



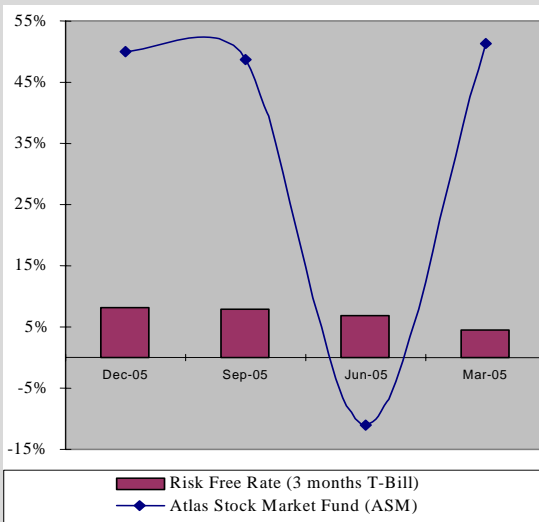
# ATLAS STOCK MARKET FUND (ASMF)

## MUTUAL FUND RATING (MARCH 2006)

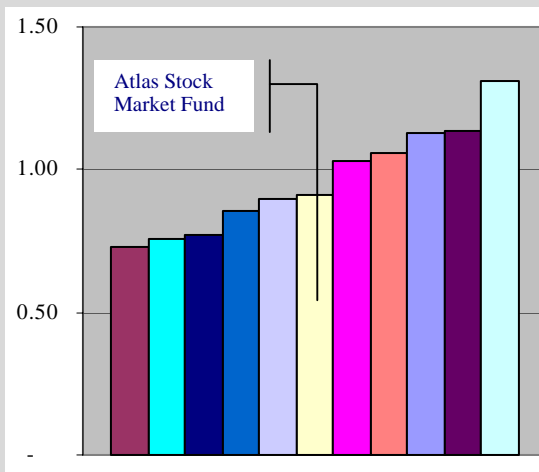


<b>FUND:</b>	Atlas Stock Market Fund
<b>FUND CATEGORY:</b>	Equity Fund
<b>LAUNCH DATE:</b>	November 2004
<b>ASSET MANAGER:</b>	Atlas Asset Management Limited
<b>ASSET MANAGER RATING:</b>	AM3+ (by PACRA)

## SIMPLE ANNUALISED RETURN:



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



\* In case of an equity fund that has less than PKR 1bn of net assets, it is not included in peers unless it has completed six quarters of operations under the existing asset manager.

## RATING

ASMF has been assigned a 4-Star rating, which reflects a good performance relative to its peers. The rating is a composite measure of two factors namely a) returns, and b) risk associated with the returns measured by Sharpe Ratio. For computing return and risk, the performance of the Fund during 4 trailing quarterly periods ended on Dec 31, 2005 has been considered.

## PROFILE

ASMF, an open-end scheme, was established under a trust deed executed in May 2004 between Atlas Asset Management Limited (AAML) as management company and Central Depository Company of Pakistan Limited (CDC) as trustee.

## ASSET MANAGER

Atlas Asset Management Limited (AAML), sponsored by the Atlas Group, was incorporated in August 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 ASMF is an MBA and also holds a gold medal in Masters in Commerce with considerable experience in equity research and investment management.

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 of more than PKR 3.6bn. AAML manages two open-end funds namely, ASMF and Atlas Income Fund, and also a closed-end fund namely Atlas Fund of Funds.

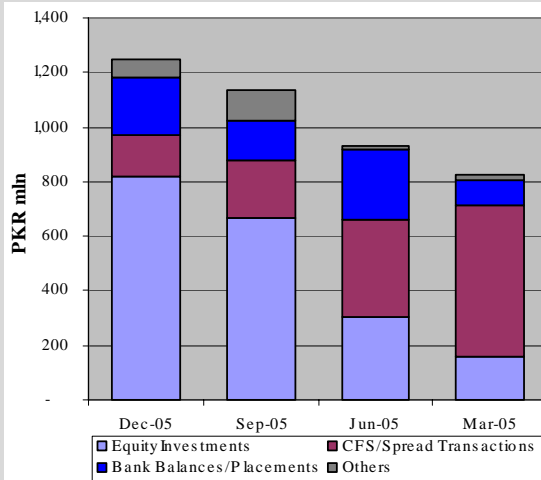
## PERFORMANCE

The Fund's earnings have pre-dominantly been from equity investments in the form of capital gains and dividend income. Unrealized gain / (loss) on these investments also impacts the net income of the Fund. Interest income, though declining in relative terms and modest in contribution, provides a stable source of revenue. The Fund is in an accumulation stage and, is consistently building up its equity portfolio, which has increased in the two trailing quarters. There was no significant offloading of equity investments in the period of market fluctuations resulting in lower return as compared to some of its peers.

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**ASSET ALLOCATION:**



**TOP TEN HOLDINGS (31-Dec-05):**

Entity	Holding as a %age of total portfolio
Pakistan Oilfields Limited	13.6%
Oil & Gas Development Co. Limited	11.5%
National Bank of Pakistan	10.7%
Faysal Bank Limited	8.4%
Askari Commercial Bank Limited	7.6%
Pakistan State Oil Co. Limited	5.1%
Fauji Fertilizer Co. Limited	4.4%
Packages Limited	3.6%
United Bank Limited	3.0%
Lucky Cement Limited	2.9%
Others	29.2%
	100.0%

**Total Equity Portfolio (PKR mln)** 821  
**Equity Portfolio / Total Assets** 65.9%

**UNIT HOLDING PATTERN (31-Dec-05):**

Unit Holders' Category	%
Individuals	11.0
Corporates	6.3
Financial Institutions	24.2
Retirement Funds	31.3
Welfare Organizations	0.2
Associates	27.0

**ANALYST**

Maimoon Rasheed  
 +92 42 5869504  
 maimoon@pacra.com

**INVESTMENT METHODOLOGY**

The objective of ASMF is to provide investors one window facility to invest in a diversified portfolio of equity securities offering consistent returns and growth. The Fund aims to achieve this objective mainly by investing in equity securities that are paying regular dividend, have growth prospects or are actively traded. Any amounts that have not been invested in equity securities may be invested in corporate debt instruments or government securities or placed in money market instruments, reverse repurchase agreements or spread transactions. ASMF also holds assets in the form of cash deposits with banks to take advantage of suitable investment opportunities as they emerge.

The company has clearly documented the investment process for ASMF. 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, technical analyst report and peer comparison. Based on the presentations made by the fund manager to the committee alongwith other information available, IC makes investment decisions. For reverse repo 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**

The internal research is being conducted on a continuing basis covering selected listed companies. For this purpose, all possible sources are utilized to accumulate information to support the research. The information includes turnover data, Hi/Lo market prices for the last five years, PE ratios, CFS volume and rate summary, money market position, sector-wise presentations and updates by the financial analyst evaluating the macro-economic indicators, technical analysis and peer comparison. AAML also factors in view of market participants including brokers, analysts and fund managers.

Spreadsheets are used for continuous follow-up 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 the decision-making process.

**RISK MANAGEMENT & ASSET COMPOSITION**

The market risk is managed by monitoring exposure on marketable securities, following the internal risk management policies and regulations laid down in NBFC Rules. As economic or other conditions change, or as changes occur in the fundamental strength of a security, the portfolio mix is carefully re-arranged to optimize returns.

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. This strategy provides Fund adequate liquidity in the event of unforeseen redemption claim.

**RATING SCALE**

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