

7<sup>th</sup> SUPPLEMENT TO THE  
OFFERING DOCUMENT OF  
ATLAS PENSION ISLAMIC FUND (APIF)

DATED: JULY , 2021

**Seventh Supplement Dated July , 2021 to the  
Offering Document of Atlas Pension Islamic Fund (APIF)  
Issued on October 31, 2007.**

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

Established in Pakistan under the Trusts Act 1882 by a Trust Deed dated August 31, 2007 and as amended via Supplemental Trust Deed dated June 06, 2013 between Atlas Asset Management Limited, as the Pension Fund Manager and Central Depository Company of Pakistan Limited, as the Trustee, and authorized under Rule 9 of the Voluntary Pension System Rules, 2005 (Rules).

**1. Addition in Sub-Clause 5.1(i) Duties and Obligations of the Pension Fund Manager**

Following new points shall be added in sub-clause (i) of 5.1:

(xxvi) A PFM shall be responsible for managing and meeting the liquidity requirements of the Pension Fund and the Participants thereof.

(xxvii) A PFM shall carry out necessary due diligence for executing investment and disinvestment decision(s) in a security. Rating of an issue or the issuer, wherever mentioned herein below, shall be only one of the factors to be considered by a PFM and it shall in no way be construed a recommendation or permission of the Commission to any PFM to invest in any security solely on the basis of rating. However, a PFM shall ensure that the security and the issuer meet the minimum rating scale referred in the Investment Policy to stay qualified for continued investment.

(xxviii) The Pension Fund Manager (PFM) shall have at least one investment committee (IC) which shall be responsible for selecting and developing appropriate investment and risk management strategies for the proper performance of the pension fund. The IC will also be responsible for developing internal investment restrictions, limits and restrictions for pension funds .and in case same IC takes decisions for both mutual funds and pension funds, the decision taken for each kind of funds shall be separately identified and recorded in the minutes. Further the PFM shall:

- a) act with due care, skill and diligence in carrying out its duties and responsibilities;
- b) ensure that investment decisions are consistent with the objectives and investment policy of the Pension Funds;
- c) Ensure that investments do not deviate from the Constitutive Documents or the VPS Rules/Regulations or circulars or directions of the Commission issued from time to time;
- d) develop and follow internal investment restrictions and policies; and
- e) review the performance of the Pension Fund on a regular and timely basis;

**2. Deletion from Sub-Clause 6.2 (2)(d) "Change of Allocation Scheme"**

The text "This change shall be done only once in a year" shall be deleted.

**For the sake of clarity the amended Sub-Clause 6.2.(2) (d) shall be read as under:**

**d) Change of Allocation Scheme Form:** This form is required to be submitted by the Participant for changing the Allocation Scheme for all new Contributions as well as the accumulated balance of the Individual Pension Account.

**3. Amendment in Sub-Clause 6.5.1 (b)"APIF Debt Sub Fund":**

The text of sub-clause 6.5.1 (b) after the word of "securities" the text "with the weighted average duration of the investment portfolio of the Sub-Fund not exceeding ten years" shall be replaced with " as mention in clause 8.2.9":

**For the sake of clarity the amended Sub-Clause 6.5.1 (b) shall be read as under:**

**APIF-Debt Sub-Fund (AIDF):** The objective of AIDF is to provide income along with capital preservation. AIDF shall invest primarily in tradable debt securities as mentioned in clause 8.2.9.

**4. Amendment in Sub-Clause 6.5.1 (c)"APIF Money Market Sub Fund":**

The text of sub-clause 6.5.1 (b) after the word of “securities” the text “with the average duration of the fund not exceeding one year” shall be replaced with “ as mention in clause 8.2.10”:

**For the sake of clarity the amended Sub-Clause 6.5.1 (c) shall be read as under:**

**APIF-Money Market Sub-Fund (AIMMF):** The objective of AIMMF is to provide regular income along with capital preservation. AIMMF shall invest primarily in short term debt securities as mentioned in clause 8.2.10.

**5. Amendment in Sub-Clause 6.6 (3)“Allocation Schemes”:**

The text of sub-clause 6.6 (3) shall be deleted and replaced with the following text:

**For the sake of clarity the amended Sub-Clause 6.6. (3) shall be read as under:**

The Participant has the option to select any one from the Allocation Schemes or products being offered by the Pension Fund Manager at the date of opening his/her Individual Pension Account. The participant may choose to freeze his portfolio allocation and percentages at a point in time and the allocation and percentages may be changed for future contributions. Such change will be allowed twice till retirement.

**6. Amendments in Note under Sub- Clause 6.6.(5) under Allocation Schemes :**

**Note:** In the event that a Participant has not selected any Allocation Scheme, the Pension Fund Manager will have the right to allocate the Contributions in accordance to the Default Allocation Scheme, prescribed by the Commission. The Default Allocation Scheme prescribed by the Commission is as follows:

*In the event no choice is made by the Participant, a PFM, keeping in view the profile and age of the Participant, shall allocate the contributions preferably to an approved Lifecycle Allocation Scheme specified, and if such a scheme has not been offered, then allocate contributions to either Low Volatility (formerly Conservative Allocation Scheme) or Lower Volatility (formerly Very Conservative Allocation Scheme)*

**7. Amendment in Sub-Clause 8.2 (4) “Investment Policy”**

The text of sub-clause 8.2(4) shall be deleted.

“All investment and disinvestment decisions shall be taken by the Pension Fund Manager of the Pension Fund in consultation with the Investment Committee of the Pension Fund Manager. Membership of and conduct of business by the Investment Committee shall be the same as provided in Regulation 37 of Non-Banking Finance Companies and Notified Entities Regulations, 2008, or as may be specified by the Commission from time to time.”

**8. Deletion from Sub-Clause 8.2 (6) “Investment Policy”**

The text “Any investment made in a security for any of the Sub-Funds in a security for which any Connected Person of the Pension Fund Manager is, or has been, involved, during the past twelve months, as an arranger, manager, advisor, consultant or underwriter, will be reported to the Commission within six (6) working days of entering into such transaction. The Pension Fund Manager will also provide full justification for such investment. The Commission may, after giving the Pension Fund Manager an opportunity of being heard, direct it to dispose of such investments and such directive, if any, will be implemented.” shall be deleted

**9. Amendment in Sub-Clause 8.2. (8) Investment Objective and Investment Policy of the APIF- Equity Sub-Fund:**

The text of sub-clause 8.2 (8) shall be deleted and replaced with the following text:

**For the sake of clarity the amended Sub-Clause 8.2. (8) shall be read as under:**

**Investment Objective and Investment Policy of the APIF- Equity Sub-Fund:**

(a) The Investment Objective of the Equity Sub-Fund of the Pension Fund is to earn returns from investments in Pakistani Equity Markets.

(b) The Investment Policy of the Equity Sub-Fund is determined by the Commission. The current Investment Policy for equity sub-funds generally is determined by the Commission as stated below, and will be followed by the Pension Fund Manager in relation to the Equity Sub-Fund:

I. Assets of an Equity Sub-fund shall be invested in equity securities which are listed on a Stock Exchange or

for the listing of which an application has been approved by a Stock Exchange and Equity sub-fund shall be eligible to invest in units of Real Estate investment Trust and Exchange Traded Funds provided that entity/sector/group exposure limits as prescribed are complied with.

- II. At least ninety percent (90%) of Net Assets of an Equity Sub-fund shall be invested in listed equity securities during the year based on rolling average investment of last Ninety (90) days calculated on daily basis;
- III. A pension fund manager may make investment maximum upto 5% of net asset of Equity Sub-Fund in units of Private Equity and Venture Capital Funds registered under Private Funds Regulations 2015.
- IV. A pension fund manager may make investment maximum upto 10% of net asset of Equity Sub-Fund public offering and pre-initial public offering of equity securities.
- V. Investment in equity securities of any single company shall not exceed ten percent (15%) of Net Assets of an Equity Sub-Fund or paid-up capital of that single company, whichever is lower
- VI. A pension fund manager may invest up to thirty percent (35%) or the index weight, whichever is higher, subject to maximum of Forty (40%) of net assets of an Equity Sub-Fund in equity securities of companies belonging to a single sector as classified by Pakistan Stock Exchange
- VII. A PFM may invest any surplus (un-invested) funds in government treasury bills or government securities having less than one-year time to maturity or keep as deposits with scheduled commercial banks which are rated not less than "A".
- VIII. A PFM shall ensure that the investment in equity securities of the following companies shall not exceed 10% of the net assets of the equity sub fund on monthly avg basis:
  - a. Securities which are not eligible for Central Depository System;
  - b. Company is not traded on regular trading counter of the Pakistan Stock Exchange;
  - c. The minimum free float of the company is less than 15% or 50,000,000 shares whichever is less;
  - d. The securities of the company are traded less than 50% of the total trading days during the last six months or from the date of listing as the case may be;
  - e. Company's paid up capital is fully eroded owing to accumulated losses as per the annual audited accounts or half yearly limited scoped reviewed accounts whichever is latest;
  - f. There are major non-compliance issues i.e. holding of annual general meeting, finalization of annual audited accounts, appointment of board of directors and non-compliance with any specific direction (s) of the Commission except those companies that have obtained relaxation or extension to comply with such regulatory requirements from the Commission. For the purpose of this clause, the word "specific direction" shall mean an explicit direction issued to a particular company in a certain matter
  - g. Auditor's report is qualified with respect to company's ability as going concern or contains adverse opinion or disclaimer of opinion; or
  - h. Winding up proceedings have been initiated against the company

**10. Amendment in Sub-Clause 8.2. (9) Investment Objective and Investment Policy of the APIF- Debt Sub-Fund:**

The text of sub-clause 8.2 (9) shall be deleted and replaced with the following text:

**For the sake of clarity the amended Sub-Clause 8.2. (9) shall be read as under:**

**Investment Objective and Investment Policy of the APIF- Debt Sub-Fund:**

(a) The investment objective of the Debt Sub-Fund is to earn returns from investments in debt markets of Pakistan, thus incurring a relatively lower risk than equity investments.

(b) The investment policy of the Debt Sub-Fund is determined by the Commission. The current Investment Policy for debt sub-funds generally is determined by the Commission as stated below, and will be followed by the Pension Fund Manager in relation to the Debt Sub-Fund:

- I. The Debt Sub-fund shall consist of government securities, cash in bank account, money market placements, deposits, certificate of deposits (COD), certificate of musharakas (COM), TDRs, commercial paper, TFC/ Sukuk or any other Islamic mode of placement, reverse repo, deposits/placements with Microfinance Banks and any other approved debt/ money market security issued from time to time
- II. Rating of any security in the portfolio shall not be lower than A+
- III. Rating of any bank and DFI with which funds are placed should not be lower than A+

- IV. Rating of any NBFC and Mudaraba with which funds are placed shall not be lower than AA
- V. At least 25% of the net assets shall be invested in deposit with scheduled Islamic banks or with Islamic windows of commercial bank (excluding TDRs) or government securities not exceeding 90 days' maturity
- VI. Exposure to any single entity shall not exceed 15% of net assets
- VII. Exposure in debt security of an entity shall not exceed 15% of net assets or 10% of size of the issue of that debt security, whichever is lower
- VIII. The limits specified in clause (vi) and (vii) above are applicable to all securities mentioned other than the securities issued by Federal Government
- IX. Exposure to securities issued by entities of a single sector shall not exceed twenty five percent (25%) of Net Assets of a Debt Sub-fund
- X. A PFM shall not place funds (including TDR, PLS Saving Deposit, COD, COM, COI, money market placements and other clean placements of funds) of more than 25% of net assets of sub-funds with all microfinance banks, non-bank finance companies and Mudarabas
- XI. The weighted average time to maturity of a Debt Sub-fund shall not exceed five (5) years and this condition shall not apply to securities issued by the Federal Government
- XII. Rating of any Microfinance Bank with which funds are placed should not be lower than A+.

**Note:** Investments shall be made as per the authorized investment limits given above and shall be made according to the following mode of Shariah Transaction such as; principles of Bai'-Mu'ajjal, Bai'-Mussawama, Bai'-Salam, Istisna'a, Mudaraba, Murabaha and Musharakahor any other structure as approved by the Shariah Advisor from time to time.

#### **11. Amendment in Sub-Clause 8.2. (10) Investment Objective and Investment Policy of the APF- Money Market Sub-Fund:**

The text of sub-clause 8.2 (10) shall be deleted and replaced with the following text:

**For the sake of clarity the amended Sub-Clause 8.2. (10) shall be read as under:**

#### **Investment Objective and Investment Policy of the APIF- Money Market Sub-Fund:**

- (a) The Investment Objective of the Money Market Sub-Fund is to earn returns from investments in Money Markets of Pakistan, thus incurring a relatively lower risk than debt investments.
- (b) The Investment Policy of the Money Market Sub-Fund is determined by the Commission. The current Investment Policy for money market sub-funds generally is determined by the Commission as stated below, and will be followed by the Pension Fund Manager in relation to the Money Market Sub-Fund:
  - I. Investment avenues - government securities, cash and near cash instruments which include cash in bank accounts (excluding TDRs), , money market placements, deposits, certificate of deposits (COD), certificate of musharakas (COM) or any other Islamic mode of placement, TDRs, commercial papers, reverse repo
  - II. Rating of any security in the portfolio shall not be lower than AA
  - III. Rating of any bank and DFI with which funds are placed should not be lower than AA
  - IV. Rating of any NBFC and Mudaraba with which funds are placed shall not be lower than AAA
  - V. At least 10% of the net assets shall be invested in deposit with scheduled commercial bank (excluding TDRs) or government securities not exceeding 90 days' maturity
  - VI. Exposure to any single entity shall not exceed 15% of net assets
  - VII. Exposure in security of an entity shall not exceed 15% of net assets or 10% of size of issue of that security,
  - VIII. The limits specified in clause (vi) and (vii) above are applicable to all securities mentioned other than the securities issued by Federal Government
  - IX. Exposure to securities issued by entities of a single sector shall not exceed twenty five percent (25%) of Net Assets of a money market Sub-fund
  - X. A PFM shall not place funds (including TDR, PLS Saving Deposit, COD, COM, COI, money market placements and other clean placements of funds) of more than 25% of net assets of sub-funds with all microfinance banks, non-bank finance companies and Mudarabas
  - XI. The weighted average time to maturity of assets of a Shariah Compliant Money Market Sub-fund shall not exceed One Year.

XII. Time to maturity of any asset in the portfolio of Money Market Sub Fund shall not exceed six (6) months, except in the case of a Shariah compliant Money Market Sub-fund, the time to maturity of Shariah compliant Government securities such as Government Ijarah Sukuks may be up to five (5) years.

**Note:** Investments shall be made as per the authorized investment limits given above and shall be made according to the following mode of Shariah Transaction such as; principles of Bai'-Mu'ajjal, Bai'-Mussawwama, Bai'-Salam, Istisna'a, Mudaraba, Murabaha and Musharakah or any other structure as approved by the Shariah Advisor from time to time.

**12. Deletion of Sub-Clause 8.3 (a), (c), (d) and addition of a new clause in "Investment Restriction":**

In sub-clause 8.3(a), (c) & (d) following deletion shall be made:

(a) Invest in securities of the Pension Fund Manager or any of its associated companies

(c) invest or enter into contract to invest in securities for which the Pension Fund Manager or any of its connected party is or has been involved, during the past six (6) months, as an arranger, manager, advisor, consultant, underwriter or sub underwriter.

(d) invest in securities issued by companies of any one sector (sector shall be the same as classified by the Stock Exchanges) exceeding thirty per cent (30%) or the index weight, whichever is higher, subject to maximum of thirty five percent (35%) of the Net Assets of the Pension Fund unless specified otherwise in the Investment Policy. These limits shall, however, be reviewed for adjustments as and when classification of sectors is changed by the Stock Exchanges.

**Following sub-clause shall be added in 8.3:**

A PFM shall adhere to the limits stipulated herein below; however, if the limits are breached merely due to corporate actions including take up of right or bonus issue(s) or due to change in Net Assets resulting from fluctuation in price of securities or due to withdrawals, the PFM shall regularize the deviation within four months of the breach.

After the above mentioned amendment the sub-clauses of 8.3 shall be re-numbered accordingly.

**13. Amendment in Sub-Clause 8.3. (b) "Investment Restriction":**

The text of sub-clause 8.3 (b) shall be deleted and replaced with the following text:

**For the sake of clarity the amended Sub-Clause 8.3. (b) shall be read as under and it shall also be re-numbered accordingly:**

(b) A PFM on behalf of a Pension fund shall not take exposure of more than 20% of net assets in any single group and the term "group" means persons having at least 30% or more shareholding in any other company, as per publicly disclosed information



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN  
SPECIALIZED COMPANIES DIVISION  
POLICY, REGULATION AND DEVELOPMENT DEPARTMENT

No. SCD/AMCW/AAML/22/2021

July 16, 2021

**The Chief Executive Officer**

Atlas Asset Management Limited  
Ground Floor, Federation House  
Sharae Firdousi, Clifton Karachi.

**Subject: Approval of 7<sup>th</sup> Supplemental Offering Documents of Atlas Pension Fund and Atlas Pension Islamic Fund**

Dear Sir,

Please refer to your application vide email dated June 15, 2021 and subsequent correspondence vide email dated July 07, 2021 on the captioned subject.

In this regard, I am directed to inform you that the seventh supplement to the offering document of Atlas Pension Fund and Atlas Pension Islamic Fund proposed by Atlas Asset Management Limited has been acceded to by the Securities and Exchange Commission of Pakistan.

Yours truly,

**Rizwan-Ul-Haq**  
Additional Joint Director

"Say no to Corruption"

**Cc: The Chief Executive Officer**  
Central Depository Company of Pakistan Limited,  
CDC House, 99-B, Block 'B', S.M.C.H.S.,  
Main Shakra-e-Faisal, Karachi.