

February 2007

spot
light

Monthly
Roundup



Managed By

Atlas Asset Management

Rated AM3+ by PACRA

Atlas
funds

Nurturing your investments

Message From The Editor

Dear Readers,

The half yearly results for Atlas Income Fund (AIF), Atlas Stock Market Fund (ASMF) and Atlas Fund of Funds (ATFF) were announced subsequent to the Board meeting held on February 22, 2007. The salient highlights for the half year ended December 31, 2006 are as follows:

| | AIF | ASMF | ATFF |
|-----------------------------------|-----------------------|---------------------------|---------------------------|
| Net Assets (Rs. in mn) | 2,574 | 1,438 | 559 |
| NAV Per Unit/Certificate (Rs.) | 524.83 | 552.31 | 10.65 |
| Income Per Unit/Certificate (Rs.) | 24.51 | 14.10 | 0.17 |
| Return (%) | 9.72% (annualized) | 2.70% (for the period) | 1.70% (for the period) |

The copies of the half yearly accounts are available on the website of Atlas Asset Management Limited and the printed copies have been mailed to all investors.

Best Wishes,

Editor

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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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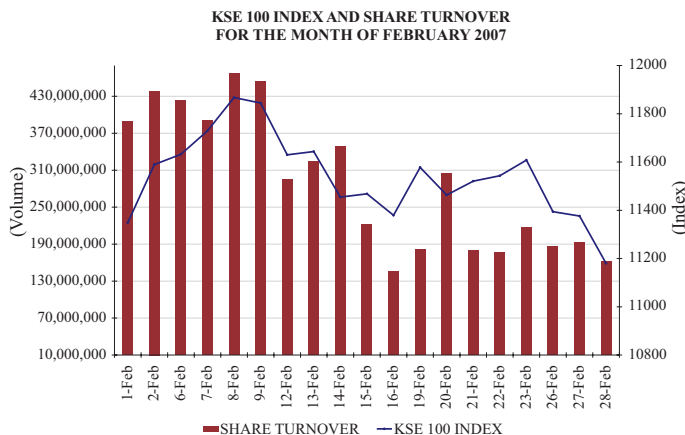
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Market Review

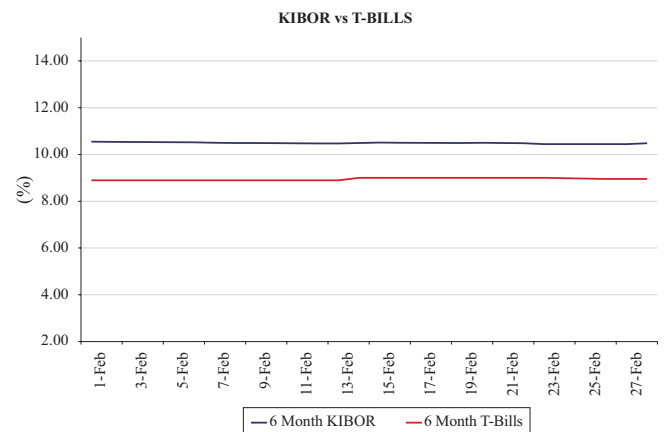
On the Stock Market Front

The market remained largely range bound during the month of February, 2007. The index declined by a minor 92.36 points to close at 11,179.97. The average monthly volumes remained at 289 million shares which were 71% higher as compared to the average monthly volumes during January, 2007. Major gainers during the month were the cement and banking sectors which grew in value by 0.85% and 0.49% respectively.

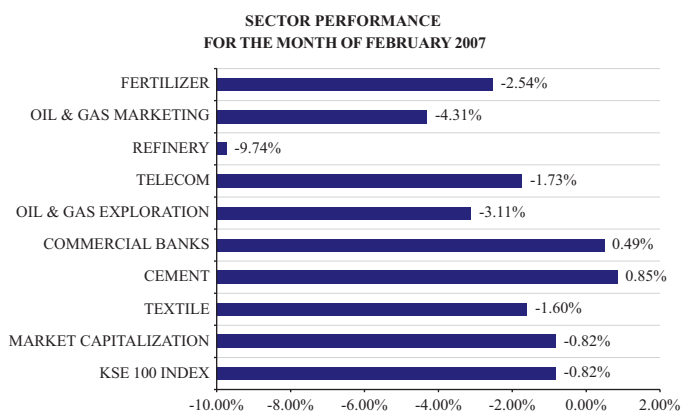


On the Money Market Front

6-Month KIBOR closed at 10.48% at the end of February, 2007, 7 bps lower as compared to the start of the month. Secondary market yield on 6-month T-Bills rose by 5 bps to close at 8.95%. State Bank of Pakistan maintained the cut off yields of 3-month, 6-month and 1-year T-Bills at 8.64%, 8.82% and 9.00%, respectively.



Oil and Gas Marketing and Exploration sectors declined by 4.31% and 3.11% respectively. However, the biggest decline on month on month basis was witnessed in the Refinery Sector which saw a decline of 9.74% during the month. Foreign interest remained high during the month whereby the SCRA account witnessed a net inflow of USD 175.6 million during the month to take the cumulate inflow year-to-date to a record high of USD 557.2 million.



Major Result Announcements

| COMPANIES | Earning Per Share (Rs.) | | | |
|----------------------------|-------------------------|--------|-------|-----------|
| | FY06 | FY07 | % Chg | Payout |
| Allied Bank* | 6.76 | 9.80 | 45% | 25%D 20%B |
| Askari Commercial Bank* | 10.09 | 11.23 | 11% | 10%D 50%B |
| Bank Al-Habib* | 5.57 | 6.70 | 20% | 15%D 40%B |
| Bank Al-Falah* | 3.40 | 3.53 | 4% | 30%B 25%R |
| Bank of Punjab* | 8.11 | 13.14 | 62% | 32.5% B |
| Bank Al-Falah* | 3.40 | 3.86 | 13% | 30% B |
| Bankislami Pak* | - | (0.04) | | |
| Faysal Bank* | 7.24 | 6.65 | -8% | 50%D |
| Habib Metropolitan Bank* | 4.88 | 6.97 | 43% | |
| KASB Bank* | 0.48 | - | -100% | |
| MCB Bank* | 17.43 | 23.72 | 36% | 75%D 15%B |
| National Bank of Pakistan* | 17.92 | 24.01 | 34% | 40%D 15%B |
| Bank ICI Pakistan* | 16.43 | 10.49 | -36% | 30%D |
| Soneri Bank* | 5.80 | 3.16 | -45% | 30%B 25%R |
| United Bank* | 9.19 | 14.62 | 59% | 30%D 25%B |
| Atlas Honda** | 7.31 | 5.39 | -26% | |
| Attock Cement** | 5.01 | 6.91 | 38% | |
| Attock Refinery** | 5.60 | 1.02 | -82% | |
| Bosicor Pakistan** | 0.50 | (3.86) | -873% | |
| Dewan Motors** | 0.78 | 0.27 | -65% | |
| Ghani Glass** | 1.99 | 2.83 | 42% | |
| Sui South Gas** | 0.54 | 0.72 | 34% | |
| WorldCall Telecom** | 0.12 | 0.51 | 325% | |

* Annual Result

** Half-Yearly Result

Atlas Income Fund

Fund Performance for the month ended February 28, 2007

Fund Information

| | |
|----------------------|---|
| Fund Launch date | March 22, 2004 |
| Type | Open-end - Income Fund |
| Net Assets | Rs. 2.82 billion |
| NAV per Unit | Rs. 531.88 |
| Management Fee | 1% |
| Sales Load | 2% (Front-end) |
| Listing | Lahore Stock Exchange (LSE) |
| Trustee | Central Depository Company of Pakistan (CDC). |
| Auditors | Hameed Chaudhri & Co. |
| Minimum Subscription | Rs. 5,000/- |
| Rating (by PACRA) | 5 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.

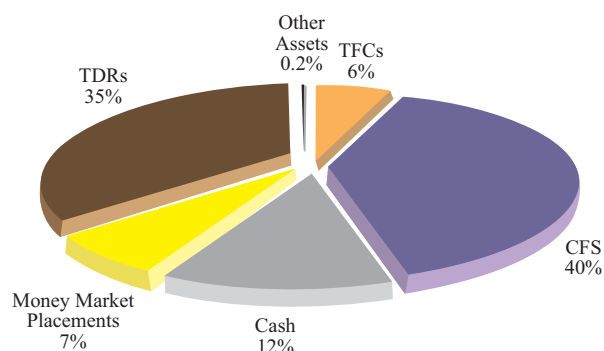
Fund Manager's Review

The NAV of AIF was Rs. 531.88 per Unit as at the end of month of February 28, 2007 as compared to Rs. 528.42 per Unit as of January 31, 2007. This translates to an annualized return of 8.54% as on month on month basis. The Net Assets of the Fund stood at Rs. 2.82 billion as on February 28, 2007.

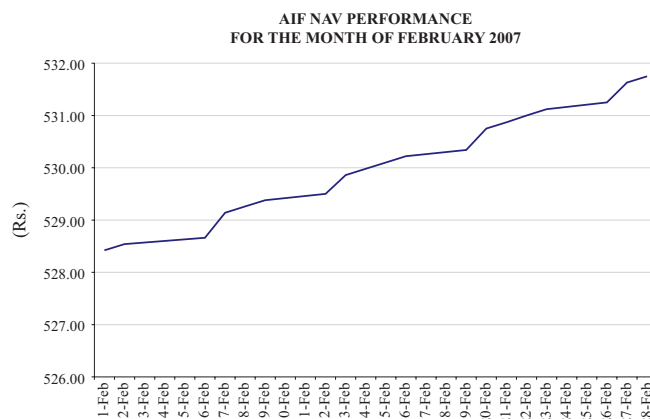
At the end of the month, the placements in the Term Deposit Receipts (TDRs) was 35% up from 29% as of January 31, 2007. Due to the lower return from ready-future spread transactions, no exposure was taken in this asset class. The breakdown of total assets of the Fund is as follows: Continuous Funding System (CFS) as share of total assets 40%, Term Finance Certificates 6%, Money Market Placements 7%, Ready-Future Spread Transaction 0%, Bank balances 12% and other assets 0.2%.

Increased exposure in CFS and Term Deposit Receipts (TDRs) will be focused on during the month of March as rates are expected to improve.

Asset Allocation



NAV Performance



| Returns* | From | AIF |
|--------------------|-----------|-------|
| Month on Month | 31-Jan-07 | 8.54% |
| Quarter on Quarter | 30-Nov-06 | 8.48% |
| 1 Year | 28-Feb-06 | 9.84% |
| Year to date | 30-Jun-06 | 9.48% |
| Since Inception | 22-Mar-04 | 9.77% |

*All returns are on an annualized basis

Key Interest Rates*

| | |
|------------------|---------|
| KIBOR 3 month | 10.23% |
| KIBOR 6 month | 10.48% |
| Discount Rate | 9.50% |
| 6 month T-Bills | 8.95% |
| 12 month T-Bills | 9.10% |
| 10- Year PIBs | 10.40% |
| Inflation (CPI) | 6.64%** |

* Source: Business Recorder dated February 28, 2007 & Website: www.sbp.org.pk

** January 2007

Atlas Stock Market Fund

Fund Performance for the month ended February 28, 2007

Fund Information

| | |
|----------------------|--|
| Fund Launch date | November 23, 2004 |
| Type | Open-end - Equity Fund |
| Net Assets | Rs. 1.36 billion |
| NAV per Unit | Rs. 600.07 |
| Management Fee | 3% |
| Sales Load | 2% (Front-end) |
| Listing | Lahore Stock Exchange (LSE) |
| Trustee | Central Depository Company of Pakistan (CDC) |
| Auditors | Hameed Chaudhri & Co. |
| Minimum Subscription | Rs. 5,000/- |
| Rating (by PACRA) | 5 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

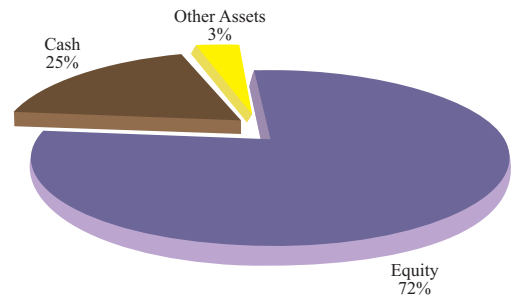
The Fund will invest mainly in high quality equity securities. In selecting equity securities, the Fund will consider the reputation of the management, volume trading in the shares, profitability, dividend record and prospects of earning growth. The Fund may also invest in Term Finance Certificates,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

Fund Manager's Review

The Index decreased by 0.82% during the month of February 2007, while the Fund's NAV depreciated by 0.21%, slightly outperforming the Index. The Fund size as at February 28, 2007 stood at Rs. 1.36 billion.

The Average investment in equities of the Fund was 77% during the period under review. At the end of the month, the total investment in equities was 73.58% of Net Assets. The KSE 100 Index during the month of February 2007 remained largely range bound, therefore a strategy to sell on strength was adopted by the Fund.

Asset Allocation



NAV Performance

ASMF vs KSE 100 INDEX FOR THE MONTH OF FEBRUARY 2007



Returns*

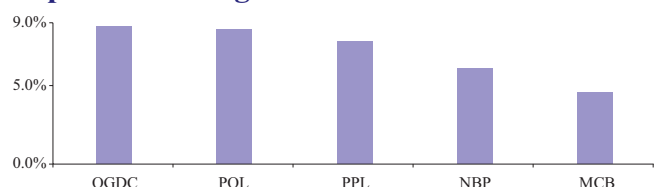
| | From | ASMF |
|--------------------|-----------|--------|
| Month on Month | 31-Jan-07 | -0.21% |
| Quarter on Quarter | 30-Nov-06 | 3.87% |
| 1 Year | 28-Feb-06 | -2.31% |
| Year to date | 30-Jun-06 | 11.58% |
| Since Inception | 23-Nov-04 | 56.31% |

*All returns are for the respective periods mentioned and have not been annualized.

Top Five Sectors

| | |
|-----------------------|--------|
| Oil & Gas Exploration | 25.01% |
| Banks | 17.98% |
| Fertilizer | 8.62% |
| Oil & Gas Marketing | 6.02% |
| Automobile Assembler | 3.47% |

Top Five Holdings



Atlas Islamic Fund

Fund Performance for the month ended February 28, 2007

Fund Information

| | |
|----------------------|---|
| Fund Launch date | January 15, 2007 |
| Type | Open-end - Islamic Equity Fund |
| Net Assets | Rs. 446 million |
| NAV per Unit | Rs. 504.31 |
| Management Fee | 3% |
| Sales Load | 1% (Front-end) (Back-end as per the following slab: 1.5% (For redemption in first year of investment) 1% (For redemption in second year of investment) 0.5% (For redemption in third year of investment) Nil (After 3 years of investment) |
| Listing | Lahore Stock Exchange (LSE) |
| Trustee | Central Depository Company of Pakistan (CDC). |
| Auditors | Hameed Chaudhri & Co. |
| Shariah Board | Mr. Javed Ahmed Ghamidi Dr. Khalid Zaheer |
| Minimum Subscription | Rs. 5,000/- |
| Rating | Not Applicable |

Investment Objective

The main objective is to provide an outlet to investors who want Riba free returns, to achieve maximum return for Unit Holders while at all times observing prudent investment practices, high professional standards, all applicable laws, and the Shariah Code.

Investment Strategy

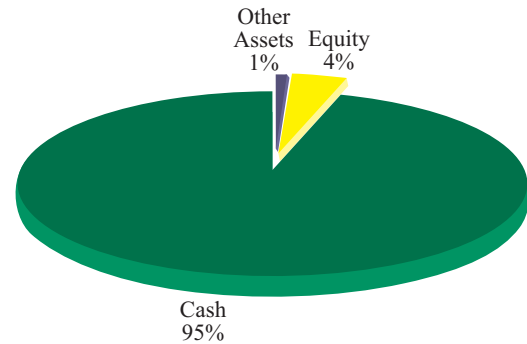
The Fund will invest mainly in a diversified, professionally managed investment portfolio of Shariah-Compliant securities and Islamic mode of instruments such as equities, debt securities and other Shariah-Compliant instruments including Shariah-Compliant securities available outside Pakistan (upto 30% of its Net Assets subject to a cap of US\$ 15 million). The Shariah Board shall advise the Management Company on Shariah compliance.

Fund Manager's Review

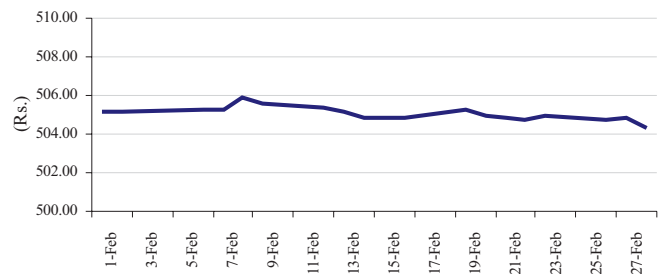
During the month, KSE 100 Index declined by 0.82% whereas, the Fund's NAV declined by 0.18% on month on month basis. The Fund size stood at Rs. 446 million as at February 28, 2007.

During the month, the Fund invested only 4% in the equity market as the market remained range bound. The Fund prudently continued a defensive strategy and gradually increasing the investment portfolio at attractive levels only to provide maximum benefit to the Unit Holders.

Asset Allocation



NAV Performance



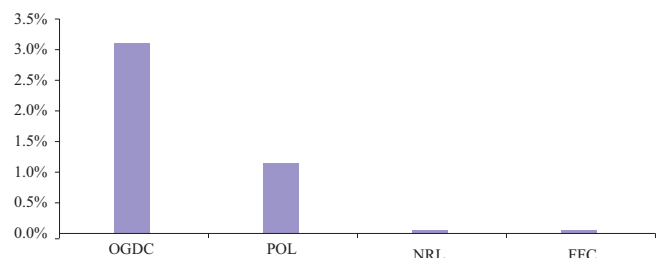
Returns* From **AISF**
Since Inception 15-Jan-07 0.86%

* The return is for the period and has not been annualized.

Sector Allocation

| | |
|------------|-------|
| E&P Sector | 4.26% |
| Fertilizer | 0.06% |
| Refinery | 0.06% |

Top Holdings



Atlas Fund of Funds

Fund Performance for the month ended February 28, 2007

Fund Information

| | |
|-------------------|--|
| Fund Launch date | December 13, 2004 |
| Type | Closed-end - Fund of Funds |
| Net Assets | Rs. 567.596 million |
| NAV per Unit | Rs. 10.81 |
| Management Fee | 1.75% |
| Listing | Karachi Stock Exchange (KSE) |
| Trustee | Muslim Commercial Financial Services (Pvt.) Ltd. (MCFSL) |
| Auditors | Hameed Chaudhri & Co. |
| Rating (by PACRA) | 5 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

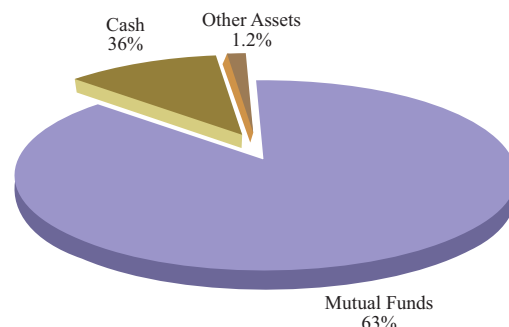
The Fund will invest mainly in other closed-end funds. In selecting the closed-end funds, the Fund will review the comparison of the Net Asset Value (NAV) with market value and the available discount, the portfolio of that fund and trading activities in the shares of the investee funds. The Fund may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

Fund Manager's Review

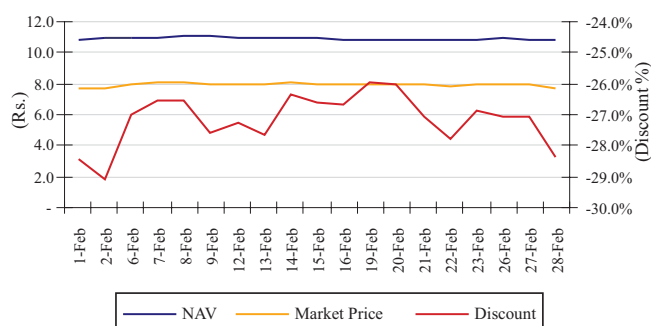
The NAV of Atlas Fund of Funds as on February 28, 2007 was Rs. 10.81 as compared to Rs.10.86 as at January 31, 2007, showing a depreciation of 0.46% on month on month basis whereas, the KSE 100 Index decreased by 0.82% during the same period. The Net Assets of the Fund stood at Rs. 567.596 million as at February 28, 2007.

The total investment in mutual funds was the same as compared to previous month i.e. 64%. As of February 28, 2007, the investment as percentage of the Net Assets in the closed-end funds stood at 51.34% whereas, in the open-end funds, the investment reached to 12.45% of the total Net Assets.

Asset Allocation



NAV Performance

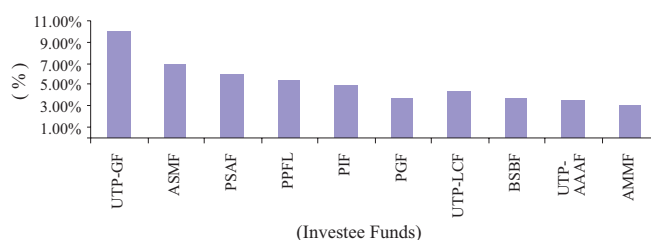


Returns*

| | From | ATFF |
|--------------------|-----------|--------|
| Month on Month | 31-Jan-07 | -0.46% |
| Quarter on Quarter | 30-Nov-06 | 0.09% |
| 1 Year | 28-Feb-06 | -1.12% |
| Year to date | 30-Jun-06 | 3.25% |
| Since Inception | 13-Dec-04 | 28.10% |

*All returns are for the respective periods mentioned and have not been annualized.

Top Ten Holdings of Mutual Funds



A Page From Our Calendar

| | | | | |
|---|--|--|---|---|
| 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 29 30 31 | 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 | 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 | 30 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 | |
| 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 |  | | <p>February 2007</p> <p>"Wise investors realize that when it comes to meeting long-term goals, time in the market beats timing the market."</p> <p style="text-align: right;">Martin L. Flanagan <i>(Chairman-Investment company Institute)</i></p> <p>"It's the tortoise vs. the hare. Wise investing is realizing that it is the tortoise that wins over the long haul. That's where mutual funds come in."</p> <p style="text-align: right;">Martin L. Flanagan <i>(Chairman-Investment company Institute)</i></p> | <p>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30</p> |
| 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 | 29 30 31 | 26 27 28 29 30 | <p>31 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30</p> | |

Investor Education

Like the fabled tortoise that beat the hare in the race, the investor who stays in for the long term is more likely to achieve his or her goals than the investor who chases "hot tips" for quick profits in the stock market.

Trying to "time" the market has often proved to be unsuccessful for investors. Investing for the long term has proven to be a more fruitful investing strategy. Time is an investor's best friend (or worst enemy if you wait too long) because it gives compounding time to work its magic. Compounding is the mathematical process where interest on your money in turn earns interest and is added to your principal.

In volatile market environments, it's important to stick to your well-considered investment plan. There are substantial long-term benefits in buying and holding a diversified investment portfolio instead of trading stocks or mutual funds frequently. In fact, frequent trading can reduce your returns as you will be charged transaction fees each time you buy and sell and it's nearly impossible to time the market. You don't want to jump into a "hot" investment just in time to see it cool off.

Remember, you invest to make money to achieve a specific goal - not to beat the market. Successful investing isn't a competitive 100-yard dash. Successful investing is more like a marathon, where commitment and endurance will see you to the finish line.

Are you a long-term investor?

Two simple questions can help you find out if you've got the mindset to buy and hold.

- Do you believe you can time the market—buy when prices are low and sell when prices are high?
- When the market starts to decline, do you sell your investments to try to lock in gains?

If you answered "yes" to either question, you're probably NOT a long-term investor.

Long-term investors are known for their buy-and-hold strategies. They choose investments carefully and believe they'll be rewarded for holding them over the long term. Long-term investors tend to pay less attention to short-term performance. They hold their investments through market ups and downs because the market has generally rewarded that strategy in the past. Past performance, however, doesn't guarantee future results.

Test Your Mutual Fund Knowledge...

Question of the Month

The total return quoted on a mutual fund is a statement of its expected future performance over the specified period, with dividends reinvested.

- (a) True
(b) False

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).
Saving for retirement is an investment goal for 92% of mutual fund Unit Holders.

Where To Apply

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. M. 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

RAWALPINDI

C/o Atlas Bank Limited
Bank Road Branch,
60, Bank Road, Rawalpindi.
Phone: (92-51) 5566671, 5564123
Fax: (92-51) 5528148
V-PTCL: (92-51) 5856411
Contact Person: Mr. Mohsin Sarwar
Email: cms@atlasfunds.com.pk

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