

December 2006

spot
light

Monthly
Roundup



Managed By

Atlas Asset Management

Rated AM3+ by PACRA

Atlas
funds

Nurturing your investments

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.

Editorial Team

Mashmooma Z. Majeed
Mazhar A. Sabir
Mehreen.Z.Naqvi
Uzma Hussain
Wasim Akram

Contact us for queries, comments or suggestions at
spotlight@atlasfunds.com.pk or
Ground Floor, Federation House, Shahrae-Firdousi, Clifton,
Karachi

Message From The Editor

Atlas Islamic Fund

INITIAL PUBLIC OFFERING (IPO)
JANUARY 15-19, 2007
(Without any Sales Load)

Dear Readers,

Happy New Year!

With the new year, we bring in new products and schemes for our investors! We are pleased to bring you the good news that Atlas Asset Management Limited (AAML) has been registered as a Pension Fund Manager by the Securities and Exchange Commission of Pakistan on January 8, 2007, under the Voluntary Pension System Rules, 2005 (VPS). Under the VPS, Pakistani nationals of over 18 years of age, whether salaried or self-employed, holding a valid National Tax Number, will be eligible to participate in the forthcoming pension schemes.

This month, we also bring you our new fund - Atlas Islamic Fund (AISF), a Shariah Compliant fund, from January 15, 2007 and invite you to participate in the Initial Public Offer (IPO) from January 15 to 19, 2007, without any sales load.

Mr. Tim Julien, Regional Director, ING Investment Management Asia/ Pacific visited Atlas Asset Management Limited (AAML) in December to review the existing Equity Investment Process for Atlas Stock Market Fund (ASMF) along with the AAML investment team, and to finalize the investment process for the forthcoming AISF, including the methodology for taking international exposure within permitted limits.

Moreover, in continuation with our efforts to promote investor awareness, AAML has published calendars for 2007 based on Investor Education. The calendars have already been mailed to all our valued investors.

Best wishes,

Editor

In This Issue...

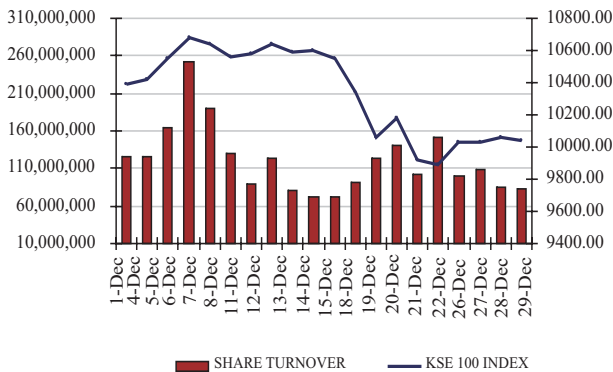
Market Review	1	Atlas Fund of Funds	4
Atlas Income Fund	2	Investor Education	5
Atlas Stock Market Fund	3		

Market Review

On the Stock Market Front

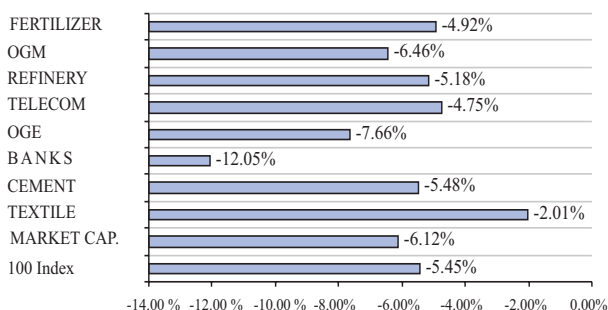
The downward trend of the previous month continued during December, 2006 as well and the market saw a decline of 348 points during the month to close at 10,040.50. Average monthly volumes remained at 120 million shares which were 33% lower as compared to November, 2006. Across the board selling was witnessed with all the major sectors declining in value. Although not the worst performer for the month, the cement sector was the worst hit in the current downward trend as the overall cement sector declined in value by over 24% in November and December, 2006.

KSE 100 INDEX AND SHARE TURNOVER FOR THE MONTH OF DECEMBER 2006



Other major sectors to witness the decline were the Banking sector which declined by 12 % and Oil and Gas Exploration sector which declined in value by 7.66%.

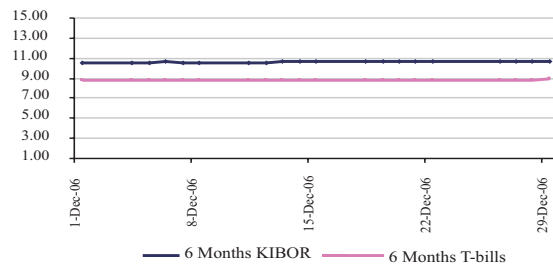
SECTOR PERFORMANCE FOR THE MONTH OF DECEMBER 2006



On the Money Market Front

6-Month KIBOR closed at 10.65% in December, 2006. The rate was 11 bps higher as compared to the start of the month. Secondary market yield on 6-month T-Bills remained at 8.9% at the end of the month, 9 bps higher as compared to the level at the start of the month.

KIBOR vs T-BILLS



State Bank of Pakistan (SBP) maintained the cut off yields of 3-month, 6-month and 1-year T-Bills at 8.64%, 8.82%, and 9.00% respectively. SBP also issued 30-year PIBs during the month for the first time at a cut off yield of 11.70%. The raise in the yield of long term instruments is likely to result in a minor overall interest rate increase.

Atlas Income Fund

Fund Performance for the month ended December 31, 2006

Fund Information

Fund Launch Date	March 22, 2004
Type	Open-end - Income Fund
Net Assets	Rs. 2.57 Billion
NAV per Unit	Rs. 524.82
Rating	4 Star (PACRA)
Listing	Lahore Stock Exchange (LSE)
Trustee	Central Depository Company of Pakistan (CDC).
Auditors	Hameed Chaudhri & Co.
Minimum Subscription	Rs. 5,000

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 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.

Fund Manager's Review

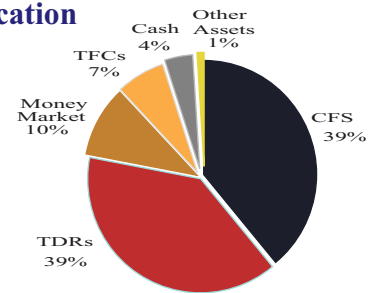
The NAV of the Fund was Rs.524.82 per Unit at the end of the six months of FY07 as compared with the ex-dividend NAV of Rs.500.29 per Unit as on June 30, 2006. This translates into an annualized return of 9.73% for FY07. The Net Assets of the Fund stood at Rs. 2.57 Billion as on December 31, 2006.

During the six months, the management team mainly focused on improving the credit quality of the Fund. Term Deposit Receipts (TDRs) of commercial banks and short term badla and spread transactions were focused upon and investment in COIs was reduced. The breakdown of total assets of the Fund is as follows: Term Deposit Receipts as a percentage of total assets 39%, Continuous Funding System (CFS) 39%, Term Finance Certificates 7%, Money Market Placement 10%, Bank balances 4% and other assets 1%.

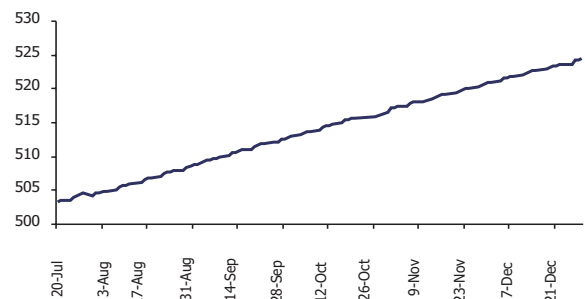
Due to the new risk management system introduced by KSE, the CFS rates are expected to increase and therefore a

substantial portion of AIF's assets now comprise of CFS and TDRs. This asset class mix will provide AIF investors an opportunity to earn good returns in the coming months.

Asset Allocation



NAV Performance



Returns*

	From	AIF
Month on Month	30-Nov-06	8.66%
Quarter on Quarter	30-Sep-06	9.12%
1 Year	31-Dec-05	10.68%
Year to date	30-Jun-06	9.73%
Since Inception	22-Mar-04	9.84%

*All returns are on an annualized basis

Key Interest Rates

KIBOR 3 months	10.39%
KIBOR 6 months	10.65%
Discount Rate	9.50%
6 months T-Bills	8.90%
12 months T-Bills	9.38%
10- Years PIBs	10.40%
Inflation (CPI)	8.07%

Source: Business Recorder dated December 31, 2006

Website: www.sbp.org.pk

Atlas Stock Market Fund

Fund Performance for the month ended December 31, 2006

Fund Information

Fund Launch Date	November 23, 2004
Type	Open-end - Equity Fund
Net Assets	Rs. 1.44 Billion
NAV per Unit	Rs. 552.31
Rating	4 Star (PACRA)
Listing	Lahore Stock Exchange (LSE)
Trustee	Central Depository Company of Pakistan (CDC)
Auditors	Hameed Chaudhri & Co.
Minimum Subscription	Rs. 5,000

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

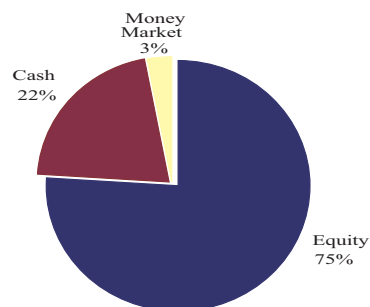
The Fund will invest mainly in high quality equity securities. In selecting equity securities, the Fund will consider the reputation of the management, volume of trading in the shares, profitability, dividend record and prospects of earning growth. The Fund may also invest in Term Finance Certificates, Continuous Funding System Transactions and Money Market Instruments.

Fund Manager's Review

The KSE 100 Index has risen by 0.51% over the last six months from June to December 31, 2006, while the Fund's Net Asset Value (NAV) has risen by 2.70%, outperforming the index by 2.19%. The Fund size as at December 31, 2006 stood at Rs. 1.44 billion.

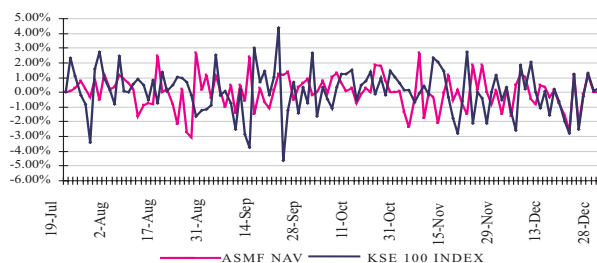
ASMF has 75% of its total assets invested in shares. The Fund has been actively investing over the past six months, continuously seeking opportunities for its liquid and value segment. The main performance driver has throughout been fundamental growth theme and exposure has been built in Oil & Gas Exploration, presently forming 24.24% of Net Assets. Other major sectors include: Banking 20.55%, Fertilizer 8.56% and Oil & Gas Marketing companies sector 6.48%.

Asset Allocation



NAV Performance

ASMF vs KSE 100 INDEX



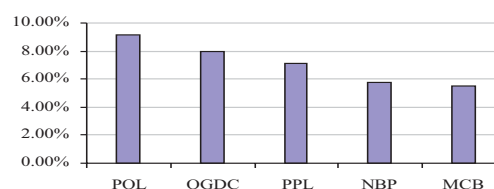
Returns*	From	ASMF
Month on Month	30-Nov-06	-51.77%
Quarter on Quarter	30-Sep-06	-8.46%
1 Year	31-Dec-05	7.32%
Year to date	30-Jun-06	5.36%
Since Inception	23-Nov-04	22.26%

*All returns are on an annualized basis

Top Five Sectors

Oil & Gas Exploration	24.24%
Banks	20.55%
Fertilizer	8.56%
Oil & Gas Marketing	6.48%
Telecommunication	4.14%

Top Five Holdings



Atlas Fund of Funds

Fund Performance for the month ended December 31, 2006

Fund Information

Fund Launch Date	December 13, 2004
Type	Closed-end - Fund of Funds
Net Assets	Rs. 558.98 Million
NAV per Unit	Rs. 10.65
Rating	4 Star (PACRA)
Listing	Karachi Stock Exchange(KSE)
Trustee	Central Depository Company of Pakistan (CDC)
Auditors	Hameed Chaudhri & Co.

Investment Objective

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

Investment Strategy

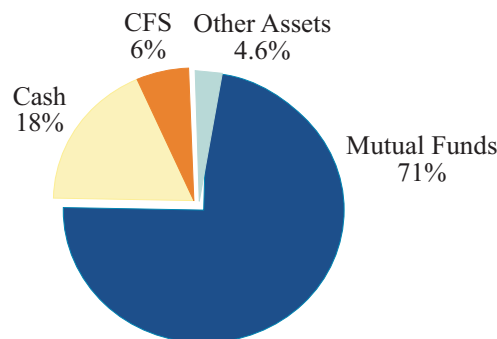
The Fund will invest mainly in other closed end funds. In selecting the closed-end funds, the Fund will review the comparison of the Net Asset Value with market value and the available discount, the portfolio of that fund and trading activities in the shares of the investee funds. The Fund may also invest in unit trust schemes, CFS and Money Market Instruments.

Fund Manager's Review

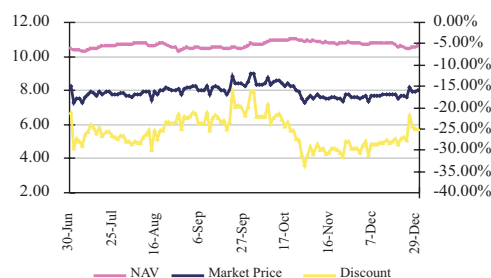
The NAV of Atlas Fund of Funds as on December 31, 2006 was Rs. 10.65 as compared to Rs.10.47 NAV on June 30, 2006, reflecting an increase of 1.72% during the last six months. In the month of December, 2006, the NAV of the Fund decreased by 1.29% as compared to a 5% decline in the KSE 100 Index. The Net Assets of the Fund stood at Rs.558.98 million as at December 31, 2006.

The asset allocation of the Fund remained similar to the previous month. The total investment in mutual funds was 71% of the total assets. As of December 31, 2006, the investment as percentage of the Net Assets in the closed-end funds stood at 49.85% whereas in the open-end funds, the investment reached 21.87% of the total Net Assets.

Asset Allocation



NAV Performance

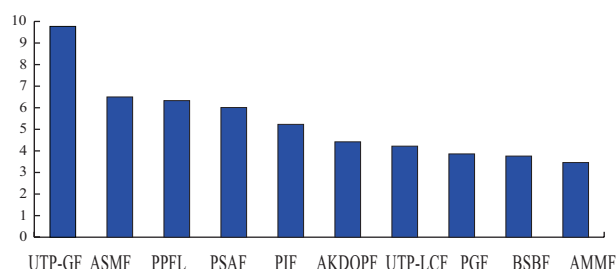


Returns*

	From	ATFF
Month on Month	30-Nov-06	-16.35%
Quarter on Quarter	30-Sep-06	-2.96%
1 Year	31-Dec-05	3.40%
Year to date	30-Jun-06	3.44%
Since Inception	13-Dec-04	12.93%

*All returns are on an annualized basis

Top Ten Holdings of Mutual Funds



Investor Education

Diversifying Between Asset Classes

In its simplest terms, asset allocation is the practice of dividing resources among different categories such as stocks, bonds, mutual funds, investment partnerships, real estate, cash equivalents and private equity. The theory is that the investor can reduce risk because each asset class has a different correlation with the others; i.e. when stocks rise, for example, bonds often fall. At a time when the stock market begins to fall, real estate may begin generating above average returns.

The amount of an investor's total portfolio placed into each class is determined by an asset allocation model.

These models are designed to reflect the personal goals and risk tolerance of the investor. A retired person, for example, with a lump sum amount received from his retirement fund and having no other source of income is going to place a significant portion of his wealth in fixed income obligations that will generate a steady source of retirement income for the remainder of his life. His need is not necessarily to increase his net worth, but preserve what he has while living on the proceeds. A young corporate employee just out of college, however, is going to be most interested in building wealth. He can afford to ignore market fluctuations because he doesn't depend upon his investments to meet day to day living expenses. A portfolio heavily concentrated in stocks, under reasonable market conditions, is the best option for this type of investor.

Furthermore, individual asset classes can be sub-divided into sectors (for example, if the asset allocation model calls for 40% of the total portfolio to be invested in stocks, the portfolio manager may recommend different allocations within the field of stocks, such as recommending a certain percentage in large-cap, mid-cap, banking, manufacturing, etc.)

Asset Allocation Models

Most asset allocation models fall somewhere between four objectives: preservation of capital, income, balanced, or growth.

Model 1 - Preservation of Capital

Asset allocation models designed for preservation of capital are largely for those who expect to use their cash within the next twelve months and do not wish to risk losing even a small percentage of principal value for the possibility of capital gains. Investors that plan on shortly paying for college, purchasing a house or acquiring a business are examples of those that would seek this type of allocation model. Cash and cash equivalents such as instruments, treasuries and commercial paper often composes around of eighty-percent of these portfolios. The biggest danger is that the return earned may not keep pace with inflation, eroding purchasing power in real terms.

Model 2 - Income

Portfolios that are designed to generate income for their owners often consist of investment-grade, fixed income instruments of large, profitable corporations, treasury notes, real estate (most often in the form of Real Estate Investment Trusts, or REITs), and, to a lesser extent, shares of blue chip companies with long histories of continuous dividend payments. The typical income-oriented investor is one that is nearing retirement. Another example would be a young widow with small children receiving a lump-sum settlement from her husband's life insurance policy who cannot risk losing the principal; although growth would be nice, the need for cash in hand for living expenses is of primary importance.

Model 3 - Balanced

Halfway between the income and growth asset allocation models

is a compromise known as the balanced portfolio. For most people, the balanced portfolio is the best option not for financial reasons, but for emotional ones. Portfolios based on this model attempt to strike a compromise between long-term growth and current income. The ideal result is a mix of assets that generates cash as well as appreciates over time with smaller fluctuations in quoted principal value than the all-growth portfolio. Balanced portfolios tend to divide assets between medium-term investment-grade fixed income instruments and shares of common stocks in leading corporations, many of which may pay cash dividends. Real estate holdings via REITs are often a component as well. For the most part, a balanced portfolio is always vested (meaning very little is held in cash or cash equivalents unless the portfolio manager is absolutely convinced there are no attractive opportunities demonstrating an acceptable level of risk.)

Model 4 - Growth

The growth asset allocation model is designed for those that are just beginning their careers and are interested in building long-term wealth. The assets are not required to generate current income because the owner is actively employed, living off his or her salary for required expenses. Unlike an income portfolio, the investor is likely to increase his or her position each year by depositing additional funds. In bull markets, growth portfolios tend to significantly outperform their counterparts; in bear markets, they are the hardest hit. For the most part, up to one hundred percent of a growth modeled portfolio can be invested in common stocks, a substantial portion of which may not pay dividends and are relatively young. These portfolios may often also include an international equity component to expose the investor to economies other than resident country to diversify the risk.

Changing with the Times

An investor that is actively engaged in an asset allocation strategy will find that his or her needs change as they move through the various stages of life. For that reason, some professional fund managers recommend switching over a portion of your assets to a different model several years prior to major life changes. An investor that is ten years away from retirement, for example, would find himself moving 10% of his holding into an income-oriented allocation model each year. By the time he retires, the entire portfolio will reflect his new objectives.

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

All investments involve a degree of risk, ranging from minimal to substantial. If you invest in a single stock, for example, the value of that stock may rise or fall. Most mutual funds try to reduce your exposure to the risks of individual securities through:

- (a) Diversification
- (b) Compounding
- (c) Dollar-cost Averaging

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 previous month's question is (c).
The best measure of a mutual fund's performance is its total return on investment.

Sales Outlets:

KARACHI

1- C/o Atlas Bank Limited
P & O Plaza, I.I Chundrigar Road,
Karachi.
Phone: (92-21) 2463746-51
Fax: (92-21) 2463744, Cell: 0300-9226850
Contact Person: Mr. Arbab Ahmed
Email:abd@atlasfunds.com.pk

2- C/o Atlas Bank Limited
Ground Floor, Nice Trade Orbit,
Plot # 44-A, Block-6, P.E.C.H.S.,
Shahra -e- Faisal, Karachi
Phone: (92-21) 4386184-87,
Fax: (92-21) 4386180, Cell: 0300-2254977
Contact Person: Mr. Salman Tahir
Email: str@atlasfunds.com.pk

3- C/o Atlas Bank Limited
Plot # 28, Block-3, Adam Arcade, B.M.C.H.S.,
Karachi.
Phone: (92-21) 4145323-24
Fax: (92-21) 4145325, Cell: 0334-3995647
Contact Person: Mr. Muhammad Umer Ali
Email: mua@atlasfunds.com.pk

4- C/o Atlas Bank Limited
1/15, Hassan Square, Block 13-A,
Gulshan-e-Iqbal, Karachi.
Phone: (92-21) 4818759-63
Fax: (92-21) 4818720, Cell: 0333- 3366833
Contact Person: Mr. Shahnawaz Tariq
Email: stk@atlasfunds.com.pk

5- C/o Atlas Bank Limited
B/53, Estate Avenue, S.I.T.E. Area,
Karachi.
Phone: (92-21) 2587533,35,37,111
Fax: (92-21) 2587672, Cell: 0321- 2063267
Contact Person: Mr. M. Abdullah Khan
Email: mak@atlasfunds.com.pk

LAHORE

C/o Atlas Bank Limited
Building No. 56, Ground Floor,
Shahrah-e-Quaid-e-Azam (The Mall), Lahore.
Phone: (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

Head Office:

Atlas Asset Management Limited
Ground Floor, Federation House, Sharae Firdousi, Clifton, Karachi-75600
Tel: (021) 5379501-04, 111-MUTUAL (6-888-25)
Fax: 5379280 Website: www.atlasfunds.com.pk