

August 2006

spot
light

Monthly
Roundup



Managed By

Atlas Asset Management

Rated AM3+ by PACRA

Atlas
funds

Nurturing your investments

Message From The Editor

Dear Investors,

With effect from August 28, 2006, the unit pricing mechanism of Atlas Stock Market Fund (ASMF) has shifted from the "Previous Day Pricing" to the "Forward Pricing" mechanism. ASMF is now announcing its offer and redemption prices based on the net asset value calculated at the close of the business day that is then applicable for processing all the sale/redemption applications received during that business day. The prices are posted on our website at the close of that business day and published in a daily newspaper the following business day. If you have any queries relating to this change, please contact our Investor Services for more information.

From this issue we are starting a series of articles in our Investor Education section that shall cover the different aspects of financial planning. We hope you shall enjoy the articles and that they shall prove to be useful in guiding you towards charting out a financial plan that best suits your needs. Our first article covers the basics of building a financial plan.

As always, your comments and suggestions are very much appreciated. We look forward to hearing from you.

Best Wishes,

Editor

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Disclaimer

This publication is for informational purposes only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell any product. The contents in this publication are of a general nature only and have not been prepared to take into account any particular investor's financial circumstances or particular needs. The information and assumptions in the publication are provided in good faith for investors and their advisers. The contents are not to be relied upon as a substitute for financial or other professional advice-such advice should be sought before making any financial or investment decision. While the sources for the material are considered reliable, the correctness of information in this newsletter cannot be guaranteed and responsibility is not accepted for any inaccuracies, errors or omissions or for any losses or gains arising upon actions, opinions and views created by this publication.

All investments in mutual funds are subject to market risks. The NAV based prices of units and any dividends / returns thereon are dependent on forces and factors affecting the capital markets. These may go up or down based on market conditions. Past performance is not necessarily indicative of future results. Please read the "Risk" & "Disclaimer" clauses of the respective funds' offering document and consult your investment legal advisor for understanding the investment policies and risks involved.

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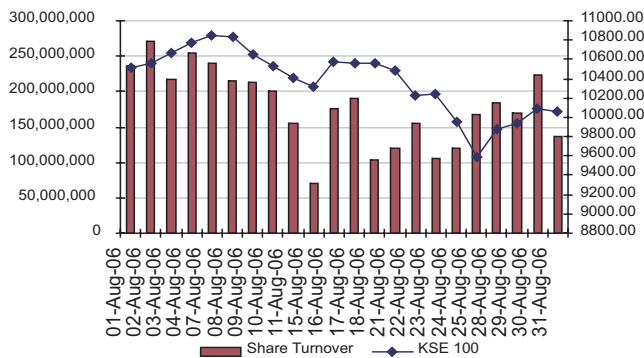
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Market Review

On the Stock Market Front

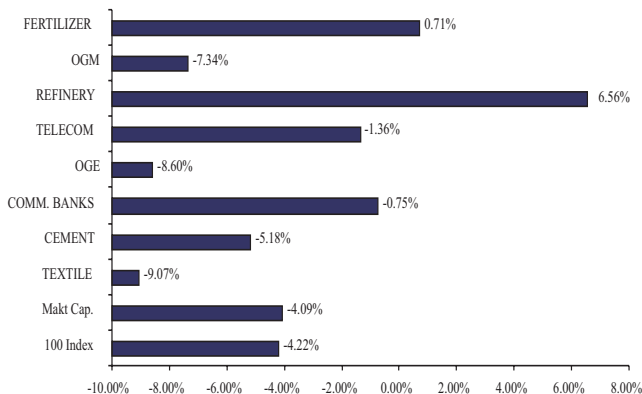
The earnings season is almost over with the impressive performance of the corporate sector continuing. However, the political situation in the country appears to have overshadowed the positive news coming through as the market saw a cumulative negative movement of -4.22% during the month of August, 2006. No confidence motion against the Prime Minister and the continued military operation in Balochistan created a lot of uncertainty in the market with most of the investors preferring to remain on the sidelines with the average monthly trading volumes declining by 15% month-on-month basis. Refineries and fertilizer sectors were the only major sectors that showed some positive movement, increasing by 6.56% and 0.71% respectively during the month.

KSE 100 INDEX AND SHARE TURNOVER



With the conflict in Lebanon coming to an end, the oil prices started to ease up. The index heavy weights Oil and Gas Exploration sector saw a decline of 8.6% during the month as a result of an overall selling pressure and news regarding abandonment of an exploratory well in the Tal block in which all the major listed E&P companies have stakes.

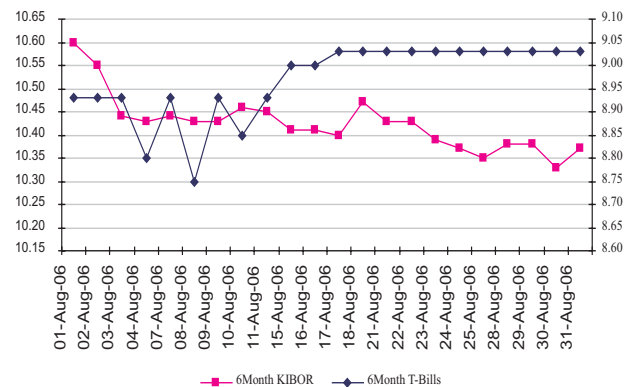
SECTOR PERFORMANCE FOR THE MONTH OF AUGUST 2006



On the Money Market Front

As a result of the tight monetary stance of the SBP, the 6 months KIBOR started to rise at the end of July 2006. However, the rates started to show some respite during August 2006 with the rate settling down at around the 10.4% level as opposed to the starting level of 10.60%. Yield on the 6 months T-Bills which started at above 8.9% level, showed some fluctuations at the beginning of the month before settling at above 9% for the later half of the month.

KIBOR vs T-Bills



Market Outlook

Political uncertainty appears to continue to cast a shadow on the market in the near future. However, with the impressive corporate sector growth, the market will see increased activity in the months to come though volatility is likely to persist.

Major Result Announcements during the month

COMPANIES	FY05-EPS (Rs.)	FY06-EPS (Rs.)	% CHG	DPS (Rs.)
Pak Oilfields	19.09	31.08	62.81%	15.00
Attock Petroleum	11.51	34.82	202.52%	12.00
ICI Pak-HY	4.63	4.21	-9.07%	-
Pak Suzuki-HY	14.05	38.13	171.39%	-
MCB-HY	5.94	11.22	88.89%	-
National Bank-HY	6.20	11.31	82.42%	-

Atlas Income Fund

Fund Performance for the month ended August 31, 2006

Fund Information

Fund Launch date	March 22, 2004
Type	Open-end - Income Fund
Net Assets	Rs. 3.18 Billion
NAV per unit	Rs. 508.89 (Ex-bonus NAV)
Listing	Lahore Stock Exchange (LSE)
Trustee	Central Depository Company of Pakistan (CDC).
Auditors	Hameed Chaudhri & Co.
Minimum Subscription	RS. 5,000
Rating (by PACRA)	4 Star

Investment Objective

To achieve a good rate of current income consistent with reasonable concern for safety of principal and to provide the investors with liquidity and the facility to join or leave the fund at their convenience.

Investment Strategy

The Fund will invest mainly in high quality fixed income securities. In selecting debt instruments and government securities, the Fund will consider individual credit risks, with the understanding that market value of even high quality fixed rate securities can fluctuate with change in interest rate levels. The Fund may also invest in Continuous Funding System (CFS) and Spread Transactions. The asset allocation will depend on prevailing market conditions and exposure limits.

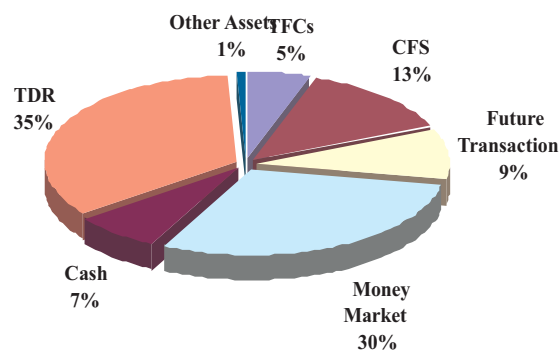
Fund Manager's Review

During the month of August the Fund earned a return of 10.17% on an annualized basis, which was up 0.91% on a month-on-month basis. The Fund also outperformed the other local income funds' average return. The Fund Size also grew by 14.49% to reach Rs. 3.18 bn as on August 31, 2006 as compared to Rs. 2.78 bn as on July 31, 2006, showing your confidence in the Fund's management.

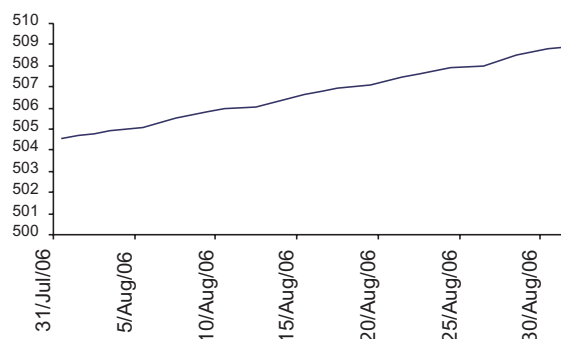
The Asset allocation during the month was almost the same as compared to the last month. The exposure in the Continuous Funding System (CFS) was gradually increased from 8% to 13% as better returns were available. The Money Market placements made during this month will help the Fund to earn a good return in the next month as the KIBOR rates are expected to increase further due to the tight liquidity position.

We expect the returns to remain positive as interest rates are likely to move upwards in the months to come.

Asset Allocation



NAV Performance for the Month



Returns

Return*	From	AIF
Month on Month	31-Jul-06	10.17%
Quarter on Quarter	31-May-06	10.58%
1 Year	31-Aug-05	11.61%
Year to date	30-Jun-06	10.12%
Since Inception	22-Mar-04	9.91%

*All returns are on an annualized basis

Key Interest Rates*

KIBOR 3 months	9.53%
KIBOR 6 months	9.87%
Discount Rate	9.50%
6 months T-Bills	9.03%
12 months T- Bills	9.13%
10-Years PIBs	10.20%
Inflation (CPI)	7.63%

* Source: Business Recorder dated August 31, 2006

Website: www.sbp.org.pk

Atlas Stock Market Fund

Fund Performance for the month ended August 31, 2006

Fund Information

Fund Launch date	November 23, 2004
Type	Open-end - Equity Fund
Net Assets	Rs. 1.74 Billion
NAV per unit	Rs. 544.54
Listing	Lahore Stock Exchange (LSE)
Trustee	Central Depository Company of Pakistan (CDC)
Auditors	Hameed Chaudhri & Co.
Minimum Subscription	Rs. 5,000
Rating (by PACRA)	4 Star

Investment Objective

To achieve a good rate of current income consistent with the prospects of appreciation in the value of amount invested and to provide the investors with liquidity and the facility to join or leave the fund at their convenience.

Investment Strategy

The Fund will invest mainly in high quality equity securities. In selecting equity securities, the Fund will consider the reputation of the management, volume trading in the shares, profitability, dividend record and prospects of earning growth. The Fund may also invest in Term Finance Certificates, Continuous Funding System (CFS) transactions and Money Market Instruments. The asset allocation in each instrument will depend on prevailing market conditions.

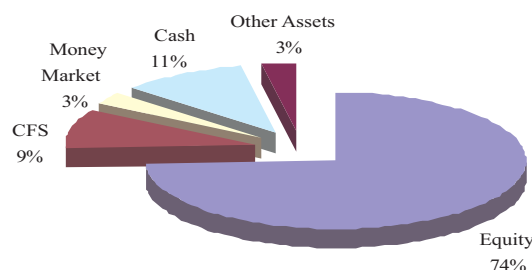
Fund Manager's Review

During the month of August, the KSE 100 Index declined by 4.31% whereby the net asset value of the Fund was down by only 2.97%, outperforming the Index by 1.34%. The Net Assets of the Fund stood at 1.78 billion as on August 31, 2006.

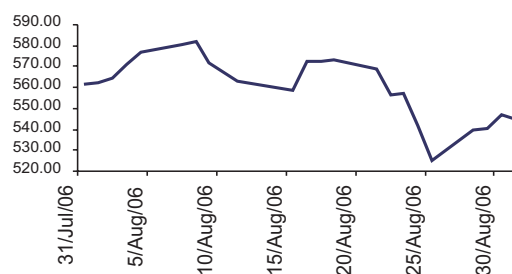
In the mid of the month, the KSE 100 Index witnessed selling pressure due to uncertainty regarding the political situation in the country. We consider this an opportunity to accumulate attractive scrips at this level and to stay invested at the around 80% of the Net Assets of the Fund. The Fund's Unit Pricing was based on historical pricing system, which has now been switched to Forward pricing system from August 28, 2006.

During the month the Fund offloaded its investment in share of Union Bank which was acquired by the Standard Chartered Bank (SCB) as a result of the public offer made by SCB. The top sector in terms of the investment of the fund as a percentage of net assets as at August 31, 2006 is now the Oil & Gas Exploration sector.

Asset Allocation



NAV Performance for the month



Returns

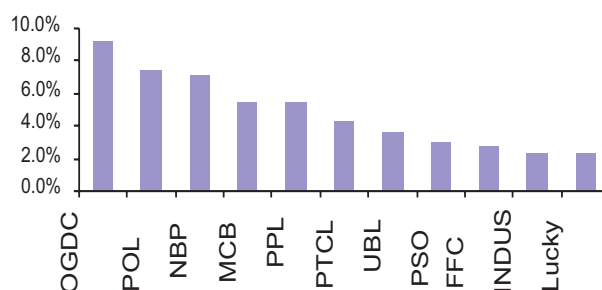
Return*	From	ASMF
Month on Month	31-Jul-06	-35.01%
Quarter on Quarter	31-May-06	8.20%
1 Year	31-Aug-05	26.84%
Year to date	30-Jun-06	7.39%
Since Inception	23-Nov-04	25.59%

*All returns are on an annualized basis

Top Five Sectors

Oil & Gas Exploration	22.18%
Commercial Banks	21.56%
Fertilizer	6.77%
Oil & Gas Marketing	5.42%
Telecommunication	4.81%

Top Ten Holdings



Atlas Fund of Funds

Fund Performance for the month ended August 31, 2006

Fund Information

Fund Launch date	December 13, 2004
Type	Closed-end - Fund of Funds
Net Assets	Rs. 549.34 million (Ex-Dividend)
NAV per unit	Rs. 10.46 (Ex-Dividend)
Listing	Karachi Stock Exchange (KSE)
Trustee	Central Depository Company of Pakistan (CDC)
Auditors	Hameed Chaudhri & Co.
Rating (by PACRA)	4 Star

This Fund is traded at Karachi Stock Exchange (KSE) and can be purchased on prevailing market price that is generally at a discount to NAV during the trading hours of KSE.

Investment Objective

To provide investors a one-window facility to invest in a diversified portfolio of securities of closed-end & open-end schemes offering consistent returns and growth.

Investment Strategy

The Fund will invest mainly in other closed end funds. In selecting the closed end funds, the Fund will review the comparison of the Net Asset Value (NAV) with market value and the available discount, the portfolio of that fund and trading activities in the shares of the investee funds. The Fund may also invest in unit trust schemes, CFS transactions and Money Market Instruments. The open-end schemes shall be selected on the basis of their returns. The asset allocation in each instrument will depend on the prevailing market conditions.

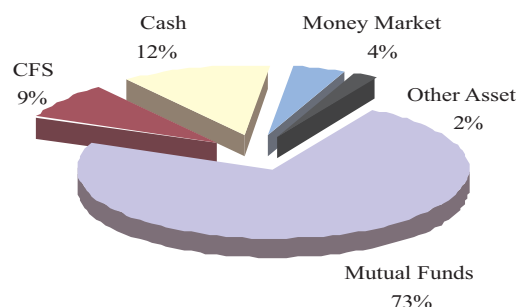
Fund Manager's Review

During the month of August the Fund's NAV performance was impressive as compared with the KSE 100 Index performance because KSE 100 Index was down by 4.31% whereby the NAV of the Fund was down only by 2.06%, outperforming the KSE 100 Index as well as the Closed End Sector Index.

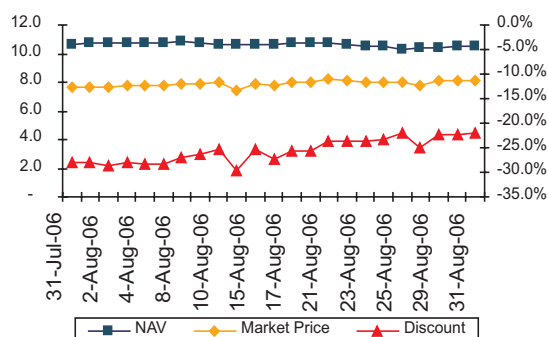
The Fund average investment in mutual funds increased to 76% to their Net Assets. Major increase was in open-end mutual funds based on the valuation based to relative performance of their Net asset value. UTP A30+ Fund managed by JS-ABAMCO was the new entry in the fund's investment.

Outlook remains to be positive as the current negative spell of the market is expected to be over soon.

Asset Allocation



NAV Performance for the month

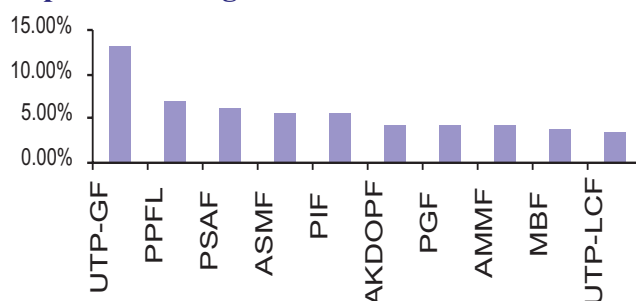


Returns

Return*	From	ATFF
Month on Month	31-Jul-06	-24.01%
Quarter on Quarter	31-Apr-06	0.33%
1 Year	31-Jul-05	16.34%
Year to date	30-Jun-06	-0.71%
Since Inception	13-Dec-04	14.34%

*All returns are on an annualized basis

Top Ten Holdings of Mutual Funds



Investor Education

Building a Balanced Financial Plan

Most people have different financial priorities during different stages of their lives, but regardless of your age or current life stage, a balanced personal financial plan is extremely important for everyone. As with anything else in life, without financial goals and specific plans for meeting them, we drift along and leave our future to chance. A wise man once said: **“most people don't plan to fail; they just fail to plan.”** The end result is the same: failure to reach financial independence.

The need for financial planning is particularly becoming more apparent in the present times when the returns on the various investment/ saving avenues are declining, inflationary pressures are increasing thereby reducing the purchasing power of money, consumer spending is increasing and the demographic scenario is changing so much so that the individuals today need to urgently realize the importance of planning about their future.

But just what is a Personal Financial Plan?

You would not go on a long journey, in unknown territory, without a map. Chances are you would take many wrong turns, add unnecessary cost, may break down with no alternative plan and may never arrive at your destination. Well, by not having a plan for your financial future you are doing just that!

A Financial Plan ties up your finances with where you want to be in life.

It is a logical process that covers your day-to-day cash-flow, saving, investments, life and disability cover, retirement and estate planning - now and in the future.

A plan helps you decide on how best to allocate your resources towards attaining your goals. It keeps you on track - checking how you are progressing towards your goals and how best to deal with any deviations.

It puts your dreams into perspective.

You may think of the process as helping you to answer three straightforward questions:

- Where am I today?
- Where do I want to go tomorrow?
- How do I get there?

Financial Planning essentially consists of setting goals and laying out your financial life in a way that you can realize these goals.

Your financial plan will help you:

- Assess your financial situation by helping you track your income and expenses, establish an emergency fund, and determine your net worth.
- Identify your financial goals, whether they are saving to send your kids to college, buying a new car, saving for a down payment on a house, going on vacation, paying off credit card debt, or planning for retirement.
- Break each financial goal down into several short-term (less than 1 year), medium-term (1 to 3 years) and long-term (5 years or more) goals.
- Save for major expenses like funding your child's education,

buying a house or car, or developing a cash reserve for special occasions like weddings and holidays.

- Plan for your retirement by estimating your retirement needs and expenses.
Then you can begin to determine the amount you need to save to meet your retirement goals.
- Assess your investment risk tolerance and develop an asset allocation strategy that best suits you.
- Plan to reduce your taxes and develop a tax-efficient investment plan.
- Protect you and your family against financial crisis should you become disabled or die.
- Give you a clear picture of where you are, a strategy about where you are going, and peace of mind about your future.

It's never too early to start!

Start planning as soon as you can.

Don't delay your financial planning. People who save or invest small amounts of money early and frequently in their life/ career tend to do better than those who wait until later in life/ career. Similarly, by developing good financial planning habits such as saving, budgeting, investing and regularly reviewing your finances early in life, you will be better prepared to meet life changes and handle emergencies.

The most important aspects of financial planning can be placed into three broad categories: (1) Budgeting & Saving; (2) Investing; and (3) Retirement & Estate Planning that shall be discussed in detail in the upcoming issues of Spotlight.

However, the important action that needs to be taken today is to set up your financial goals.

There are no hard and fast rules for implementing a financial plan. The important thing is to do **SOMETHING**, and to start **NOW**.

Test Your Mutual Fund Knowledge... Question of the Month

Which mutual fund would you consider the most risky:

- | | |
|-------------------|------------------------|
| a) An Equity Fund | b) A Bear Fund |
| c) A Bond Fund | d) A Money Market Fund |

Please send your responses to spotlight@atlasfunds.com.pk
The correct answer shall be printed in the next issue of *Spotlight*

The correct answer for the previous month's question is (c). Splitting your investments up across various classes of financial assets is called asset allocation. Asset allocation is one of the most important financial decisions you make.

Where To Apply

Sales Outlets:

KARACHI

1- C/O Atlas Battery Limited
PPI Building, Near Sind Secretariat Building,
Shahrae Kamal Ataturk, Karachi - 74200, Pakistan
Phone: (92-21) 8240195
Contact Person: Mr. Arbab Ahmed
Email: abd@atlasfunds.com.pk

2- C/O Shirazi Trading Company (Private) Limited
3rd Floor, Ebrahim Estates, Shahrae Faisal,
Karachi - 75350, Pakistan.
Phones: 4310665, 4543109, 4536369, 4539695
Fax: (92-21) 4538094
Contact Person: Mr. Salman Tahir
Email: str@atlasfunds.com.pk

LAHORE

C/O Atlas Bank Limited
Building No. 56, Ground Floor,
Shahrah-e-Quaid-e-Azam (The Mall), Lahore.
Ph: (92-42) 6284801-4 Dir: 6285155,
(042) 111-688-825
Fax: 6284805, Cell: 0300-8422570
Contact Person: Mr. Javaid Aslam
Email: jam@atlasfunds.com.pk

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