

September 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,

Ramadan Mubarak!

September not only marked the beginning of the Holy month of Ramadan but also held special importance for Atlas Asset Management Limited because the Trust Deed constituting our upcoming open-end fund, Atlas Islamic Fund was registered during this month. Atlas Islamic Fund will be the latest addition to our Atlas Funds family and 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. Atlas Islamic Fund shall be launched for public subscription towards the end of November 2006. To obtain more information about Atlas Islamic Fund and to receive an update about the initial public offering dates and your investment package please contact us at spotlight@atlasfunds.com.pk

In addition, the month September also marked the close of the first quarter of the financial year for our three existing funds and their performance during this period has been discussed in the respective Fund's pages.

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

We also wish all our readers a very happy Eid.

Best wishes,

Editor

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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

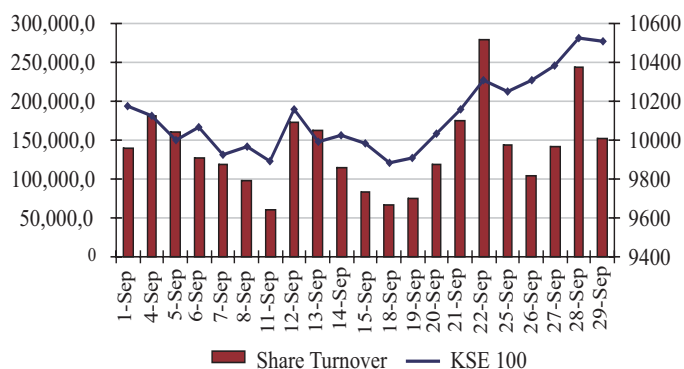
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Market Review

On the Stock Market Front

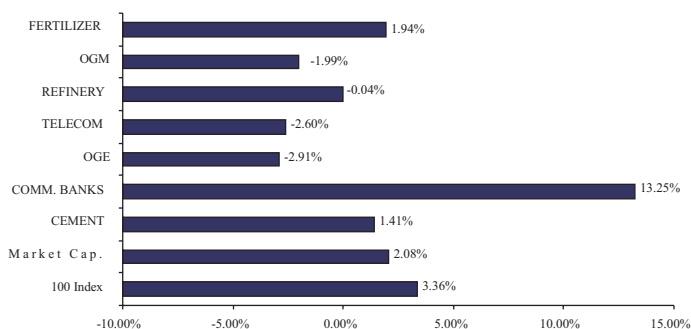
The market witnessed a bullish run during the month of September, 2006. KSE 100 index gained 449 points with major activity in the banking and cement sectors. During the month, SBP allowed refinancing of all outstanding fixed term loans of textile sector (excluding spinning sector) acquired since January 01, 2003 for the purpose of machinery import for BMR purpose under its SBP's Long Term Export Financing scheme. Furthermore, interest rate on export refinance was reduced by 100 bps. Being positive news for the textile sector, it caused increased activity in textile sector during the month.



Commercial banks appeared all set for another rally as the sector gained above 13% during the month. News regarding certain foreign banks having interest in acquiring a few of the local banks resulted in increased activity in the sector. During the month, an oil discovery was made in the Mela-1 Well in the Nashpa Block operated by OGDC which also created positive sentiments in the market.

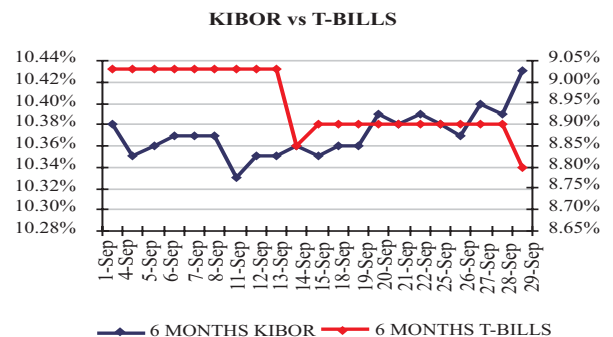
During the month, SECP raised the CFS cap for KSE to Rs. 55 billion from the previous limit of Rs. 25 billion. In addition, in-house badla was banned and the cap for CFS was set at 18%. The number of eligible securities will also be enhanced to 40-45 securities.

SECTOR PERFORMANCE FOR THE MONTH OF SEPTEMBER 2006



On the Money Market Front

On September 13, SBP held an auction for three, six and twelve month maturity Treasury Bills. Out of the total bids of Rs. 35.912 billion received by SBP, bids worth Rs. 20.312 billion were accepted against a pre-auction target of Rs. 20 billion. The cut-off yields on all the three maturities were kept unchanged by SBP. Six-Month KIBOR showed some fluctuation throughout the month. It settled at the 10.43% level which was 0.05% higher as compared to the rate at the start of the month. Yield on 6-Month T-bill dropped to 8.8% as compared to 9.03% starting level.



Market Outlook

Net inflow into the SCRA which shows foreign investment into the Pakistan stock market was a massive USD 87.7 million. This is a positive sign for the Pakistani stock market as it shows that foreign investors are again showing keen interest in investment prospects in Pakistan. Speculations with regard to acquisition of local banks by foreign banks are likely to persist generating increased volumes in the sector. We are also positive on the cement sector as the sector has seen huge demand in profitability and continues to show great headway in the export market.

Major Result Announcements during the month

COMPANIES	FY05-EPS (Rs.)	FY06-EPS (Rs.)	YOY % Chg	DPS (Rs.)
Kot Addu Power	9.14	6.04	-33.92%	8.10
D.G. Khan Cement	7.82	11.17	42.84%	1.50
Lucky Cement	3.14	7.35	134.08%	1.00
Nishat Mills	12.86	11.24	-12.60%	1.50
Mari Gas	9.84	5.15	-47.66%	3.10
Bank Alfalah *	2.12	2.03	-4.25%	-

* Half Year Result 2006

Atlas Income Fund

Fund Performance for the quarter ended September 30, 2006

Fund Information

Fund Launch date	March 22, 2004
Type	Open-end - Income Fund
Net Assets	Rs. 3.12 Billion
NAV per unit	Rs. 513.03
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.

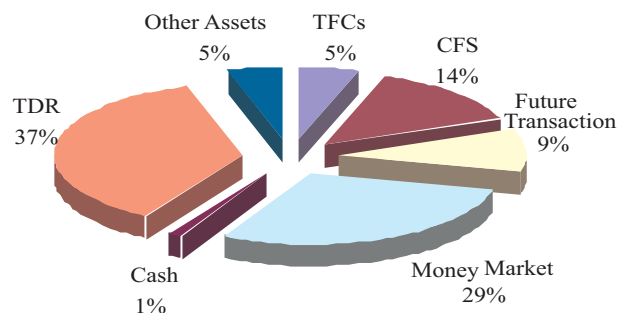
Fund Manager's Review

The NAV of AIF was Rs. 513.03 per unit as at the end of the quarter as compared with ex-dividend NAV of Rs. 500.29 per unit as of June 30, 2006. This reflects an increase of 2.55% for the quarter and increased 0.81% on month on month basis. The year to date net return of the Fund is 10.11% per annum. The Net Assets of Fund has reached to 3.12 billion as on September 30, 2006 from 2.68 billion as on June 30, 2006, showing 17% increase, on quarter-on-quarter basis.

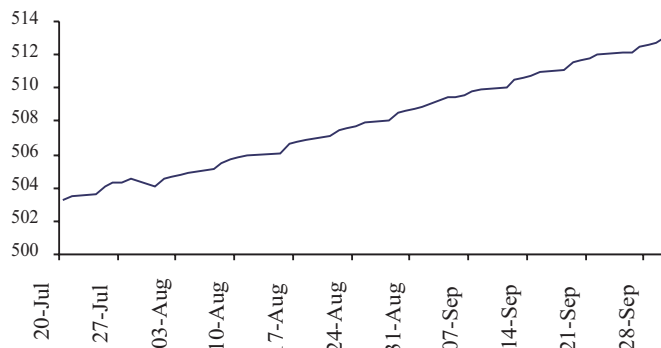
During the quarter, the Fund's strategy was to focus on the short term instruments i.e. Term Deposit Receipt (TDR) and money market placements due to rising interest rate scenario. As of September 30, 2006, AIF had 37% of its total assets invested in TDR. The breakdown of total assets of the Fund is as follows: Continuous Funding System (CFS) as share of total assets 14%, Term Finance Certificates 5%, Money Market Placements 29%, Future Transactions 9%, Bank balances 1% and other assets 5%. The 72% of the Fund was invested in the short term - high yielding Bank Deposits as these are

delivering better returns without any threat of valuations knocks. The asset class mix will provide AIF investors an opportunity to earn higher returns in the upcoming quarters.

Asset Allocation



NAV Performance for the Quarter



Returns

Return*	From	AIF
Month on Month	31-Aug-06	9.90%
Quarter on Quarter	30-Jun-06	10.10%
1 Year	30-Sep-05	11.44%
Year to date	30-Jun-06	10.10%
Since Inception	22-Mar-04	9.91%

*All returns are on an annualized basis

Key Interest Rates*

KIBOR 3 months	10.09%
KIBOR 6 months	10.43%
Discount Rate	9.50%
6 months T-Bills	8.80%
12 months T- Bills	8.98%
10-Years PIBs	10.10%
Inflation (CPI)	8.93%

* Source: Business Recorder dated September 30, 2006

Website: www.sbp.org.pk

Atlas Stock Market Fund

Fund Performance for the quarter ended September 30, 2006

Fund Information

Fund Launch date	November 23, 2004
Type	Open-end - Equity Fund
Net Assets	Rs. 1.83 Billion
NAV per unit	Rs. 564.36
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.

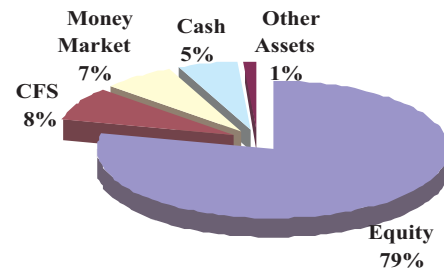
Fund Manager's Review

As on September 30, 2006 the net assets of the Fund were Rs. 1,827 million, having risen by 19% as compared to the net assets of Rs.1,535 million as at June 30, 2006. During the quarter the Atlas Stock Market Fund's (ASMF) NAV increased by 5% with an annualized return of 19.60%.

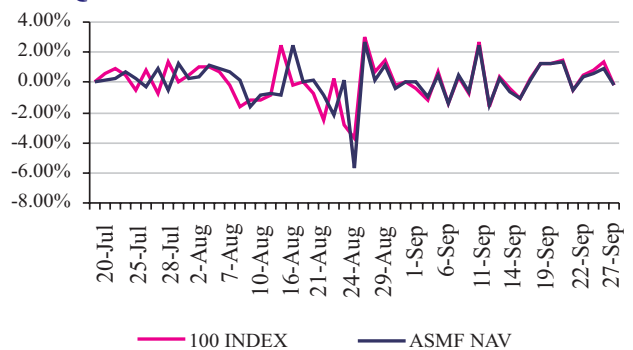
During the quarter, the Fund accumulated stocks of companies having with good growth and value potential. ASMF's investments as a share of total assets were as follows: Shares 79%, Money Market Placements 7%, Continuous Funding System 8%, Bank balances 5% & other assets and net receivables/ payables 1%. Investment decisions were made based on the fundamental growth outlook of the companies over the next twelve months and longer.

ASMF built sizeable investments in the banking, cement, oil and energy and telecom sectors where it felt values were justified.

Asset Allocation



NAV Performance against KSE-100 Index for the Quarter



Returns

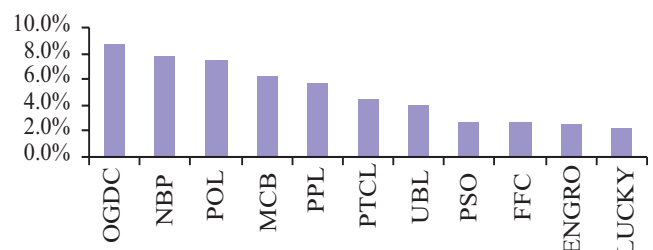
Return*	From	ASMF
Month on Month	31-Aug-06	44.28%
Quarter on Quarter	30-Jun-06	19.60%
1 Year	30-Sep-05	22.87%
Year to date	30-Jun-06	19.60%
Since Inception	23-Nov-04	26.58%

*All returns are on an annualized basis

Top Five Sectors

Commercial Banks	24.12%
Oil & Gas Exploration	22.06%
Fertilizer	6.57%
Oil & Gas Marketing	5.96%
Telecommunication	4.97%

Top Ten Holdings



Atlas Fund of Funds

Fund Performance for the quarter ended September 30, 2006

Fund Information

Fund Launch date	December 13, 2004
Type	Closed-end - Fund of Funds
Net Assets	Rs. 563.37 million
NAV per unit	Rs. 10.73
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.

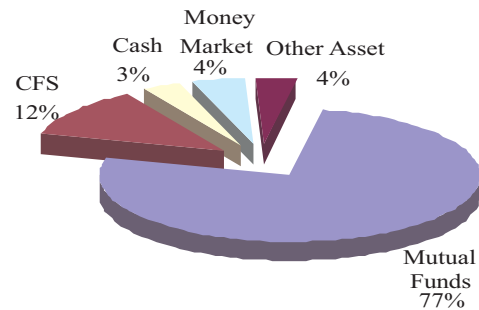
Fund Manager's Review

The NAV of Atlas Fund of Funds as on September 30, 2006 was Rs. 10.73 as compared to Rs.10.47 (Ex-Dividend) NAV of June 30, 2006. This reflects an increase of 2.45% and year to date annualized return is 9.71%. The net assets of the Fund stood at Rs.563.37 million, increasing by 2.45% during the first quarter of 2006-2007.

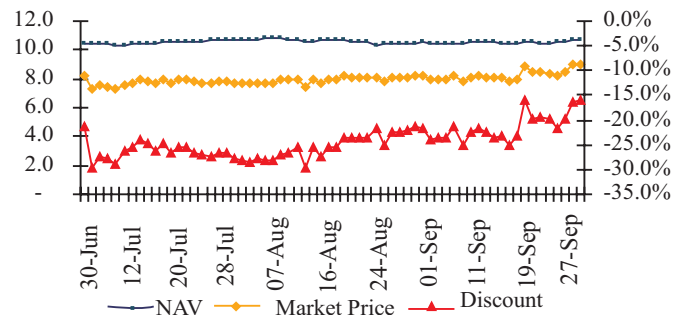
During the first quarter of the year, the Fund gradually increased investment in mutual funds from 59% of the total assets as on June 30, 2006 to 77% of the total assets as on September 30, 2006, after valuation of the respective funds discount to NAV to avail the benefit and appreciation in the net asset value of the fund. Major increase in open-end mutual funds was on the valuation based to relative performance of their net asset value. As on September 30, 2006, the investment as percentage of the net assets in the closed-end funds stood at 50.97% whereas in the open-end funds stood at 25.4% of the total net assets.

The sharp rising in the stock exchanges will result in appreciation of the investee mutual funds and enable Atlas Fund of Funds to get a stable return in the next quarters.

Asset Allocation



NAV Performance for the quarter

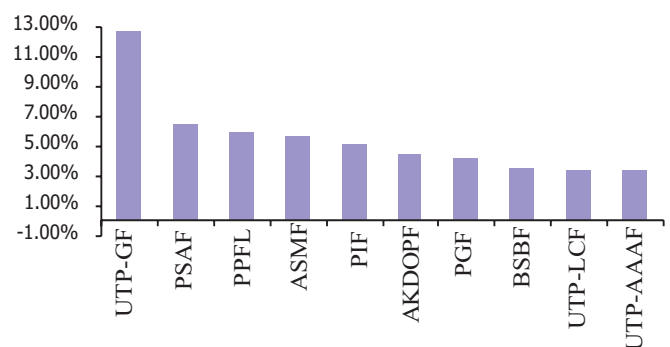


Returns

Return*	From	ATFF
Month on Month	31-Aug-06	31.07%
Quarter on Quarter	30-Jun-06	9.71%
1 Year	30-Sep-05	15.17%
Year to date	30-Jun-06	9.71%
Since Inception	13-Dec-04	15.19%

*All returns are on an annualized basis

Top Ten Holdings of Mutual Funds



Investor Education

First Step to Financial Success – Budgeting

Personal financial planning consists of three general activities:

- Controlling your day-to-day finances to enable you to do the things that bring you satisfaction and enjoyment.
- Choosing and following a course toward long-term financial goals such as buying a house, sending your kids to college, or retiring comfortably.
- Building a financial safety net to prevent financial disasters caused by catastrophic illnesses or other personal tragedies.

This article addresses how to achieve the first of these goals: controlling your day-to-day financial affairs.

Why Should I Budget?

Controlling your financial affairs requires a budget.

For many people, the word "budget" has a negative connotation. Instead of thinking of a budget as financial handcuffs, think of it as a means to achieve financial success.

Whether you make thousands of Rupees a year or hundreds of thousands of Rupees a year, a budget is the first and most important step you can take towards putting your money to work for you instead of being controlled by it and forever falling short of your financial goals.

A budget is a guide that tells you whether you're going in the direction you want to be headed in financially. You may have goals and dreams but if you don't set up guidelines for reaching them and you don't measure your progress, you may end up going so far in the wrong direction you can never make it back. A budget lets you control your money instead of your money controlling you.

A budget will tell you if you're living within your means. Before the widespread use of credit cards, you could tell if you were living within your means because you had money left over after paying all your bills. The use of credit cards has made this much less obvious. Many people don't realize they're living far beyond their means until they're knee deep in debt.

To those of you who think you know where your money goes without keeping detailed records, I issue this challenge: keep track of every Rupee you spend for one month. I promise you'll be surprised and perhaps shocked by how much some of your "small" expenditures add up to.

Budgeting and tracking your expenses gives you a strong

sense of where your money goes and can help you reach your financial goals. Following a realistic budget frees up spare cash so you can use your money on the things that really matter to you instead of frittering it away on things you don't even remember buying.

A budget reveals areas where you're spending too much money so you can refocus on your most important goals. A budget can keep you out of debt or help you get out of debt. A budget actually creates extra money for you to use on things that matter to you.

A budget can help you meet your savings goals whether you are saving for a down payment on a house, starting a college fund for your kids, buying a new car, planning for retirement, paying off the credit cards, or saving for a vacation, as it includes a mechanism for setting aside money for savings and investments.

A budget helps you prepare for emergencies or large and/or unanticipated expenses that might otherwise knock you for a loop financially.

So whether you use sophisticated personal finance software or a couple of pieces of paper and a pencil, the important thing is that you get on the road to financial freedom by starting a budget today.

(to be continued...)

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

Which one of the following statements regarding open-end mutual funds is FALSE?

- The funds offer investors professional management
- The funds do not offer investors a guaranteed rate of return
- The funds redeem shares at gross asset value
- B and C
- A and B

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 the previous month's question is (b). A Bear fund tries to do the opposite of what the market is doing. If the market goes down, the bear fund should make money. If the market goes up, the bear fund should lose money. History shows that over the long term, the market tends to go up, so a bear fund investor is really taking a gamble.

Where To Apply

Sales Outlets:

KARACHI

1- C/O Atlas Battery Limited
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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

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