

March 2007

spot
light

Monthly
Roundup



Managed By

Atlas Asset Management

Rated AM3+ by PACRA

Atlas
funds

Nurturing your investments

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Message From The Editor

Dear Readers,

The stock market remained range bound throughout March, with the KSE 100 Index closing the month on a nominal gain 91 points or 0.82% as the political uncertainty kept the investors from taking fresh positions. Reduced volumes also suggested investors' cautious stance as average monthly volume shrank to 160 mn shares against 289 mn in the previous month. It may be expected that the low volumes and flat trend at the KSE shall continue as the investors remain wary due to political situation in the country.

Meanwhile the foreign funds' interest toward Pakistan remained strong on the back of strong fundamentals. Having missed the last four-year rally, they are now recognizing Pakistan as one of the fastest growing economies in the region and we believe that the Pakistani market still holds out an attractive upside to these funds and foreign interest shall continue for the time being.

Best Wishes,

Editor

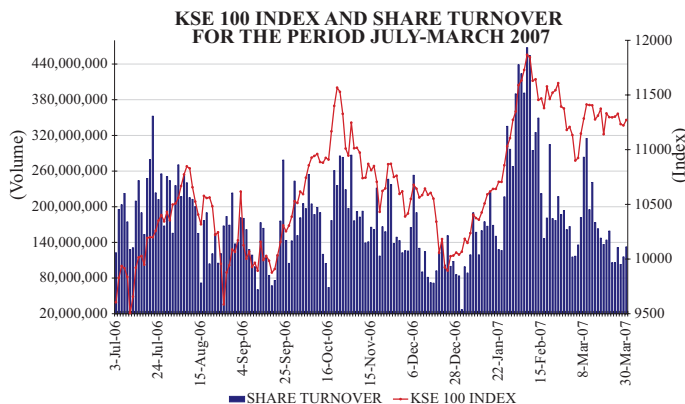
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Market Review

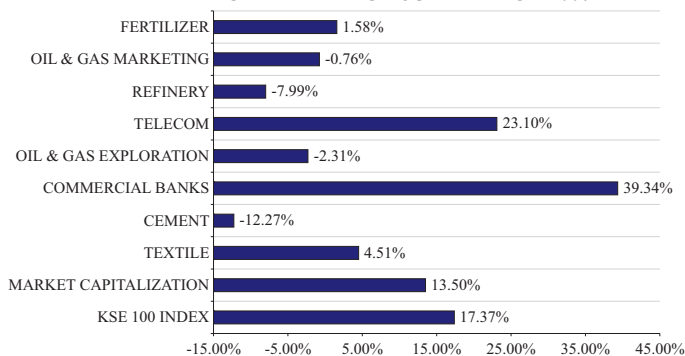
On the Stock Market Front

During the nine months of FY06-07, the stock market largely remained range bound. The 100 Index gained 1,668 points or 17% while the average volumes remained at 181 million shares during this period. The nine months of the current fiscal year witnessed a number of developments on both the local and international fronts including the conflict in Lebanon, the Balochistan crisis and the ongoing operation in the tribal area. In addition, the Iran-US possible conflict continued to keep the investors nervous. On the regulatory front, SECP introduced the VaR based margin buckets for CFS financing. CFS limit was enhanced to Rs. 55 billion and the CFS rate was capped at 1 month KIBOR plus 10%. The market also had some nervous time prior to the release of the forensic report to find out the causes of the March 2005 stock market crash. The market reacted positively when the report cleared the broker community of any wrong doing.



During March, 2007, cash settled futures were also introduced by the Karachi Stock Exchange. Overall, the market seems to have solid footing. Corporate earnings during this time also remained buoyant. Banking sector remained the top performing sector, increasing by 39% in value during the nine months. This was followed by the Telecom sector which was up by 23% during the same period. Foreign interest during these nine months remained high. SCRA balance as at March 30, 2007 stood at a record high of USD 670 million. In addition to this, the GDR issues of MCB Bank and OGDC received very positive response from foreign investors.

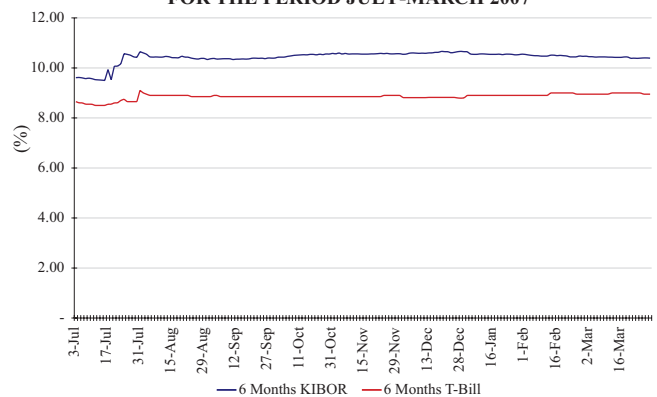
SECTOR PERFORMANCE FOR THE PERIOD JULY-MARCH 2007



On the Money Market Front

As a result of a tight monetary stand by the SBP, the interest rates rose sharply during July, 2006. The 6-Month KIBOR which was around 9.60% at the end of FY06, rose to around 10.60% before settling at around 10.40% by the end of the year. Similarly, the secondary market yield on 90-day T-Bills improved by 30 bps during the same period.

KIBOR VS T-BILLS FOR THE PERIOD JULY-MARCH 2007



Major Result Announcements

COMPANIES	PAT(mn)	EPS(Rs.)	Payout
Pakistan Cement**	(38.22)	(0.06)	-
P.I.A.C.(A)*	(12,763.42)	(6.80)	-
Bank of Khyber*	201.59	1.04	-
Pak Reinsurance*	671.84	14.93	20%(F) (D)20%(B)
EFU General Insurance*	761.98	15.24	30%(D) 100%(B)
EFU Life Assurance*	235.97	7.87	20%(D) 66.66%(B)
Wyeth Pak*	327.40	230.30	40%(F) (D)
Pak Suzuki*	3,350.44	61.99	50%(B)
PICIC Ins.Ltd.*	28.14	1.41	10%(F) (D)
Adamjee Ins.*	1,576.50	15.42	18%(F) (D)
Pak Tobacco*	1,904.99	7.46	44%(F) (D)
Nestle Pakistan*	1,363.29	30.06	50%(F) (D)

* Annual Result

** Half-Yearly Result

Atlas Income Fund

Fund Performance for the nine months ended March 31, 2007

Fund Information

Fund Launch date	March 22, 2004
Type	Open-end - Income Fund
Net Assets	Rs. 2.88 billion
NAV per Unit	Rs. 535.68
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

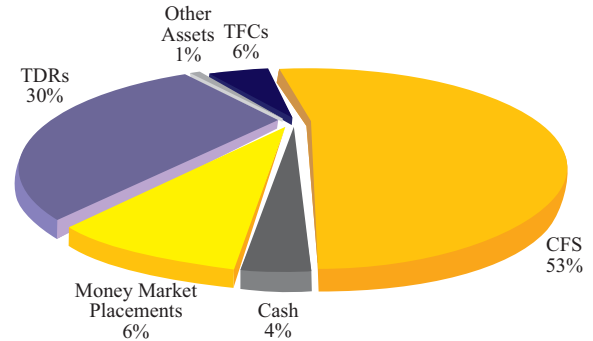
The NAV of AIF was Rs. 535.68 per Unit as at the end of nine months as compared with the ex-dividend NAV of Rs. 500.29 per Unit as of June 30, 2006. This reflects an increase of 7.07% for the period or 9.42% on an annualized basis.

During the nine months period, the Fund mainly focused on enhancing returns in addition to improving credit quality of the Fund. Short term instruments invariably became a favourite asset class due to uncertainties regarding the direction of the interest rates. On an average, 30% to 40% of AIF Net Assets have been placed in Term Deposit Receipts (TDRs) during the nine months ended on March 31, 2007.

Current account deficit is a bigger concern than inflation and is likely to guide monetary and exchange rate policies. State Bank of Pakistan will maintain its current tight monetary stance. A substantial portion of the AIF's assets comprises of CFS and short term bank deposits and this asset class mix will provide AIF investors an opportunity to earn attractive returns in the up coming months.

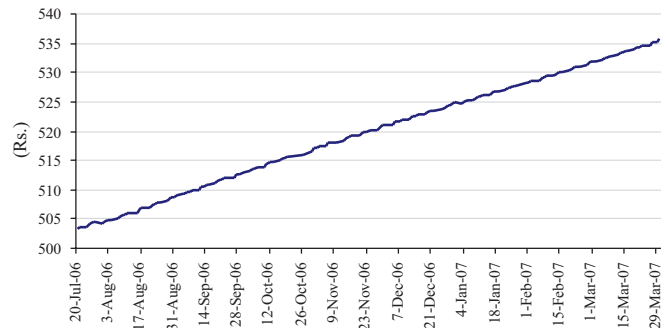
Asset Allocation

As on March 31, 2007



NAV Performance

AIF NAV PERFORMANCE
FROM THE PERIOD JULY-MARCH 2007



Returns*

	From	AIF
Month on Month	28-Feb-07	8.41%
Quarter on Quarter	31-Dec-06	8.38%
1 Year	31-Mar-06	9.36%
Year to date	30-Jun-06	9.42%
Since Inception	22-Mar-04	9.74%

*All returns are on an annualized basis

Key Interest Rates*

KIBOR 3 month	10.14%
KIBOR 6 month	10.40%
Discount Rate	9.50%
6 month T-Bills	8.95%
12 month T-Bills	9.05%
10- Year PIBs	10.40%
Inflation (CPI)	7.39%**

* Source: Business Recorder dated March 31, 2007 & Website: www.sbp.org.pk

** February 2007

Atlas Stock Market Fund

Fund Performance for the nine months ended March 31, 2007

Fund Information

Fund Launch date	November 23, 2004
Type	Open-end - Equity Fund
Net Assets	Rs. 1.28 billion
NAV per Unit	Rs. 600.55
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

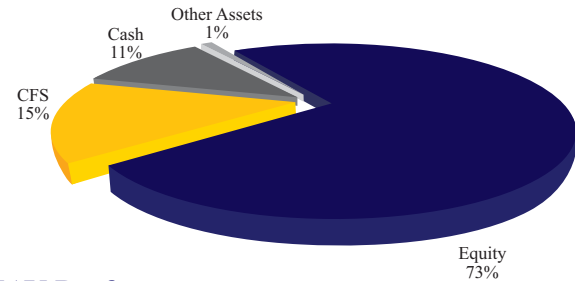
During the nine months ended March 31, 2007, ASMF earned a total return of 11.67% compared to the KSE 100 Index appreciation of 12.84%. The Fund had invested more than market weight in the banking sector which gained 31% during the period under review.

As at March 31, 2007, Net Assets stood at Rs. 1,279 million, declined by 11% as compared to Rs.1,440 million as at December 31, 2006. The ASMF's investments as a share of Net Assets were as follows: equity 73%, CFS 15%, cash 11% and other assets 1%. ASMF's portfolio was actively managed during nine months based on fundamentals and in conformity of the investment objectives of the Fund. On average, ASMF remained 75% invested in equities during the period under review.

We expect individual sector and company dynamics to continue to drive earnings growth in the coming months. At higher index levels, with increasing foreign institutional activity, ample liquidity from domestic institutions and growing retail interest, we expect the price volatility to increase.

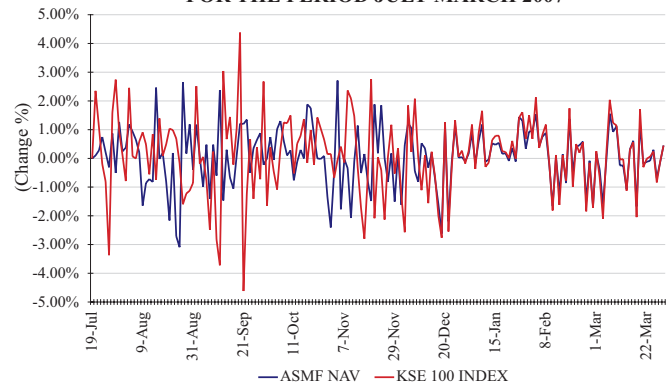
Asset Allocation

As on March 31, 2007



NAV Performance

ASMF VS KSE 100 INDEX FOR THE PERIOD JULY-MARCH 2007

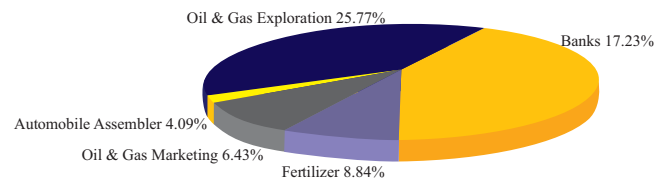


Returns*

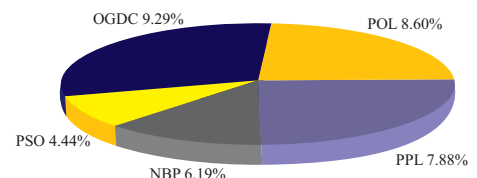
	From	ASMF
Month on Month	28-Feb-07	0.08%
Quarter on Quarter	31-Dec-06	8.73%
1 Year	31-Mar-06	-1.90%
Year to date	30-Jun-06	11.67%
Since Inception	23-Nov-04	56.40%

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

Top Five Sectors



Top Five Holdings



Atlas Islamic Fund

Fund Performance for the month ended March 31, 2007

Fund Information

Fund Launch date	January 15, 2007
Type	Open-end - Islamic Equity Fund
Net Assets	Rs. 470 million
NAV per Unit	Rs. 504.65
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

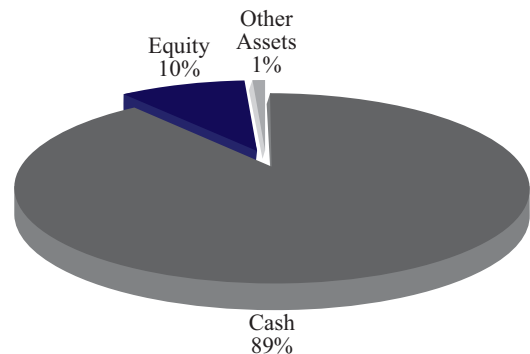
As at March 31, 2007, the total size of the Fund stood at Rs. 470 million. The Net Asset Value (NAV) per Unit increased from Rs. 500 (IPO period price) to Rs. 504.65 per Unit as on March 31, 2007, depicting an increase of 0.93% for the period.

As on March 31, 2007, 10% of Net Assets were invested in equities. During the period, the Fund capitalized on opportunity arising in the market and some additional investment was made in equities.

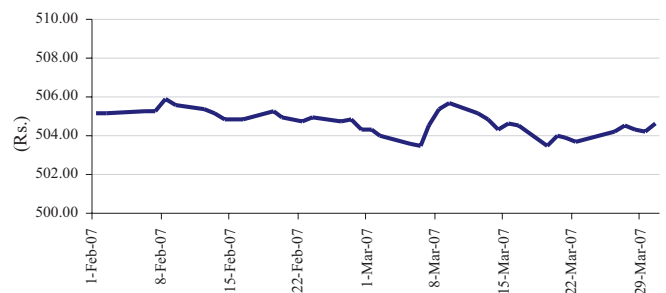
At this level, the market behaviour is very volatile due to uncertainty on the political front and judicial reference submitted by the Government of Pakistan and we feel that when these issues get resolved, market will be stabilized.

We expect individual sector and company dynamics to continue to drive earnings growth in the coming months. At higher index levels, with increasing foreign institutional activity, ample liquidity from domestic institutions and growing retail interest, we expect price volatility to increase.

Asset Allocation



NAV Performance

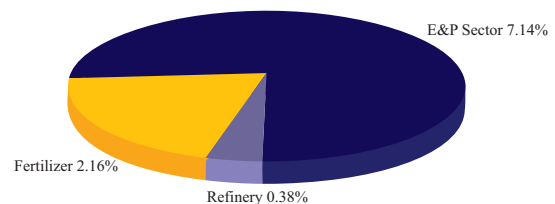


Returns*

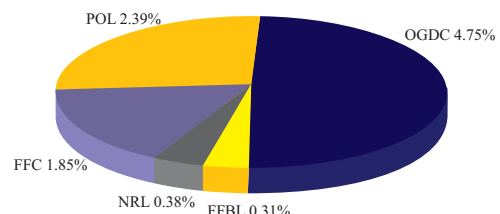
	From	AISF
Month on month	28-Feb-07	0.07%
Since Inception	15-Jan-07	0.93%

* All returns are for the period and have not been annualized.

Sector Allocation



Top Holdings



Atlas Fund of Funds

Fund Performance for the nine months ended March 31, 2007

Fund Information

Fund Launch date	December 13, 2004
Type	Closed-end - Fund of Funds
Net Assets	Rs. 574.08 million
NAV per Unit	Rs. 10.93
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.

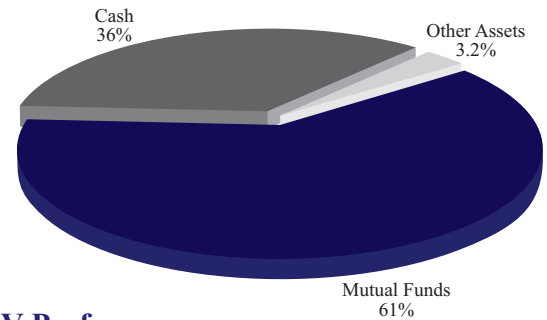
Fund Manager's Review

The NAV of Atlas Fund of Funds as on March 31, 2007 was Rs. 10.93 as compared to Rs.10.47 (Ex-dividend) NAV of June 30, 2006, reflecting an increase of 4.4% for the period. The Net Assets of the Fund stood at Rs. 574.08 million as at March 31, 2007, increasing from Rs. 549.91 million (after distribution of dividend) as at June 30, 2006.

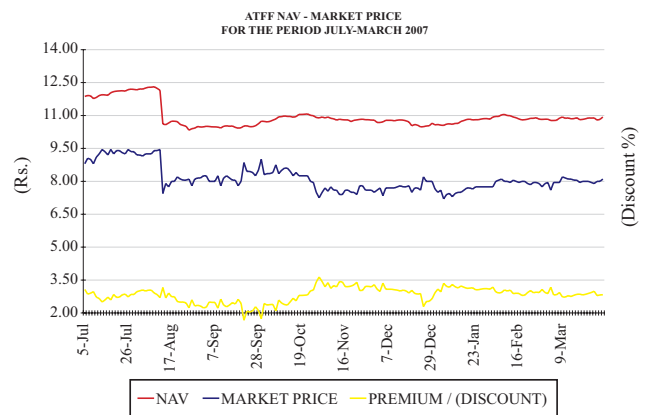
The average investment in mutual funds was 65% of the Net Assets. During the period, some open-end funds were redeemed. The total investment, therefore, in open-end mutual funds stood at 17.30% of Net Assets as at March 31, 2007. 45% of the Net Assets were invested in the closed-end mutual funds as at March 31, 2007.

Asset Allocation

As on March 31, 2007



NAV Performance

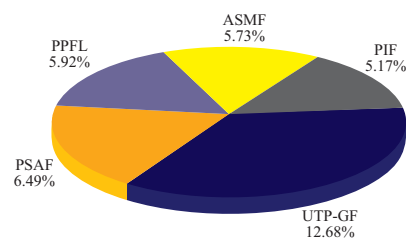


Returns*

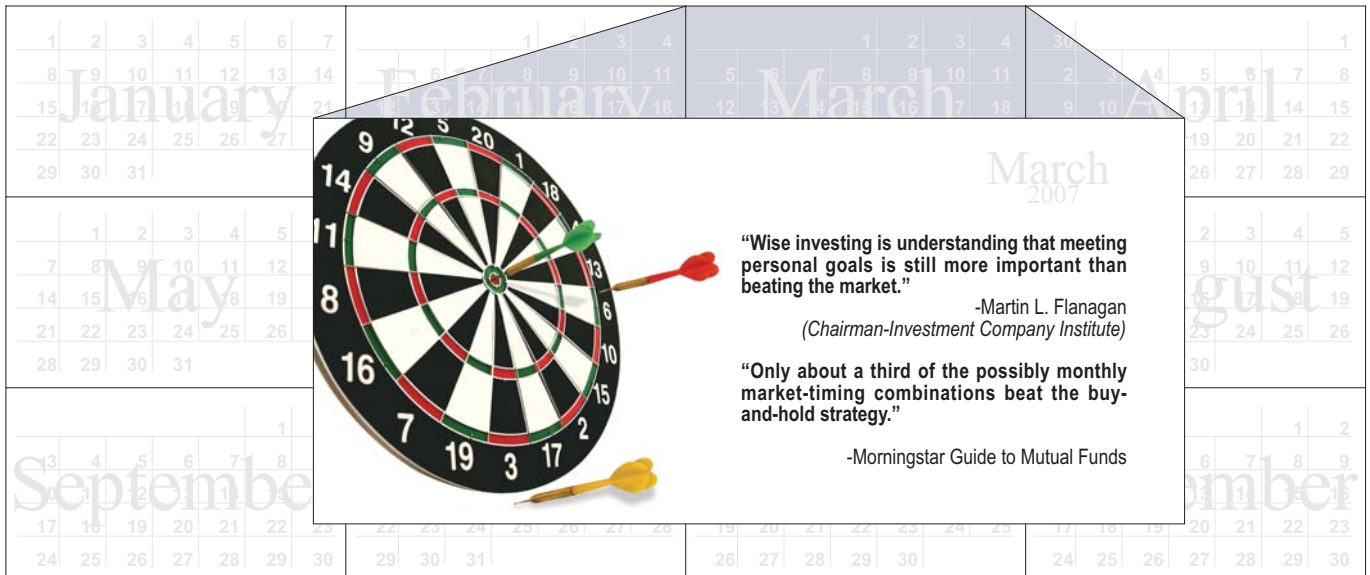
	From	ATFF
Month on Month	28-Feb-07	1.11%
Quarter on Quarter	31-Dec-06	2.63%
1 Year	31-Mar-06	0.04%
Year to date	30-Jun-06	4.39%
Since Inception	13-Dec-04	29.30%

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

Top Five Holdings of Mutual Funds



A Page From Our Calendar



"Wise investing is understanding that meeting personal goals is still more important than beating the market."

-Martin L. Flanagan
(Chairman-Investment Company Institute)

"Only about a third of the possibly monthly market-timing combinations beat the buy-and-hold strategy."

-Morningstar Guide to Mutual Funds

Investor Education

One of the biggest mistakes that investors make is to chase performance. Whether it is changing fund managers, transferring between funds, or purchasing a new fund, the common goal for the investor is to be in the hottest fund. As soon as they see a hot asset class or sector, they pull their money out of their other investments and pour it into the new object of their affection. Unfortunately, they're often in the wrong place at the wrong time. The result is much akin to someone chasing lightning – they go where it has struck and then wonder why they continue to compound at lower than average rates of return. Academics have shown that there is no better way to lose money than jumping on the bandwagon too late. This is often called "chasing returns" or "performance chasing" and is a surefire way to get burned.

Investors must invest with a purpose. When looking at stocks or more preferably mutual funds to invest in, make sure it fits into your portfolio. When I say "fits into your portfolio" I am referring to risk levels and allocation. Invest what you are comfortable investing in and make sure your portfolio isn't lopsided. A common investor is limited in the degree of risk that he is willing to take. It is thus of key importance that there is thought given to the process of investment and to the time horizon of the intended investment. One should abstain from speculating which in other words would mean getting out of one fund and investing in another with the intention of making quick money. One would do well to remember that nobody can perfectly time the market so staying invested is the best option unless there are compelling reasons to exit. A re-balancing strategy would be best suited which is somewhat of a middle ground between market timing and buy and hold. With this strategy, you will re-visit your portfolio mix from time to time and make some adjustments as required to meet your goals.

Market-Timing Strategy

The market timing strategy implies the ability to get into and out of sectors or assets or markets at the right time. The ability to market timing means that you will forever buy low and sell high. Unfortunately, few investors buy low and sell high because investor behavior is usually driven by emotions instead of logic. The reality is most investors tend to do exactly the opposite – buy high and sell low. This leads many to believe that market timing does not work in practice. No one can accurately predict the future with any consistency.

Buy-and-Hold Strategy

This is by far the most commonly preached investment strategy. The reason is that statistical probabilities are on your side. Markets generally go up 75% of the time and down 25% of the time. If you employ a buy-and-hold strategy and weather through the ups and downs of the market, you will make money 75% of the time. If you are to be more successful with other strategies to manage your portfolio, you must be right more than 75% of the time to be ahead. The other issue that makes this strategy most popular is it is easy to employ. This does not make it better or worse. It is just easy to buy and hold.

Test Your Mutual Fund Knowledge...

Question of the Month

Stock mutual funds with a narrow focus like sector funds have lower price volatility than broad-based funds.

- (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 (b).

The quoted total return does assume dividends are reinvested, but it is only a record of **past** performance. It is not a reliable predictor of future performance, particularly in managed funds where the effectiveness of investment styles continually ebb and flow.

Where To Apply

Sales Outlets:

KARACHI

1- C/o Atlas Bank Limited
P & O Plaza, I.I Chundrigar Road,
Karachi.
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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,
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Cell: 0321- 2063267
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Cell: 0300-8422570
Contact Person: Mr. Javaid Aslam
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Phone: (92-51) 5566671, 5564123
Cell: 0334-5167035
Fax: (92-51) 5528148
V-PTCL: (92-51) 5856411
Contact Person: Mr. Mohsin Sarwar
Email: cms@atlasfunds.com.pk

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