

October 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,

We hope all our readers had a very happy Eid.

With the solicitation of the seed capital for Atlas Islamic Fund in full momentum, October remained a whirlwind of activity at AAML. Atlas Islamic Fund shall be launched for public subscription in early December 2006. The main objective of introducing the Atlas Islamic Fund is to provide an outlet to our esteemed investors who want to earn Riba-free returns.

We recognize that all our achievements in our existing funds have only been possible through your immense confidence sited in our management abilities and look forward to your continued support to make Atlas Islamic Fund a success.

To obtain your investment package of Atlas Islamic Fund, kindly send us your request at spotlight@atlasfunds.com.pk

I trust your faith in Atlas Funds has been warranted and that your loyalty will remain.

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

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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In This Issue...

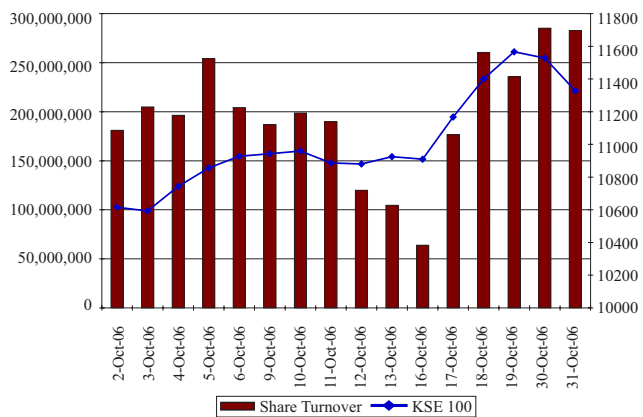
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Market Review

On the Stock Market Front

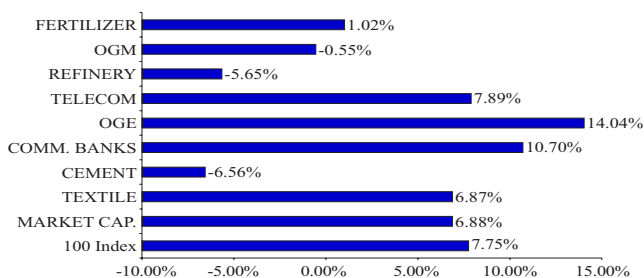
It was a bit of repetition of history as the traditional blue chips showed a long-awaited positive performance as the KSE-100 gained 815 points or 7.75% on a month-on-month basis to close at the 11,387.7 points level. The month was cut short, comprising of just 16 trading days, owing to the Eid-ul-Fitr holidays. As expected, the 11,000 mark was a difficult psychological barrier for the market to overcome but eventually the market succeeded in crossing that barrier and was also able to sustain it at the end of the month.

KSE 100 INDEX AND SHARE TURNOVER



The traditional favorites including the Oil and Gas Exploration sector and the Banking sector were at the forefront of this rally as well and the two sectors gained 14% and 10.7% respectively. PTCL witnessed a long awaited rally, as it gained 8.4% during the month, leading the telecom sector to a monthly increase of 7.89%. Average turnover of shares also remained healthy at 196.5 million shares during the month.

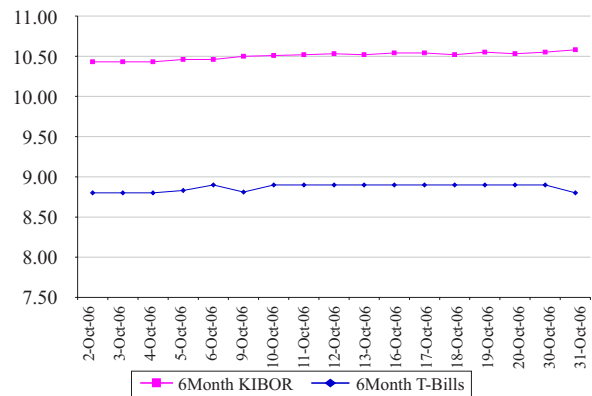
SECTOR PERFORMANCE FOR THE MONTH OF OCTOBER 2006



On the Money Market Front

Average Yield on the 6-Month T-Bill remained steady at 8.87% during the month. 6-Month KIBOR remained at 10.58% at the end of the month which was 15 bps higher as compared to the rate at the start of the month.

KIBOR vs T-BILLS



Retrospective Metamorphosis

During the month, the Government re-announced opening of National Saving Schemes (NSS) counter for institutional investors (barring only banks and insurance companies from the investment). With this announcement, the Government takes a step backwards and reverses its March 2000 decision.

NSS provides the advantage of being principal protected having the backing of the government of Pakistan, which makes it a virtually risk free investment. And while rival investment classes such as banking deposits and income funds offer a higher nominal yield, due to different risk structures, NSS will provide a tough competition to them.

Whether it is a makeshift measure or a permanent reversal, this move is negative for banks, income funds, and the overall economy as it will result in various adverse impacts including deposit outflow from the banking sector, as institutional investors will be more inclined to place funds in the NSS and above all, slowdown in the development of the corporate bond market.

Major Result Announcements during the month

COMPANIES	FY05-EPS (Rs.)	FY06-EPS (Rs.)	YOY % Chg	DPS (Rs.)
Oil & Gas Development Co.*	2.10	2.87	36.67%	1.75
Pakistan State Oil *	14.79	3.30	-77.69%	-
Lucky Cement *	1.30	1.81	39.23%	-
Askari Commercial Bank	7.16	8.65	20.81%	-
Allied Bank	4.52	7.53	66.59%	-
National Bank	12.28	19.76	60.91%	-
Bank of Punjab	6.98	10.50	50.43%	-
Azgard Nine	0.56	3.40	507.14%	-

* 1st Quarter Results 2007

Atlas Income Fund

Fund Performance for the month ended October 31, 2006

Fund Information

Fund Launch date	March 22, 2004
Type	Open-end - Income Fund
Net Assets	Rs. 3.47 Billion
NAV per unit	Rs. 517.13
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

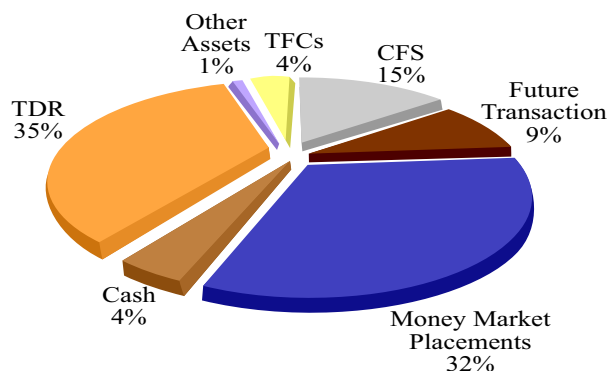
The Atlas Income Fund's net return for the month of October was 9.41% p.a. Although this was lower than the previous month, it was better than the average return of other income funds, all of whom have showed a declining trend in the returns during the month under review. The Net Assets of the Fund increased by 11% on month on month basis, and stood at Rs. 3.47 billion as on October 31, 2006.

During the month, the Fund's asset allocation was similar to the previous month. As of October 31, 2006, AIF had 35% of its total assets invested in TDR. The breakdown of investments as a percentage of total assets of the Fund is as follows: Continuous Funding System (CFS) 15%, Term Finance Certificates 4%, Money Market Placement 32%, Future Transaction 9%, Bank balances 4% and other assets 1%.

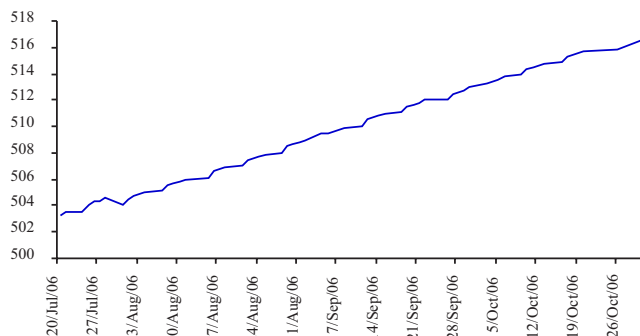
Due to the development in the new CFS rules by SECP, we

continue to see an upward revision in the CFS rates. The Fund's strategy would therefore be to increase investments in CFS going forward.

Asset Allocation



NAV Performance for the month



Returns

Return*	From	AIF
Month on Month	30-Sep-06	9.41%
Quarter on Quarter	31-Jul-06	9.91%
1 Year	31-Oct-05	11.21%
Year to date	30-Jun-06	9.99%
Since Inception	22-Mar-04	9.89%

*All returns are on an annualized basis

Key Interest Rates*

KIBOR 3 months	10.32%
KIBOR 6 months	10.58%
Discount Rate	9.50%
6 months T-Bills	8.83%
12 months T-Bills	9.00%
10- Years PIBs	10.10%
Inflation (CPI)	8.73%

* Source: Business Recorder dated October 31, 2006

Website: www.sbp.org.pk

Atlas Stock Market Fund

Fund Performance for the month ended October 31, 2006

Fund Information

Fund Launch date	November 23, 2004
Type	Open-end - Equity Fund
Net Assets	Rs. 1.82 Billion
NAV per unit	Rs. 602.10
Listing	Lahore Stock Exchange (LSE)
Trustee	Central Depository Company of Pakistan (CDC)
Auditors	Hameed Chaudhri & Co.
Minimum Subscription	Rs. 5,000
Rating (by PACRA)	4 Star

Investment Objective

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

Investment Strategy

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

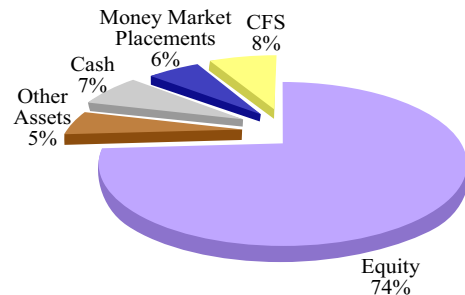
Fund Manager's Review

During the month of October the KSE 100 Index increased by 7.75% and the Fund's NAV increased by 6.69% during the month. Although underperforming the KSE 100 Index, the Fund outperformed all other local equity funds. The Fund size stood at Rs. 1.82 billion as at October 31, 2006.

During the month, your Fund's average investment in equities was 79%. As of October 31, 2006, ASMF's investments as a share of total assets were as follows: Equities 74%, Money Market Placement 6%, Continuous Funding System 8%, Cash 7% & 5% other assets and net receivables/ payables.

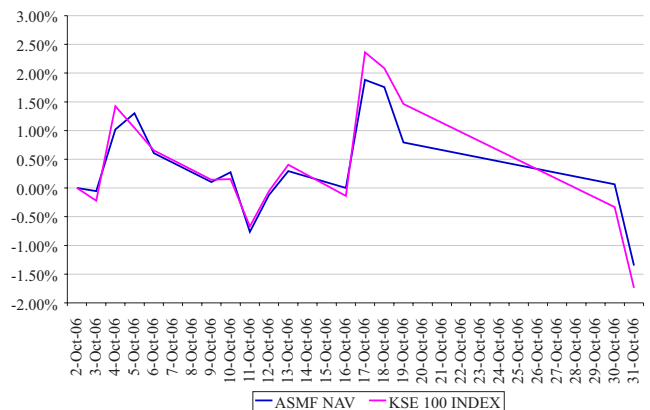
Major investments of the Fund are in the banking, oil and energy, telecom & Fertilizer sectors given their attractive relative valuations.

Asset Allocation



NAV Performance for the month

ASMF vs KSE 100 INDEX FOR THE MONTH OF OCTOBER 2006



Returns

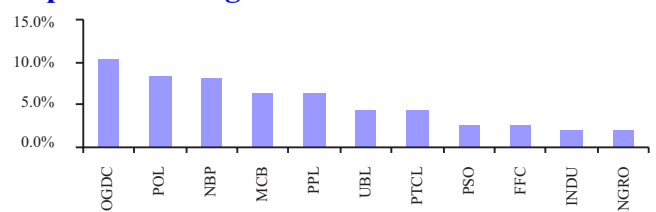
Return*	From	ASMF
Month on Month	30-Sep-06	78.74%
Quarter on Quarter	31-Jul-06	28.89%
1 Year	31-Oct-05	26.96%
Year to date	30-Jun-06	47.44%
Since Inception	23-Nov-04	29.28%

*All returns are on an annualized basis

Top Five Sectors

Oil & Gas Exploration	24.98%
Banks	24.49%
Fertilizer	6.74%
Oil & Gas Marketing	5.17%
Telecommunication	4.74%

Top Ten Holdings



Atlas Fund of Funds

Fund Performance for the month ended October 31, 2006

Fund Information

Fund Launch date	December 13, 2004
Type	Closed-end - Fund of Funds
Net Assets	Rs. 576.36 million
NAV per unit	Rs. 10.98
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.

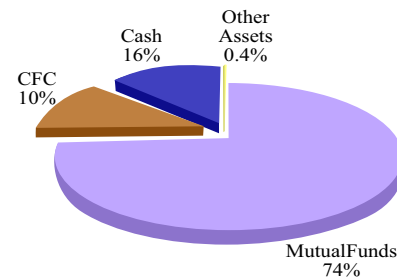
Fund Manager's Review

The NAV of Atlas Fund of Funds as on October 31, 2006 was Rs. 10.98 as compared to the NAV of Rs.10.73 as at September 30, 2006. This reflects an increase of 2.33% and year to date annualized return of 14.45%. The net assets of the Fund stood at Rs.576.36 million as at October 31, 2006, showing an increase of 2.29% on month-on-month basis.

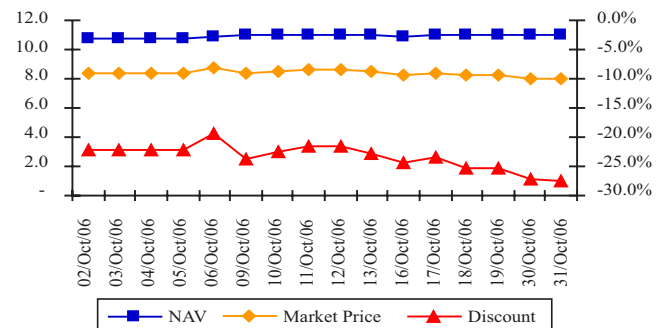
During the month of October 2006 the fund decreased investment in open-end mutual funds based on valuation of their relative performance of NAV. The total investment in mutual funds was 74% of the total assets. As of October 31, 2006 the investment as percentage of the net assets in the closed-end funds stood at 49.40% whereas in the open-end funds the investment reached to 20.86% of the total net assets. The sharp rise in the stock exchanges will help in the

appreciation of the mutual funds in which investments have been made by the fund thereby resulting in a healthy return in the near future.

Asset Allocation



NAV Performance for the month.

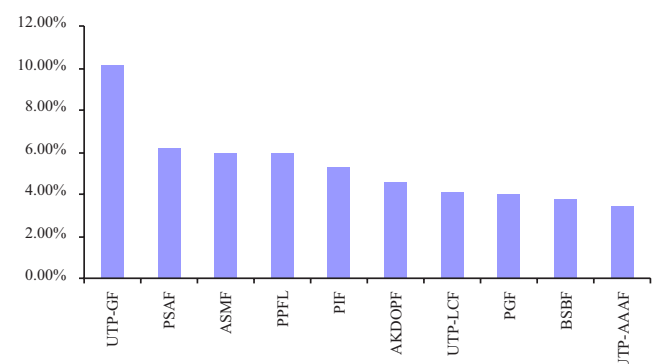


Returns

Return*	From	ATFF
Month on Month	30-Sep-06	27.43%
Quarter on Quarter	31-Jul-06	11.14%
1 Year	31-Oct-05	15.77%
Year to date	30-Jun-06	14.45%
Since Inception	13-Dec-04	15.83%

*All returns are on an annualized basis

Top Ten Holdings of Mutual Funds



Investor Education

First Step to Financial Success – Budgeting

(continued...)

The Secret to Budgeting Successfully

Have you ever attempted to budget and given up in frustration or discouragement? If you can figure out the reason your budgeting attempt failed, you'll be able to institute a rewarding, successful budget and stick to it. Think about it. What really determines whether budgeting works for you?

One of the top reasons, if not THE top reason, so many people fail at budgeting is attitude. If you think of it as a penny-pinching sacrifice instead of a means for achieving your financial goals and dreams, how long are you likely to stick with it? It's like the difference between going on a diet and eating healthily. One is negative and restrictive; the other is positive and allows you to indulge now and then and still achieve your goals.

To increase your chances of success, work on your attitude first.

How to Set Up a Successful Budget

Setting up a budget that will work for you is the first step in Financial Planning. Here's how to do it right.

Here's How:

1. Start with a budget worksheet or simply with a piece of paper.
2. Go through your check book or bills for the last two to three months and add and delete categories from/to the worksheet to fit your expenditures.
3. Think about your hobbies and your habits and be sure to add categories for these expenses.
4. Go through your pay slips and calculate your average monthly gross pay.
5. Do the same for any interest income, dividends, bonuses, or other miscellaneous income.
6. For each expense category, try to determine a budget amount that realistically reflects your actual expenses while setting targeted spending levels that will enable you to save money.
7. Once you're comfortable with your expense categories and budgeted amounts, enter expenditures from your checkbook from the last month.
8. Keep track of cash expenditures throughout the month and total and categorize these at the end of each month.
9. Subtotal the income and expense categories.
10. Subtract the total expenses from the total income to arrive at your net income.
11. If the number is negative, your expenses are greater than your income. Your situation can probably be greatly improved by changing your spending habits.
12. If you have a positive net income, transfer most of it to a savings or investment account or in a mutual fund at the end of each month. Extra cash left in a regular checking account has a way of getting spent.
13. After you've tracked your actual spending for a month or two, analyze your spending to identify where you can comfortably make cuts.
14. Once you've got the budgeting process in place, take an in-depth look at your largest spending categories, brainstorm about ways to reduce spending in specific categories, and set realistic goals.
15. Update your budget and expenses monthly.

Tips:

1. Don't try to fit your expenses into somebody else's budget categories. Tailor the categories to fit your own situation.
2. Make your categories detailed enough to provide useful information, but not so detailed that you become bogged down in trivial details.
3. Think of your budget as a tool to help you get out of debt and save money, not as a financial diet.

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

Mutual fund investors with long-term investment goals (such as retirement) most often choose:

- a) money market funds
- b) stock funds
- c) bond funds

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 funds redeem shares at net asset value and not at gross asset value.

Where To Apply

Sales Outlets:

KARACHI

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

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

LAHORE

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

HYDERABAD

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Plot No.B-1, 63 Auto Bhan Road
Latifabad, Unit # 2, Hyderabad.
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