

November 2006

spot  
light

Monthly  
Roundup



Managed By

Atlas Asset Management

Rated AM3+ by PACRA

Atlas  
funds  
*Nurturing your investments*

## Message From The Editor

Dear Readers,

November witnessed the stock market show a negative closing on a monthly basis with KSE 100 Index losing 708 points or 6.25%. By virtue of its heavy dominance in the Index, OGDCL was responsible for the major decline in the Index. The underline reason for this heavy decline was the lower than expected price of index heavy weight, OGDCL's GDR. In addition, apprehension prior to the submission of report by SECP on March 2005 market crash too created uncertainty in the market. Positive factors like enhancement of CFS limit (from Rs. 24.5bn to Rs. 55.0bn) along with an increase in CFS eligible securities to 71 scrips (from earlier 32) were unable to bring positive sentiment in the market as some technical issues created hurdles in their full implementation.

However, with the release of the forensic report and the announcement of the cut off price for OGDCL's GDR offering (Rs 115) and OGDCL's public offer price (Rs 110) this ambiguity is over and the market should improve its sentiment.

At AAML, during the month, our website got a 'new look' which we hope shall make it more accessible and easier to navigate. You can view the revamped website of AAML at the following address: [www.atlasfunds.com.pk](http://www.atlasfunds.com.pk)

We hope that you are enjoying our Investor Education section in which we are highlighting the major steps involved in the process of financial planning. The series had started from our August issue and in this issue we are now entering in the second step for financial planning, i.e. investing. Proper investing is the key towards attaining financial independence. And this investment should be properly planned keeping in consideration your investment goals, time horizon and risk tolerance.

We wish all our readers happy and profitable investing!!!

Best Regards,

Editor

### 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

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## In This Issue...

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## Latest Addition to the Atlas Funds Family Atlas Islamic Fund

### Basic Information

Type	Open-end Shariah Compliant
Initial Offer Price	Rs. 500/ unit
Minimum Investment	Rs. 5,000/-
Management Company	Atlas Asset Management Limited
Trustee	Central Depository Company of Pakistan Limited (CDC)
Shariah Board	Dr. Khalid Zaheer and Mr. Javed Ahmad Ghamidi.
External Auditors	Hameed Chaudhri & Co.
Legal Advisors	Mohsin Tayebaly & Company
Transfer Agent	Atlas Asset Management Limited (in-house arrangement)
Dealing Frequency	Daily (Monday to Friday) during office hours
Dividend Distribution	Annual

### Investment Strategy

The Fund will invest in a diversified portfolio of Shariah Compliant securities and Islamic modes of instruments, in Pakistan as well as internationally (upto 30% of its net assets subject to a cap of US \$15 million) with a view to optimise returns balanced with risk. The Shariah Board shall advise the Management Company on Shariah compliance. AAML shall, in consultation with well known Shariah experts lay down the criteria for Shariah compliance to be called the Shariah Code and shall comply with the Shariah Code in making Investments for the Trust.

In selecting the equity securities for investment, the Fund shall select such companies that:

- Meet the Shariah Compliance criteria
- Are consistently dividend paying
- Have growth prospects
- Are actively traded

The Shariah Compliance criteria for selecting equity securities are as follows:

- Basic business of the Investee Company should be Halal;
- The total debt of the investee company should not exceed 45% of its total assets;
- The total illiquid assets of the investee company as a percentage of its total assets should be at least 10%;
- The total investment of the investee company in Shariah non-compliant business should not exceed 33% of its total assets;
- The income from Shariah non-compliant investment should not exceed 5% of the gross revenue of the investee company. (Gross revenue means net sales plus other income);
- The net liquid assets (current assets minus current liabilities) per share should be less than the market price of the share.

### Objective

The main objective of the Atlas Islamic Fund is to provide an outlet to investors who want Riba-free returns. Atlas Islamic Fund has been formed to enable YOU to invest through a single investment, in a professionally managed, diversified investment portfolio of Shariah Compliant securities and instruments, both within and outside Pakistan.

### Key Features

- Shariah Compliant
- Transparent
- Professional management
- Diversification
- Continuous subscription
- Affordability (Start with as low as Rs. 5,000 and follow up with monthly investments)
- Quick Redemption (within 6 working days)
- Transferable
- Eligible security for Pledge
- Automatic re-investment of dividend/issue of bonus units
- Tax neutrality (income of Fund is exempt from tax if the Fund distributes 90% of its income as dividend or bonus units)
- Avail Tax Credit on your investment of upto Rs. 200,000/-
- Only 1% of NAV charged as Front-end Load to calculate Offer Price
- No exit fees (Back-end Load) if investment held for three years

**Units offered during the Initial Offering Period will be issued at Rs. 500 per Unit without any sales load.**

### Who Can Apply

- Pakistani residents (in case of minors below 18 years of age, applications should be made by their guardians).
- Non resident Pakistanis, Foreign nationals and companies (subject to the regulations of the State Bank of Pakistan and the Ministry of Finance).
- Companies, Corporate bodies, financial institutions, Banks, partners of a firm and societies.
- Provident, Pension and Gratuity Funds constituted under the Employees Provident Fund (Investment in Listed Securities) Rules, 1996 or under section 20(h) of the Trusts Act 1882.
- Insurance companies under the Insurance Ordinance, 2000.
- Non Profit Institutions, funds, charitable trusts, welfare societies or other organizations established in Pakistan for religious or charitable and community service purposes under Section 213(1)(i) of Income Tax Rules, 2002.

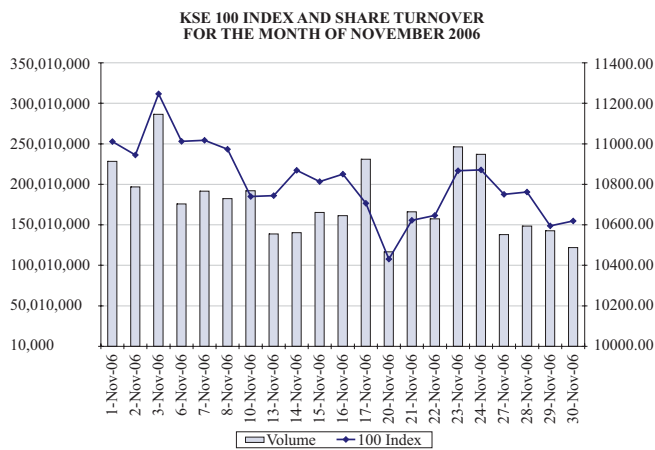
### Disclaimer

All investments in mutual funds and securities are subject to market risks. The Management Company will manage the Fund with the objective of maximizing Unit Holders' returns on their Investments while at all times observing prudent Investment practices, the highest professional standards, all applicable laws, and the Islamic Shariah as advised by the Shariah Board.

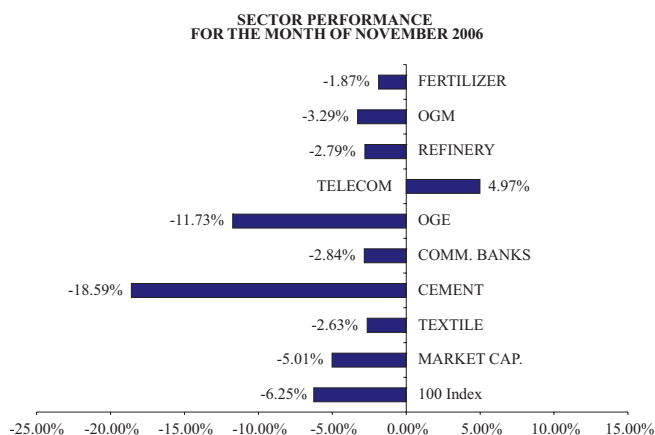
## Market Review

### Stock Market Review

The market remained fairly volatile during the month, owing to the anticipated release of the Forensic Report on the March 2005 Stock Market crash and the prevailing uncertainty regarding the new margin regime. The market declined a massive 708 points during the month and widespread selling pressure was witnessed throughout the month. Average monthly volumes remained at the same levels as in October, 2006.

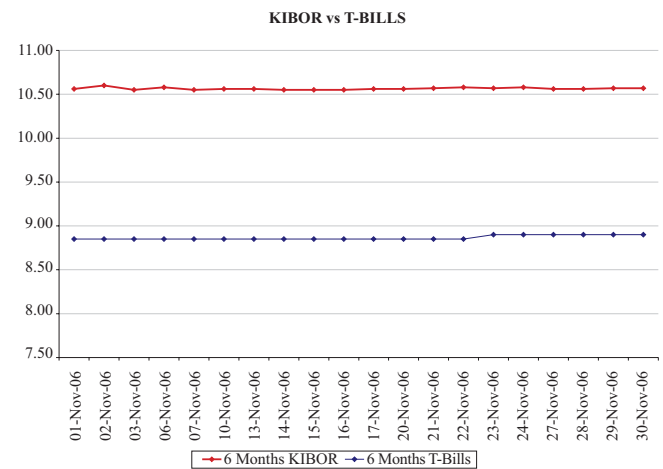


The only sector to give positive returns during the month was the Telecom sector which recorded gains of approximately 5% during the month. Cement sector remained under pressure due to the declining profitability of the sector and remained the major contributor to the decline of the Market. The sector lost about 19% of its value during the month.



### Money Market Review

6-Month KIBOR rate remained steady throughout the month and closed at 10.57% as compared to 10.56% at the start of the month. Secondary market yields on the 6-months Treasury Bill closed at 8.9% as compared to 8.85% at the beginning of the month.



During the month of November, 2006, State Bank of Pakistan maintained the cut off yields of 3-months Treasury bill at 8.64%. However, the yield for the 6-months Treasury bill was raised to 8.82%. The yield on 1-year T-Bill remained steady at 9.00%. During the month, SBP released the inflation data for the month of October, 2006 which showed an encouraging decline of 62 bps as compared to October, 2005. The impact of this decline is expected to be positive for Pakistan's economy in the long run.

### Major Result Announcements during the Month

COMPANIES	Earning Per Share (Rs.)			Payout
	FY05	FY06	% Chg	
Callmate Telips (YE)	6.61	11.06	67.32%	20% D 30%B
United Bank (9M)	7.33	10.67	45.57%	-

COMPANIES	Earning Per Share (Rs.)			Payout
	FY06	FY07	% Chg	
Honda Atlas Cars (HY)	3.92	0.76	-80.61%	-

## Atlas Income Fund

Fund Performance for the month ended November 30, 2006

### Fund Information

Fund Launch date	March 22, 2004
Type	Open-end - Income Fund
Net Assets	Rs. 2.73 Billion
NAV per unit	Rs. 520.99
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

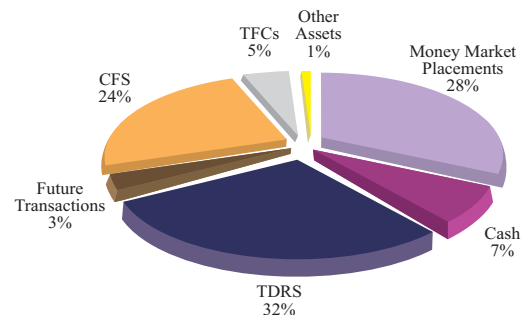
During the month of November 2006, AIF earned a net return of 9.08% p.a. The monthly return was lower than the previous month but better than the average return of its peers. The Net Assets of the Fund stood at Rs. 2.73 billion as on November 2006.

During the month, we increased the position in the Continuous Funding System (CFS) due to better returns being received from the CFS as the CFS volumes cap was increased from Rs. 22 billion to Rs. 55 billion. The breakdown of total assets of the Fund as share of total assets is as follows: CFS 24%, Term Finance Certificates 5%, Money Market Placements 28%, Term Deposits 32%, Future Transactions 3%, Cash 7% and other assets 1%.

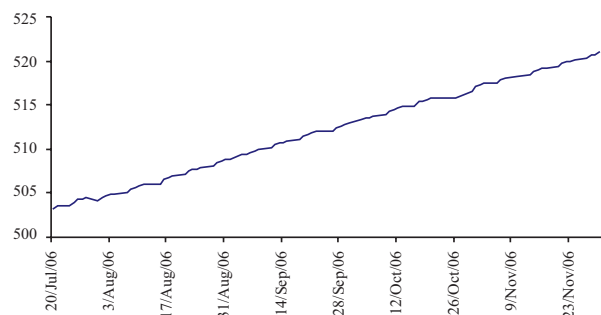
Due to the development in the new CFS rules by SECP, we continue to see an upward revision in the CFS rates and

therefore forecast a double digit return for the next month.

### Asset Allocation



### NAV Performance for the month



Returns*	From	AIF
Month on Month	31-Oct-06	9.08%
Quarter on Quarter	31-Aug-06	9.54%
1 Year	30-Nov-05	11.02%
Year to date	30-Jun-06	9.87%
Since Inception	22-Mar-04	9.87%

\*All returns are on an annualized basis

### Sharpe Ratio

For the Month 0.0004

### Key Interest Rates\*

KIBOR 3 months	10.29%
KIBOR 6 months	10.57%
Discount Rate	9.50%
6 months T-Bills	8.90%
12 months T-Bills	9.15%
10- Years PIBs	10.30%
Inflation (CPI)	8.11%**

\* Source: Business Recorder dated November 30, 2006  
Website: [www.sbp.org.pk](http://www.sbp.org.pk)

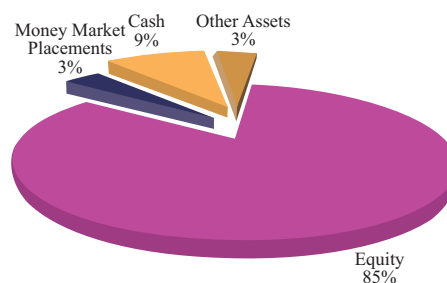
\*\* Dated October 31, 2006.

## Atlas Stock Market Fund

Fund Performance for the month ended November 30, 2006  
**Asset Allocation**

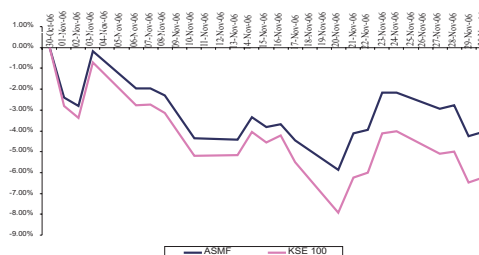
### Fund Information

Fund Launch date	November 23, 2004
Type	Open-end - Equity Fund
Net Assets	Rs. 1.44 Billion
NAV per unit	Rs. 577.72
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



### NAV Performance for the month

ASMF vs KSE 100 INDEX



### 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.

Returns*	From	ASMF
Month on Month	31-Oct-06	-49.26%
Quarter on Quarter	31-Aug-06	24.44%
1 Year	30-Nov-05	16.34%
Year to date	30-Jun-06	17.71%
Since Inception	23-Nov-04	25.69%

\*All returns are on an annualized basis

### Fund Manager's Review

Atlas Stock Market Fund's NAV decreased by 4% during the month of November as compared to a 6% decline in the KSE 100 Index, thus outperforming the index by 2%. The Fund size as at November 30, 2006 stood at Rs. 1.44 billion.

### Sharpe Ratio

For the Month (0.02)

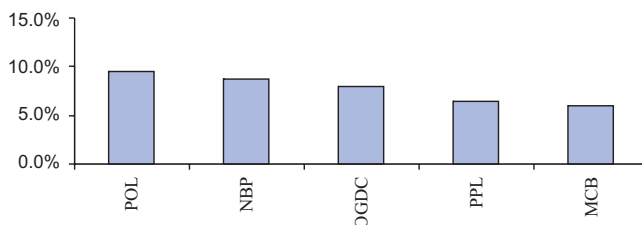
During the month, the Fund's average investment in equities was 85% as of November 30, 2006. ASMF's investments in Money Market Placements, Cash and other assets remained at 3%, 9% & 3%, respectively. There was no placement of Fund in CFS as at November 30, 2006.

### Top Five Sectors

Banks	24.75%
Oil & Gas Exploration	23.93%
Fertilizer	8.05%
Oil & Gas Marketing	6.02%
Telecommunication	5.49%

ASMF's major investments remained in the banking, oil and gas, telecom & fertilizer sectors, where we felt the values were justified.

### Top Five Holdings



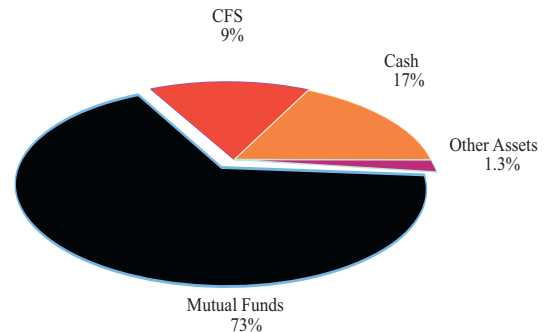


## Atlas Fund of Funds

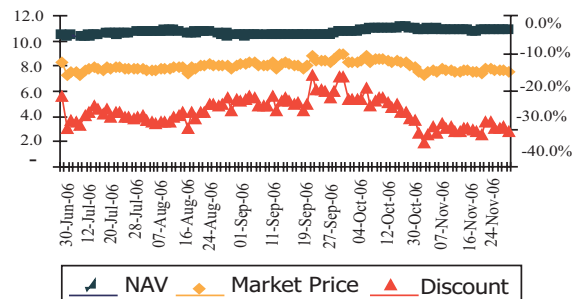
Fund Performance for the month ended November 30, 2006

stable return of the Atlas Fund of Funds in the near future.

### Asset Allocation



### NAV Performance for the Period



Returns*	From	ATFF
Month on Month	31-Oct-06	-19.95%
Quarter on Quarter	31-Aug-06	13.04%
1 Year	30-Nov-05	9.63%
Year to date	30-Jun-06	7.52%
Since Inception	13-Dec-04	14.25%

\*All returns are on an annualized basis

### Sharpe Ratio

For the Month (1.67)

### Top Ten Holdings of Mutual Funds



### Fund Information

Fund Launch date	December 13, 2004
Type	Closed-end - Fund of Funds
Net Assets	Rs. 566.89 million
NAV per unit	Rs. 10.80
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

The NAV of Atlas Fund of Funds as at November 30, 2006 was Rs. 10.80 as compared to Rs. 10.98 as on October 31, 2006. During the month NAV decreased by 1.64% as compared to a 6% decline in KSE 100 index. The Net Assets of the Fund stood at Rs. 566.89 million as at November 30, 2006.

The asset allocation of the Fund remained similar to the previous month. The total investment in mutual funds was 73% of the total assets. As at November 30, 2006, the percentage of Net Assets in the closed-end funds stood at 49.34% whereas in the open-end funds the investment has reached to 19.70% of the total Net Assets.

The sharp rise expected in the stock market will lead to an appreciation of the investee mutual funds that shall enable a

## Investor Education

### Second Step to Financial Success – Investing

After setting up a successful budget, we move towards the second step to financial success – investing.

Just as many people have a negative attitude about budgeting, many also feel intimidated by investing. Do you hear others talking about their investments and wonder how they got started? How'd they come up with the money? How'd they know what to invest in? Many people don't know where to start, so they never start at all. The vast amount of information about investing, the wide array of investment choices, and the risk are intimidating and can prevent you from taking those first steps. It doesn't have to be that way. You only need to know a few basics in order to begin investing in your future.

#### Where Do I Find the Money to Invest?

The first question for many people is "where do I get the money to invest?" You must realize that you don't need to have only a large amount to start investing. There are plenty of mutual funds that allow you to invest with as little as Rs. 5,000. Once you have your personal budget in place, you should be having a little extra cash remaining at the end of each month that shall be your monthly saving. You should start investing that monthly saving every month in a mutual fund. You can also add your next bonus at work or other extra cash that you have to your savings.

#### How Do I Determine my Investment Period?

The first step is to know what your goals are. Are you saving for a house? Your children's education? Retirement? The type of investment you choose will depend on the amount of time available before you need the money. Stocks are considered long term investments, and it's best to plan on holding stocks or stock mutual funds for five years or longer. If you need the money sooner than this, you may reduce your return by cashing in when the stock's value is down and in this case having a balanced or fixed-income fund as your investment option may be better.

#### How Do I Determine My Risk Tolerance?

Next, you need to know your risk tolerance. If you hide your money under your mattress because you don't trust the bank, then you're probably not going to feel comfortable investing in stocks. However when assessing your risk tolerance, you also need to keep into consideration the goal for which you are saving. If your goal is your long term needs after five to ten years, you need to understand that playing "too safe" might end up causing you more harm than taking a little risk and investing in stock funds.

#### How Do I Choose an Investment?

How do you decide where to put your money? Most experts recommend spreading your money over several different types of investments to reduce risk, because typically one type of investment does well when another doesn't. For example, usually when returns on stocks and stock mutual funds are

high, returns on bonds are low, and vice versa. By having money in both types of funds, you're more likely to get a decent combined return if one category takes a downturn. Your asset allocation should be tailored to your risk tolerance and the number of years before you'll need to withdraw the money from your investments.

For 'new to investment' investors or investors seeking to invest small amounts on a monthly basis, stock mutual funds would be a better option instead of directly purchasing stocks in individual companies. Why? It's all about risk. A well-chosen stock mutual fund is less risky than an individual stock because mutual funds invest in many companies, thus spreading out the risk. If one company does poorly, the fund as a whole may still have a good return. If you buy stock in one company and the company does poorly, you lose money.

#### How Do I Invest?

You can visit the mutual funds website to get information about the various kinds of funds they offer and the features of each fund. The websites also contain the latest financial accounts and updates. Once you've chosen a fund you feel comfortable with, you can call them and request for further information, an Offering Document (a description of the fund, its investments, and the returns it has earned in the past), an investor's kit and/or a visit from their investment representative to help you understand the fund features better. Alternatively, you can visit their office. Once you are fully satisfied with your choice, fill out the application form, send in with your cheque/draft, and voila! You're an investor.

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

**The best measure of a mutual fund's performance is its:**

- (a) Ranking among other funds
- (b) Dividend distribution
- (c) Total return
- (d) Capital gains distributions

Please send your responses to [spotlight@atlasfunds.com.pk](mailto:spotlight@atlasfunds.com.pk)  
The correct answer shall be printed in the next issue of *Atlas Funds Spotlight*

The correct answer for previous month's question is (b).

Investors with long-term goals typically look for growth investments, those that can increase in value over the long term. Over time, stocks historically have performed better than other securities investments, such as corporate bonds and Treasury bills. Stocks are also riskier investments, fluctuating in value. So it's even more important to hold them for the longer term, giving yourself time to ride out the downturns.



## Where To Apply

### Sales Outlets:

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#### KARACHI

1- C/O Atlas Battery Limited  
PPI Building, Near Sind Secretariat Building,  
Shahrae Kamal Ataturk, Karachi - 74200, Pakistan  
Phone: (92-21) 8240195  
Mobile: 0300-9226850  
Contact Person: Mr. Arbab Ahmed  
Email:abd@atlasfunds.com.pk

3- C/O Atlas Bank Limited  
Plot # 28, Block 3, Adam Arcade,  
B.M.C.H. Society, Karachi.  
Phones: (92-21) 4145323-24  
Fax: (92-21) 4145325  
Mobile: 0334-3995647  
Contact Person: Mr. Muhammad Umer Ali

2- C/O Atlas Bank Limited  
Shop # 8, Ground Floor, Plot # 44-A, Block-6,  
P.E.C.H.S., Shakra-e-Faisal, Karachi  
Phones: (92-21) 4386184-87,  
Fax: (92-21) 4386180  
Mobile: 0300-2254977  
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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