistanis) should invariably be enclosed and the number indicated against the name(s) of applicant(s), except in case of the application filed by the Investment Corporation of Pakistan on behalf of their account holders/ investors. Copy of the National Identity Card/ Passport can be attested by any Federal/ Provincial Government Gazetted Officer, Councillor, Bank Manager, Oath Commissioner or Head Master of High School etc. Original National Identity Card, along with one attested photocopy, must be produced for verification, to the branch at the time of presenting an application. The attested photocopy will, after verification, be retained by the bank branch along with the application.

5. Applications made by companies, corporate bodies, pension/ gratuity funds/ trusts and other legal entities must be accompanied by a copy of their Memorandum and Articles of Association or equivalent instrument/document. Where applications are made by virtue of Power of Attorney, the same must be lodged with the application. Copy of such documents can be attested by any Federal/ Provincial Government Gazetted Officer, Councillor, Bank Manager, Oath Commissioner or Head Master of High School etc. Attested copies of the documents mentioned in the paragraph must be produced for verification to the branch at the time of submission of application.
6. Application by foreign nationals and non-resident companies shall be accepted subject to existing laws and provided the subscription amount is paid by means of a remittance through banking channels or through other means permitted by the State Bank of Pakistan. The application must be accompanied by a copy of their Passport for individuals or a copy of their Memorandum and Articles of Association or equivalent instrument/ document in case of a legal entity. Where applications are made by virtue of Power of Attorney, the same must be lodged with the application. Copy of such documents can be attested by a Federal/ Provincial Government Gazetted Officer, Councilor, Bank Manager, Oath Commissioner or Head Master of High School etc.
7. Attested copies of documents mentioned in paragraph above must be produced for verification to the branch at time of presenting an application. The attested photocopy will, after verification, be retained by the bank branch along with the application.
8. Application for certificates must be for 500 Certificates or multiples of 500 certificates thereof. An applicant will be entitled to apply in one category only.
9. Application of certificates below the value of Rs. 5,000 shall not be entertained.
10. Certificates will be issued in lots of 500 certificates at Rs.10/-each.
11. Allotment shall be made in accordance with the instructions of the Securities & Exchange Commission of Pakistan.
12. The basis of allotment shall be as follows:
  - a) Applications for shares by the general public, including individuals and institutions, must be made for 500 certificates or in multiples thereof. Application for certificates below the total value of Rs. 5,000/- shall not be entertained.
  - b) If the Certificates to be issued to the general public are sufficient for the purpose, all applications shall be accommodated.
  - c) If the issue is oversubscribed in terms of number of applications and amount, the distribution shall be made by computer balloting, in the presence of representatives of the stock exchange.
  - d) In case of over subscription of amount only, then all applications of 500 Certificates will be accommodated, and the balance shall be allotted on pro-rata basis to applicants who have applied for certificates in multiples of 500 certificates.

- e) Allotment of Certificates will be subject to scrutiny of applications for subscription.
- 13. Fictitious and multiple applications are prohibited and such application money shall be liable to confiscation under section 18A of the Securities and Exchange Ordinance, 1969.**
14. Copies of the Offering Document and application forms can be obtained from members of the Karachi Stock Exchange (Guarantee) Limited, the Bankers to the Issue and their branches and the registered office of the Investment Adviser.
15. Applications are not to be made by minors and persons of unsound mind.
16. Banks are not allowed to make application for certificates of the value of Rs.5,000/- on account of their constituents except in the case of overseas Pakistanis. Such applications will be made by the subscriber himself, complete in all respects and shall be certified by the Bank Manager as provided in the application form. Certificates in respect of such applications shall be issued in the name of the applicant and sent to the postal address stated in the application or the address of the bank through which the application was tendered, while in the case of CDS, it will be credited to the respective CDS account. These will not be issued in the name of aforesaid banking companies.
17. Applications for Certificates above the total value of Rs.5,000/- may be made by banks/ members of the Stock Exchange on behalf of their constituents but must contain all the information in respect of each constituent on the application form. All such applications made by banks/ members of the stock exchange must also be certified by the Bank Manager concerned as provided in the application form. Certificates in respect of such applications will be made in the name of the banks/ member of the Stock Exchange on account of the constituent and the relevant Certificates and advice for refunds will be sent to the bank/stock exchange member concerned.
18. No receipt will be issued for payment made with the application but an acknowledgement will be forwarded in due course either by issuance of Certificates in whole or in part or by return of the money paid with the application. The Bankers to the Offer will issue provisional acknowledgement for applications lodged with them. No interest or profit will be payable in respect of the refunded amount.
19. It would be permissible for a bank to refund subscription money to unsuccessful applicants having an account in their bank by crediting such account instead of remitting the same by cheque, pay order or bank draft. Applicants therefore, should not fail to give their bank account numbers. Allotment shall be made in accordance with the instructions of the Securities & Exchange Commission of Pakistan.
20. Applications shall be subject to pre-ballot as well as post-ballot scrutiny. Applications which do not meet with the above requirements or applications which are incomplete will be rejected. Subscription money in respect of rejected applications shall not be refunded without the approval of the Securities & Exchange Commission of Pakistan.
21. In case of an application made by a banker or Stock Exchange member, the banker or stock exchange member shall obtain the certificate from the applicant(s) in terms of paragraph 3 of the application form and forward the same in original to the company with the application.
- 22. Making of any false statement in the application or willfully embodying incorrect information therein will make the applicant or the bank liable to legal action.**

## Atlas Fund of Funds

### 15.2 Payment

1. Subscription money must be paid by cheque/ drafts drawn on the applicant's own account.
2. Remittance for the full amount of Certificates at Rs.10/- per certificate must accompany each application and must be forwarded to any one of the bankers to the offer named in the Offering Document. Payments should be in the form of cheques or drafts drawn payable to one of the bankers to the Offer A/C "**CDC – TRUSTEE ATLAS FUND OF FUNDS**" and crossed, "**A/C PAYEES ONLY**" and must be drawn on a bank in the same town as the bank to which the application has been sent.
3. All application(s) must bear the signature and address corresponding with that recorded with the bank in the applicant's account.
4. Only one application will be accepted against each account. In case of joint accounts, one application will be accepted in the name of each of the joint account holders. No application will be accepted in the name of a person shown as minor in the records of the bank.

### 15.3 Joint Application

Joint applications from more than four persons will not be accepted. In case of joint applications each party must sign the application form and submit copies of attested National Identity Card/ Passport (in case of overseas Pakistanis & foreign nationals). The Certificates will be dispatched to the person whose name appears first on the application form while in case of CDS, it will be credited to the respective CDS account and where any amount is refundable, in whole or in part, the same will be refunded by cheque by post, or through the bank where the application was lodged, to the person named first on the application form, without interest, profit or return.

<b>BANKERS TO THE ISSUE</b>	
01) Atlas Investment Bank Limited	06) Muslim Commercial Bank Limited
02) Askari Commercial Bank Limited	07) National Bank of Pakistan
03) Crescent Commercial Bank Limited	08) Soneri Bank Limited
04) Habib Bank Limited	09) United Bank Limited
05) Jahangir Siddiqui Investment Bank Ltd.	

<b>CODE OF OCCUPATION</b>	
1) ATLAS Group Employees	2) Business
3) Business Executive	4) Services
5) Household	6) Professional
7) Student	8) Agriculturist
9) Industrialist	10) Others

**PART XVI – FINANCIAL INFORMATION****Auditors' Certificate on Investment Adviser's and Pre-IPO Investors' Investment in Atlas Fund of Funds.**

03 November, 2004

The Board of Directors  
Atlas Asset Management Company Limited  
Ground Floor, Federation House  
Sharaf Firdousi  
Clifton, Karachi.

Dear Sirs,

**AUDITORS' CERTIFICATE ON RECEIPT OF SUBSCRIPTION MONEY FROM  
INVESTORS OF ATLAS FUND OF FUNDS (AFF)**

We confirm that Rs. 300 million have been received as subscription money by Atlas Fund of Funds (the Fund) from Atlas Asset Management Limited and other investors as listed below:

	Name of Investor	Number of Certificates	Total Value (Rupees)
1	Askari Commercial Bank Ltd.	5,000,000	50,000,000
2	Atlas Asset Management Ltd.	5,000,000	50,000,000
3	Javed Omer Vohra & Company Ltd.	5,000,000	50,000,000
4	Pakistan OilFields Ltd.	5,000,000	50,000,000
5	Arif Habib Securities Ltd.	2,500,000	25,000,000
6	Pakistan Industrial Credit and Investment Corporation Ltd.	1,500,000	15,000,000
7	First International Investment Bank Ltd.	1,000,000	10,000,000
8	United Bank Ltd.	1,000,000	10,000,000
9	Engro Chemical Pakistan Ltd. Pension Fund	500,000	5,000,000
10	Network Leasing Corporation Ltd.	500,000	5,000,000
11	Pakistan Kuwait Investment Company (Pvt.) Ltd.	500,000	5,000,000
12	Pakistan State Oil Company Ltd. - Management Employees Pension Fund	500,000	5,000,000
13	First Mehran Modaraba	250,000	2,500,000
14	Kausar Abbas Bhayani	250,000	2,500,000
15	Sapphire Fibres Ltd.	250,000	2,500,000
16	Sapphire Power Generation Ltd.	250,000	2,500,000
17	Shirazi Investments (Pvt.) Ltd.	215,000	2,150,000
18	Askari General Insurance Company Ltd.	200,000	2,000,000
19	Engineer Mazhar Rafiq	200,000	2,000,000
20	SC Securities (Pvt.) Ltd.	150,000	1,500,000
21	Orix Investment Bank Pakistan Ltd.	100,000	1,000,000
22	Service Sales Corporation (Pvt.) Ltd. Pension Fund Trust	100,000	1,000,000
23	Capital Insurance Company Ltd.	25,000	250,000
24	Mr. Aqeel Abbas	10,000	100,000
	<b>Total</b>	<b>30,000,000</b>	<b>300,000,000</b>

We further confirm that to the best of our information the Fund has not carried on any business and acquired any property to date.

Truly yours,

-sd-

HAMEED CHAUDHRI & CO.  
CHARTERED ACCOUNTANTS

## Atlas Fund of Funds

### **PART XVII – GENERAL INFORMATION**

#### **17.1 Date of publication of prospectus**

Date of publication of Offering document is November 22, 2004

#### **17.2 List of Documents and where they can be inspected**

All documents concerning the Close-end scheme, as given in paragraph 2.3 above and the copies of constitutive documents i.e. Trust Deed and Offering Documents can be inspected free of charge or purchased from the addresses given below.

**Atlas Asset Management Limited**

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

**Central Depository Company of Pakistan Limited**

8th Floor, Karachi Stock Exchange Building  
I.I. Chundrigar Road,  
Karachi -74000.

**Atlas Investment Bank Limited**

3rd Floor, Federation House, Sharae Firdousi, Clifton,  
Karachi-75600.

**Atlas Investment Bank Limited**

**Branch Office**

2nd Floor, Ajmal House,  
27, Egerton Road,  
Lahore.

**Atlas Investment Bank Limited**

**Branch Office**

30, Mezzanine Floor, Beverly Centre,  
Blue Area,  
Islamabad.

#### **17.3 Investment Adviser Responsibility for information**

Atlas Asset Management Limited, as the Investment Adviser, accepts the responsibility for the information contained in this Offering Document as being accurate at the date of publication.

**PART XVIII – TERMINATION OF THE CLOSED-END SCHEME**

**18.1 By the Investment Adviser**

Atlas Fund of Funds may be terminated in accordance with the conditions specified in the Rules or under any other agreement or arrangement entered into between the Trustee and Investment Adviser regarding the Trust, by giving at least three months notice to Certificate Holders and disclosing the grounds of its decision.

Atlas Fund of Funds shall be terminated, if the Fund has under-performed the market for the previous three financial years, as a result of which it has undergone losses and has not been able to pay dividend for a consecutive three years or its NAV has fallen below forty percent of the Par Value of the Certificates or has fallen below forty percent of the NAV at the end of the financial year three years back.

Atlas Fund of Funds shall be terminated, if the Certificates are quoted at one-third below its NAV, as announced under Rule 58(6) of the Rules for a consecutive period of one year or for fifteen months out of previous two years, provided that this clause will not be applicable, if the Investment Adviser has decided to convert the Fund into a open-ended fund, with the approval of SECP.

The termination of the Trust shall always require the prior written approval of SECP.

**18.2 By the Securities and Exchange Commission of Pakistan (SECP)**

If the SECP considers that further continuation of the authorization of Atlas Fund of Funds will not be in the interest of Certificate Holders, it will give a three months notice to the Certificate Holders about its intention not to maintain such authorization, provided that no notice shall be served without offering an opportunity of hearing to the Investment Adviser. The termination of the Trust shall always require the prior written approval of SECP.







**18.3 Winding up**

In case of the termination of the fund, the Investment Adviser shall be required to wind-up Atlas Fund of Funds and distribute the realized proceeds to the Certificate Holders in such a manner and within such time as may be specified by the SECP.

## Atlas Fund of Funds

### PART XIX – SIGNATORIES TO THE OFFERING DOCUMENT

Atlas Asset Management Limited, as the Investment Adviser, accept the responsibility for the information contained in the Offering Document of Atlas Fund of Funds (AFF) as being accurate at the date of publication.

Names	Position on the Board of the Investment Adviser	Signatures
Mr. Yusuf H. Shirazi	Chairman	
Mr. M. Habib-ur-Rahman	Chief Executive	
Mr. Peter A. Smyth	Director	
Mr. Sherali Mundrawala	Director	
Mr. Tariq Amin	Director	
Mr. Jawaid Iqbal Ahmed	Director	
Mr. Saquib H. Shirazi	Director	

Dated: October 27, 2004

Place: Karachi

Witness: Uzma Taslim

Address: Ground Floor, Federation House, Sharae Firdousi, Clifton, Karachi.

NIC No.: 42101-1594057-2

**ANNEXURE “A”**

**LIST OF MATERIAL CONTRACTS**

**1. Trust Deed**

Trust Deed signed between Atlas Asset Management Ltd. as the investment adviser and Central Depository Company of Pakistan Limited as the trustee, on May 29, 2004 to constitute Atlas Fund of Funds.

**2. Underwriting Agreements between the Atlas Asset Management and following underwriters for an underwriting fee of 0.75% and take up fee of 0.75%:**

1. Agreement with Javed Omer Vohra & Company Ltd. to underwrite 5,000,000 certificates at Rs. 10 each.
2. Agreement with Atlas Investment Bank Ltd. to underwrite 3,450,000 certificates at Rs. 10 each.
3. Agreement with Arif Habib Securities Ltd. to underwrite 2,500,000 certificates at Rs. 10 each.
4. Agreement with Shirazi Investments (Pvt.) Ltd. to underwrite 2,300,000 certificates at Rs. 10 each.
5. Agreement with Crescent Commercial Bank Ltd. to underwrite 1,000,000 certificates at Rs. 10 each.
6. Agreement with First International Investment Bank Ltd. to underwrite 1,000,000 certificates at Rs. 10 each.
7. Agreement with National Investment Trust Limited to underwrite 1,000,000 certificates at Rs. 10 each.
8. Agreement with Pakistan Kuwait Investment Company (Pvt.) Ltd. to underwrite 1,000,000 certificates at Rs. 10 each.
9. Agreement with Soneri Bank Ltd. to underwrite 1,000,000 certificates at Rs. 10 each.
10. Agreement with Al Zamin Leasing Modaraba to underwrite 500,000 certificates at Rs. 10 each.
11. Agreement with Crescent Leasing Corporation Ltd. to underwrite 500,000 certificates at Rs. 10 each.
12. Agreement with Network Leasing Corporation Ltd. to underwrite 500,000 certificates at Rs. 10 each.
13. Agreement with Moosani Securities (Pvt.) Ltd. to underwrite 250,000 certificates at Rs. 10 each.

**3. Pre-IPO Investment Agreements**

1. Agreement with Askari Commercial Bank Ltd. to invest Rs.50 million for the purchase of 5 million certificates of Rs. 10. each.
2. Agreement with Javed Omer Vohra & Company Ltd. to invest Rs. 50 million for the purchase of 5 million certificates of Rs. 10. each.
3. Agreement with Arif Habib Securities Ltd. to invest Rs. 25 million for the purchase of 2.5 million certificates of Rs. 10. each.
4. Agreement with Pakistan Industrial Credit & Investment Corporation Ltd. to invest Rs. 15 million for the purchase of 1.5 million certificates of Rs. 10. each.
5. Agreement with Engro Chemical Pakistan Ltd. Pension Fund to invest Rs. 5 million for the purchase of 0.5 million certificates of Rs. 10. each.
6. Agreement with Network Leasing Corporation Ltd.to invest Rs. 5 million for the purchase of 0.5 million certificates of Rs. 10. each.



## Atlas Fund of Funds

7. Agreement with First Mehran Modaraba to invest Rs. 2.5 million for the purchase of 0.25 million certificates of Rs. 10. each.
8. Agreement with Engineer Mazhar Rafiq to invest Rs. 2 million for the purchase of 0.2 million certificates of Rs. 10. each.
9. Agreement with SC Securities (Pvt.) Ltd. to invest Rs. 1.5 million for the purchase of 0.15 million certificates of Rs. 10. each.
10. Agreement with Orix Investment Bank Pakistan Ltd. to invest Rs. 1 million for the purchase of 0.1 million certificates of Rs. 10. each.
11. Agreement with Service Sales Corporation (Pvt.) Ltd. Pension Fund Trust to invest Rs. 1 million for the purchase of 0.1 million certificates of Rs. 10. each.

#### **4. Commitment Letters**

1. Commitment from Atlas Asset Management Ltd. to invest Rs. 50 million for the purchase of 5 million certificates of Rs. 10. each.
2. Commitment from Pakistan Oilfields Ltd. to invest Rs. 50 million for the purchase of 5 million certificates of Rs. 10. each.
3. Commitment from First International Investment Bank Ltd. to invest Rs. 10 million for the purchase of 1 million certificates of Rs. 10. each.
4. Commitment from United Bank Ltd. to invest Rs. 10 million for the purchase of 1 million certificates of Rs. 10. each.
5. Commitment from Pakistan Kuwait Investment Company (Pvt.) Ltd. to invest Rs. 5 million for the purchase of 0.5 million certificates of Rs. 10. each.
6. Commitment from Pakistan State Oil Company Ltd. Management Employees Pension Fund to invest Rs. 5 million for the purchase of 0.5 million certificates of Rs. 10. each.
7. Commitment from Kausar Abbas Bhayani to invest Rs. 2.5 million for the purchase of 0.25 million certificates of Rs. 10. each.
8. Commitment from Sapphire Fibres Ltd. to invest Rs. 2.5 million for the purchase of 0.25 million certificates of Rs. 10. each.
9. Commitment from Sapphire Power Generation Ltd. to invest Rs. 2.5 million for the purchase of 0.25 million certificates of Rs. 10. each.
10. Commitment from Shirazi Investment (Pvt.) Ltd. to invest Rs. 2.15 million for the purchase of 0.215 million certificates of Rs. 10. each.
11. Commitment from Askari General Insurance Company Ltd. to invest Rs. 2 million for the purchase of 0.2 million certificates of Rs. 10. each.
12. Commitment from Capital Insurance Company Ltd. to invest Rs. 0.25 million for the purchase of 0.025 million certificates of Rs. 10. each.
13. Commitment from Mr. Aqeel Abbas to invest Rs. 0.1 million for the purchase of 0.01 million certificates of Rs. 10. each.

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