



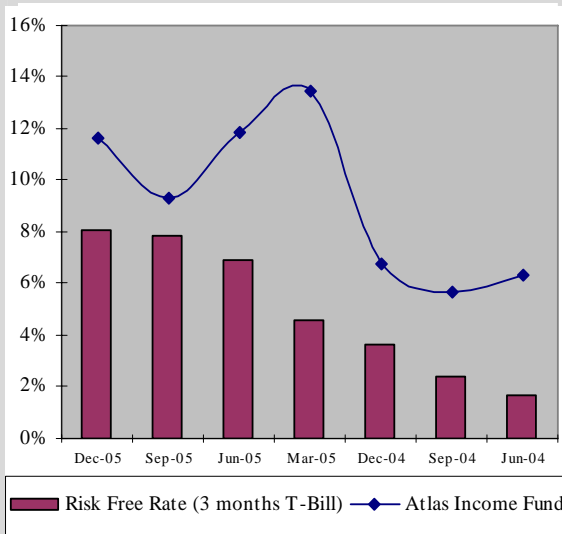
ATLAS INCOME FUND (AIF)

MUTUAL FUND RATING (FEBRUARY 2006)

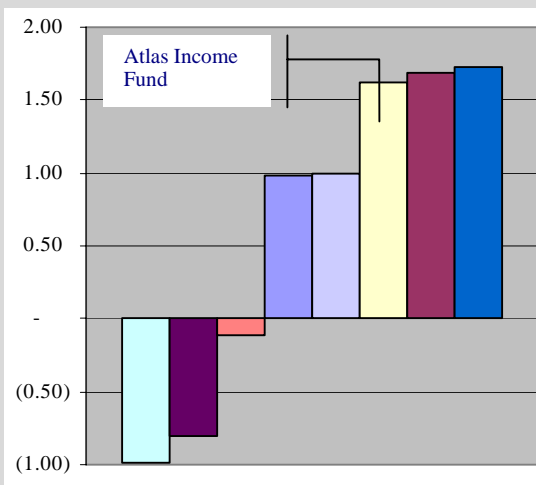


FUND:	Atlas Income Fund
FUND CATEGORY:	Income Fund
LAUNCH DATE:	March 2004
ASSET MANAGER:	Atlas Asset Management Limited
ASSET MANAGER RATING:	AM3+ (by PACRA)

SIMPLE ANNUALISED RETURN:



SHARPE RATIO VS PEERS (31-Dec-05):



RATING

AIF has been assigned a 4-Star rating, which reflects a good performance relative to its peers. The rating is a composite measure of three factors namely a) returns, b) risk associated with the returns measured by Sharpe Ratio, and c) credit quality of the assets. For computing return and risk, the performance of the fund during 7 trailing quarterly periods ended on Dec 31, 2005 has been considered and the credit quality has been evaluated based on the asset composition on that date.

PROFILE

AIF, an open-ended scheme, was established under a Trust Deed executed on February 20, 2003 with Atlas Asset Management Limited (AAML) as the management company. Presently, Central Depository Company of Pakistan Limited (CDC) is the trustee.

ASSET MANAGER

Atlas Asset Management Limited (AAML), sponsored by the Atlas Group, was incorporated on August 20, 2002. Atlas Group, established in 1962, is one of the well-known business groups of the country with strong presence in manufacturing, finance and trading sectors. Over a span of 44 years, the group has diversified into various industrial and service oriented businesses. Though each company within the group works independently, the overall strategic direction of the group is set by the Group Executive Committee. Shirazi Investments (Pvt) Limited, the parent company of the asset manager, holds 88% of the total shareholding.

The BoD of AAML comprises seven members out of which six are non-executive directors. The Chief Executive of AAML, Mr. Habib-ur-Rahman, is a chartered accountant with extensive exposure to the financial sector and played a pivotal role in establishing the first asset management company in the private sector. The fund manager of AIF is Masters in Mathematics and also holds a postgraduate diploma in Finance and Economics with 9 years of experience in financial and capital markets of Pakistan.

AAML has an asset manager rating of 'AM3+', which reflects the company's strong capacity to manage the risks inherent in asset management. The company is catering to different investment objectives of a diverse client base. Currently, the company is managing three funds with assets under management crossing PKR 3.6bln. AAML manages two open-end funds namely, AIF and Atlas Stock Market Fund, and also a closed-end fund namely Atlas Fund of Funds.

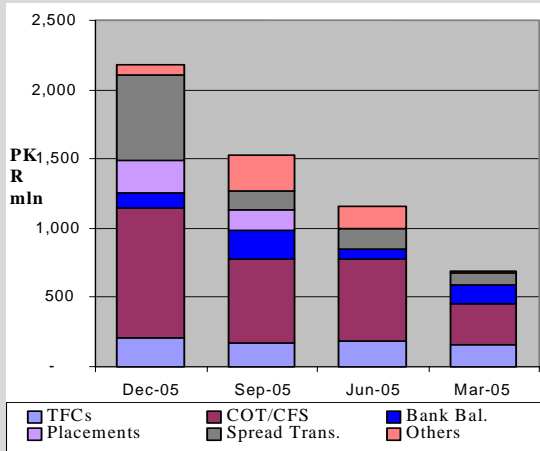
PERFORMANCE

The Fund's earnings have pre-dominantly been a function of financing against equity securities. This is currently in the form of Continuous Funding System (CFS) financing, which replaced the previous system of Carry Over Transactions (COT) financing in August 2005. The Fund's return showed a sharp increase on QoQ basis for period ending March 31, 2005. This was the result of unusually high volumes of COT and rates pegged to the cap throughout most of the period. The liquidity crunch of post March crisis and uncertainty regarding continuity of COT depressed the returns of the next two quarters. However, with the introduction of CFS, though capped at PKR 25bln, the decline has lately been arrested and the returns are again showing an inclining trend. There is an increasing focus on placement in ready / future transactions due to high margin and trading volumes. There is also a continuing contribution, though modest, from other assets like return on its TFC portfolio, money market placements, and bank deposits including term deposits.

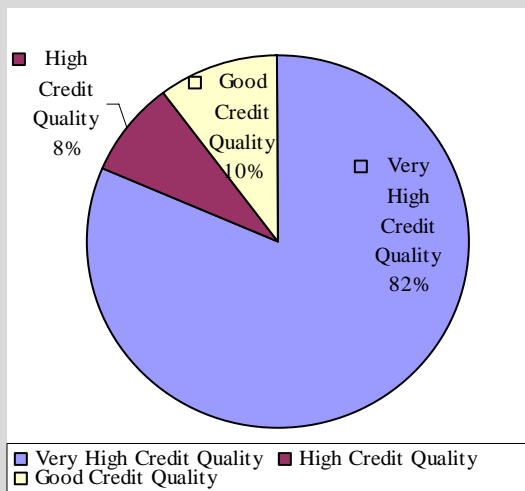
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ASSET ALLOCATION:



ASSET QUALITY (31-Dec-05):



UNIT HOLDING PATTERN (31-Dec-05):

Unit Holders' Category	%
Individuals	15.7
Corporates	9.2
Financial Institutions	16.4
Retirement Funds	17.8
Welfare Organizations	0.3
Associates	40.6

ANALYST

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INVESTMENT METHODOLOGY

The objective of AIF is to provide investors one window facility to invest in diversified portfolio offering good returns and consistent growth. The Fund aims to deliver this objective mainly by investing in CFS, spread transactions, debt securities, money market instruments, and government securities. The portfolio mix is managed in a manner that reduces the risk of loss in the market value of the investment as a result of prevailing market situation, including any major shift in lending rates. AIF also holds assets in the form of cash deposits with banks to take advantage of suitable investment opportunity as and when they arise.

The majority of funds deployed for AIF are short dated, making it easier for the Fund to switch its holdings to suitable asset classes to manage interest rates volatility.

The company has clearly documented the investment process for AIF. The investment committee (IC), comprising CEO, COO and a member of Group Executive Committee, meets weekly to review financial data and turnover of selected companies, CFS summary, money market position, sector-wise updates, sectoral & macro economic picture, and peer comparison. Based on the presentations made by the fund manager to the committee alongwith other information available, IC makes investment/disinvestment decisions. For CFS and spread transactions, IC provides the general guidelines and the fund manager takes decisions on day-to-day basis. The IC has overall responsibility for the investment management process, including review of investment policy, monitoring compliance and periodical review of the portfolio composition.

RESERACH

For the investment in primary market – IPOs and Pre-IPOs – the research department supports the fund manager in developing the proposal. Spreadsheets are used for continuous follow-up of rates of CFS and spread transactions. The company is in the process of designing a new module in its core software system for performance monitoring of CFS and spread transactions. This would facilitate the fund manager in decision-making process.

RISK MANAGEMENT & ASSET COMPOSITION

Majority of the Fund's assets are deployed in spread transactions and CFS. Given the highly liquid nature of the underlying securities and imposition of the settlement risk on the clearinghouse, CFS involves a minimal credit risk. In case of spread transactions in ready-future market, the risk is managed by ensuring simultaneous execution of buying and selling.

In terms of risk management of investment in debt securities, the relevant credit rating is duly considered and as a policy the asset manager invests in investment grade debt instruments.

The management has devised effective policies and procedures to meet the redemption claims well before the stipulated time of 6 days allowed under law. The Fund maintains adequate liquidity in the form of CFS, spread transactions, money market placements and bank deposits. These options give the fund adequate liquidity in the event of unforeseen redemption.

RATING SCALE

- ★★★★★ Superior Performance
- ★★★★ Good Performance
- ★★★ Average Performance
- ★★ Weak Performance
- ★ Poor Performance