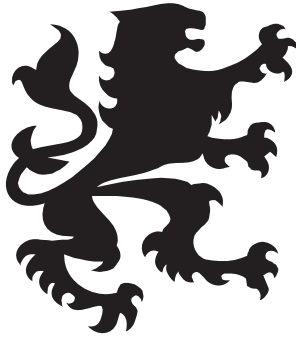


LAKSON ASSET ALLOCATION DEVELOPED MARKETS FUND  
Half Yearly Report (December 31, 2020)



**LAKSON INVESTMENTS**  
WE MANAGE YOUR MONEY, AS WE MANAGE OUR OWN



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## Fund's Information

### Management Company

Lakson Investments Limited  
Head Office  
Lakson Square, Building No.2,  
Sarwar Shaheed Road,  
Karachi-74200, Pakistan.  
Phone: (9221) 3840.0000  
Fax: (9221) 3568.1653  
Web site: www.li.com.pk  
E-mail: info@li.com.pk

### Board of Directors of the Management Company

Mr. Iqbal Ali Lakhani - Chairman  
Mr. Babar Ali Lakhani - Chief Executive Officer  
Mr. Jamil Ahmed Mughal  
Mr. Amin Mohammed Lakhani  
Mr. Jacques John Visser  
Ms. Roxanne Davies  
Ms. Gaithe Ali (upto 18-February-2021)  
Ms. Kathleen Kennedy Townsend

### Chief Financial Officer & Company Secretary of the Management Company

Mr. Salman Shafiq Hashmi

### Audit Committee

Mr. Jacques John Visser - Chairman  
Mr. Amin Mohammed Lakhani  
Mr. Iqbal Ali Lakhani  
Mr. Jamil Ahmed Mughal

### Human Resource and Remuneration Committee

Ms. Gaithe Ali - Chairman (upto 18-February-2021)  
Mr. Babar Ali Lakhani  
Mr. Iqbal Ali Lakhani

### Trustee

Central Depository Company of Pakistan Limited  
CDC House, 99-B, Block-B, S.M.C.H.S,  
Main Shahra-e-Faisal,  
Karachi, Pakistan.

### Auditors

KPMG Taseer Hadi & Co.  
Chartered Accountants  
Sheikh Sultan Trust Building No.2,  
Beaumont Road,  
Karachi - 75530, Pakistan



**Bankers to the Fund**

Allied Bank Limited  
Bank Alfalah Limited  
Dubai Islamic Bank Pakistan Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
Habib Bank AG Zurich  
National Bank of Pakistan  
United Bank Limited

**Legal Adviser**

Fazleghani Advocates  
F-72/1, Block 8, KDA-5,  
Kehkashan, Clifton,  
Karachi, Pakistan.

**Registrar**

Lakson Investments Limited  
Lakson Square Building No.2,  
Sarwar Shaheed Road,  
Karachi-74200, Pakistan

**Distributor**

Rabia Fida  
BMA Capital Management Limited

**Rating**

1-Star (One Year)  
5-Star (Three Years)  
5-Star (Five Years)  
Fund Performance Ranking  
AM2+ : Asset Manager Rating by PACRA

## **Review Report of the Directors of the Management Company For the half year ended December 31, 2020**

The Board of Directors of Lakson Investments Limited, the Management Company of the Lakson Asset Allocation Developed Markets Fund ("LAADMF") is pleased to submit its review report together with Condensed Interim Financial Statements for the half year ended December 31, 2020.

### **Fund Objective**

The investment objective of the Fund is to provide long-term capital appreciation by investing in a mix of domestic debt and Developed Markets Securities.

### **Principal activities**

LAADMF is an open-end asset allocation scheme and is listed on Pakistan Stock Exchange Limited. The Scheme is managed using an active investment management style which focuses on an analysis of the macro factors such as government policies, global economic data, commodities prices, and supply/demand dynamics. The Scheme switches exposure between the domestic Government Securities and the Developed Markets securities based on the outlook of the Investments Team of the performance of the Developed Markets. The Scheme may overweight or underweight countries relative to its benchmark for Developed Markets investments, the MSCI World Index. Exposure of the Scheme in the fixed income securities is managed through duration and yield curve management by shifting between different maturities of the Government Securities.

### **Development and Performance Review**

Lakson Asset Allocation Developed Markets Fund generated an absolute return of 1.73% in the 1HFY21 compared to the Benchmark return of 5.14%. The LAADMF has underperformed the benchmark by 3.41%. As of December 31, 2020, 13.6% of the fund was invested in T-Bills, 16.9% in equities and remaining 69% in cash.

### **Earning per Unit (EPU)**

EPU has not been disclosed as we feel the determination of weighted average units for calculating EPU is not practicable for open end funds.

### **Economic Review**

CPI in 1HFY21 averaged 8.7%, ranging on the higher end of SBP's short term 7-9% range. In the monetary policy during November, SBP kept the policy rate unchanged at 7.0% (the last cut took place in June 2020). The current account balance in 1HFY21 was a surplus of US\$1,131mn, compared to a deficit of US\$2,032mn in 1HFY20. Remittances have remained above the USD2bn mark in Jul-Dec'20 led by crackdown on informal channels and travel restrictions. LSM index growth in 5MFY21 has been recorded at 7.4%. Monthly gains were driven by Food, Beverages & Tobacco (+58%) and Automobile (+45%) while Paper & board and Chemicals have also posted double digit growth. On Covid-19, Pakistan approved AstraZeneca vaccine in December for emergency use.

### **Fixed Income Market Review**

GoP raised cumulative PKR9.5tn in T-Bill auctions during CY20 vs. PKR18.5tn in CY19. The decline in treasuries during the earlier part of CY20 was mostly led by an outflow in the Special Convertible Rupee Account (SCRA) in 1HCY20 driven by declining interest rates (down 625bps to 7%) and PKR slippage. Participation also began to lose steam once expectations of a rate cut solidified shifting more towards the longer end of treasury instruments (12M T-Bills) in the early part of 2020. As interest rates came off, yields dropped sharply after inverting in 2HCY19. T-Bill yields for 3M, 6M and 12M tenors dropped to c. 6.5% in June before rising to 7.17%/7.20% and 7.29% for 3M/6M and 12M tenor in Dec'20 (having risen from 13.49%/13.29% and 13.13% in Dec'19). Recent rise in cut off yields has been led by expectations of rise in interest rates. PIBs witnessed participation of PKR964bn in CY20 vs. PKR2.2tn SPLY. Cut-off yields dropped to 8.50%, 9.53%, 9.99% for 3YR/5YR and 10YR tenors from 11.75%/11.19% and 11.0% in Dec'19



### **Developed Markets Review**

DM Index returned 21% during the 1HFY21 behind EM Index. Market declined during the latter period led by investor concerns over US presidential elections, smooth transition of Joe Biden and of rising Covid-19 cases with further strict lockdowns in Europe hampering sentiments overall. Many markets saw a rebound; Australia, Canada, Denmark, Finland, Greece, Japan, UK, and USA returned 23.8%, 12.4%, 17.9%, 18.0%, 26.6%, 23.1%, 4.7% and 21.2% respectively.

### **Future Outlook**

We think the rally should continue where corporate profitability has bottomed and can only bounce from here, valuations are still at a significant discount to the mean (forward P/E of 7.4x vs. 9.0x mean) particularly as foreign selling is expected to lose steam in 2021. We think SBP will remain dovish and will not look to increase interest rates rapidly however, high inflation turnout (9% or more), together with strong demand trends and high financial stability, may trigger a rate hike. This may lead to profit taking in high leverage stocks. Several structural reforms are underway, where circular debt settlement and tax reforms may spearhead resumption of the US\$6bn IMF Program. This should provide a boost to sentiments particularly as remittances normalize (from current pace of over US\$2bn/month) which may cause some slippage in the current account. Rollout of AstraZeneca's Covid-19 vaccine, SinoPharm and Sputnik vaccines should ease jitters arising from the ongoing second wave of infections. The next major triggers for the market are (i) resumption of the IMF program and implementation of necessary reforms, (ii) success in the upcoming talks with the FATF, and (iii) procurement of vaccine and iv) Senate elections.

### **Acknowledgment**

The Board is thankful to its valued investors, the Securities and Exchange Commission of Pakistan, the State Bank of Pakistan, the Trustee of the Fund-Central Depository Company of Pakistan Limited and the management of the Pakistan Stock Exchange Limited for their continued cooperation and support. The Directors of the Management Company also acknowledge the efforts put in by the team of the Management Company for the growth and the prudent management of the Fund.

**For and on Behalf of the Board**

**Chief Executive Officer**

**Director**

**Dated: February 18, 2021**



لیکسن ایسٹ ایلیوکیشن ڈیویلیڈ مارکیٹس فنڈ  
31 دسمبر 2020 کو ختم ہونے والے نصف سال کے لیے  
میںجٹ مینیجمنٹ کے ڈائریکٹرز کی جائزہ رپورٹ

لیکسن انویسٹمنٹس لمیٹڈ کے بورڈ آف ڈائریکٹرز، لیکن ایسٹ ایلیوکیشن ڈیویلیڈ مارکیٹس فنڈ ("LAADMF") 31 دسمبر 2020 کو ختم ہونے والے نصف سال کے لیے اپنی جائزہ رپورٹ مع عبوری مالیاتی گوشوارے پیش کرتے ہوئے خوش محسوس کرتا ہے۔

#### فنڈ کا مقصد

لیکسن ایسٹ ایلیوکیشن ڈیویلیڈ مارکیٹس فنڈ کی سرمایہ کاری کا مقصد مختلف طرح کے ملکی قرضوں اور ڈیویلیڈ مارکیٹس سیکورٹیز میں سرمایہ کاری کرتے ہوئے طویل مدت کے لیے اصل سرمائے کی قدر میں اضافہ کرنا ہے۔

#### نمایاں سرگرمیاں

LAADMF ایک اوپن اینڈ ایسٹ ایلیوکیشن اسکیم ہے اور پاکستان اسٹاک ایکسچینج لمیٹڈ میں لسٹڈ ہے۔ اسکیم کو انویسٹمنٹ مینجمنٹ کے ایک فعال انداز کو اختیار کرتے ہوئے چلایا جائے گا جس میں بڑے عوامل جیسے حکومتی پالیسیز، گلوبل اسٹاک ڈینا، کموڈیٹیز کی قیمتیں اور سپلائی/ڈیمانڈ ڈائنامکس کے تجزیوں کو پیش نظر رکھا جائے گا۔ اس اسکیم سے ڈومیسٹک گورنمنٹ سیکورٹیز اور ایسی ڈیویلیڈ مارکیٹس سیکورٹیز کے درمیان تبدیلیوں کے ساتھ سرمایہ کاری کی جاتی ہے، جس کا ڈیویلیڈ مارکیٹس کی سرمایہ کاری کے منظر نامے اور اپنی انویسٹمنٹ ٹیم کی پیشگوئیوں پر انحصار ہوتا ہے۔ یہ اسکیم ڈیویلیڈ مارکیٹس کی سرمایہ کاری سے متعلق بیچ مارک MSCI World Index کے حوالے سے متعلق ممالک کو اور روایت یا انڈروٹ کر سکتی ہے۔ اسکیم کی سرمایہ کاری کو لگسڈ انکم سیکورٹیز میں اس کی مدت اور yield curve مینجمنٹ کے ذریعے مختلف میچورٹیز اور حکومتی سیکورٹیز کے درمیان منتقل کرتے ہوئے منظم کیا جائے گا۔

#### پیش رفت اور کارکردگی کا جائزہ

لیکسن ایسٹ ایلیوکیشن ڈیویلیڈ مارکیٹس فنڈ نے مالی سال 2021ء کے پہلے نصف کے دوران بیچ مارک منافع %5.14 کے مقابلے میں %1.73 کا مطلق منافع حاصل کیا۔ LAADMF نے بیچ مارک کے مقابلے میں %3.41 کم تر کردگی کا مظاہرہ کیا ہے۔ 31 دسمبر 2020 کے مطابق فنڈ کے %13.6 سے نیچے ہیں، %16.9 سے ایکویٹیٹیٹی میں جبکہ بقیہ %69 سے کم میں سرمایہ کاری کی گئی۔

#### فی شیئر آمدنی (EPU)

فی شیئر آمدنی (EPU) ظاہر نہیں کی گئی ہے کیوں کہ ہم محسوس کرتے ہیں کہ EPU اشار کرنے کے لیے موزوں اوسط پینش کا تعین اوپن اینڈ فنڈز کے لیے قابل عمل نہیں ہے۔





### معاشی جائزہ

مالی سال 2021 کے پہلے نصف میں سی پی آئی کی اوسط 8.7 فیصد ہے، جو ایس پی نی پی کی قلیل مدتی حد 9%-7 کی اوپری حد کے قریب ہے۔ نومبر کے دوران مائیکرو پیلیسی میں، اسٹیٹ بینک نے پالیسی کی شرح کو بغیر تبدیلی کے 7.0% پر رکھا (آخری کٹوتی جون 2020 میں ہوئی تھی)۔ کرنٹ اکاؤنٹس کے بیلنس میں مالی سال 2020 کے پہلے نصف میں 2,032 ملین امریکی ڈالر کے خسارے کے مقابلے میں مالی سال 2021 کے پہلے نصف میں 1,131 ملین امریکی ڈالر کا اضافہ ہوا ہے۔ غیر رسمی ٹیٹلز کے خلاف کریڈٹ ڈاؤن اور سفری پابندیوں کے نتیجے میں جولائی دسمبر 2020 میں تریلا ز 2 ارب ڈالر کے نشان سے زیادہ رہیں۔ مالی سال 2021 کے پہلے پانچ ماہ میں ایل ایس ایم انڈیکس میں 7.4% نمو ریکارڈ کی گئی ہے۔ خوردنی ایشیا، مشروبات اور تباکو (+58%) اور آٹوموبائل (+45%) ماہانہ نفع جات میں اضافے کا محرک بنے جبکہ پیپر اینڈ بورڈ اور کیمیکلز نے بھی دوہرے ہندسوں میں نمودار کرائی۔ کوویڈ-19 کے حوالے سے، پاکستان نے دسمبر میں ہنگامی استعمال کے لیے ایسٹرا زینیکا (AstraZeneca) ویکسین کی منظوری دی۔

### فلسفہ آگم مارکیٹ کا جائزہ

حکومت پاکستان نے سال 2019 کے دوسرے نصف میں 18.5 ٹریلین روپے کے مقابلے میں سال 2020 کے پہلے نصف میں T بلز کی نیلا میوں سے مجموعی طور پر 9.5 ٹریلین روپے اکٹھے کیے۔ سال 2020 کے ابتدائی حصے کے دوران مالی ذخائر میں کمی کی سب سے بڑی وجہ شرح سود میں کمی (625 بنیادی پوائنٹس کی کمی کے ساتھ 7% تک) کے نتیجے میں سال 2020 کی پہلی سہ ماہی میں اسٹیبل کنونینشل روپی اکاؤنٹ (SCRA) سے سرمایہ کا اخراج اور روپے کی قدر میں گراؤ تھی۔ کٹوتی کی توقعات مستحکم ہونے سے بھی سرمایہ کاری کا زور ٹوٹا جو 2020 کے ابتدائی حصے میں طویل مدتی مایاتی ترمکات (12 ماہ کی بلز) کی طرف زیادہ منتقل ہونے لگی۔ سال 2019 کے دوسرے نصف میں واپسی کے بعد جیسے ہی شرح سود میں کمی آئی۔ منافع تیزی سے گرے۔ دسمبر 2020 میں 3/6 ماہ اور 12 ماہ کی مدتوں کے لیے ٹی بلز کے منافع جات 7.29% اور 7.17% / 7.20% اور اضافے سے پہلے جون میں 3 ماہ، 6 ماہ اور 12 ماہ کے لیے ٹی بلز کے منافع جات 6.5% تک گر گئے (جودسمبر 2019 میں 13.29% / 13.49% اور 13.13% تھے)۔ حتمی منافع جات میں حالیہ اضافہ شرح سود میں اضافے کی توقعات کا نتیجہ ہے۔ گزشتہ سال اسی مدت میں 2.2 ٹریلین روپے کے لیے حتمی منافع جات 11.19% / 11.75% اور 11.0% سے 8.50%، 9.53% اور 9.99% تک گر گئے۔

### ڈیویڈنڈ مارکیٹ کا جائزہ

IEM انڈیکس کے بعد مالی سال 2021 کے پہلے نصف میں DM انڈیکس نے 21% منافع کمایا۔ امریکی صدارتی انتخابات، جو بائیڈن کو اقتدار کی ہموار منتقلی اور یورپ میں مزید سخت لاک ڈاؤن کے ساتھ کوویڈ-19 کے بڑھتے ہوئے کیسز کے بارے میں سرمایہ کاروں کے خدشات کے سبب مجموعی طور پر جذبات متاثر ہونے کی وجہ سے بعد کی مدت میں مارکیٹ میں کمی واقع ہوئی۔ بہت ساری مارکیٹوں میں دوبارہ تیزی کا رجحان دیکھا گیا۔ آسٹریلیا، کینیڈا، ڈنمارک، فن لینڈ، یونان، جاپان، برطانیہ، اور امریکہ نے بالترتیب 23.8%، 12.4%، 17.9%، 18.0%، 26.6%، 23.1% اور 4.7% منافع حاصل کیا۔ 21.2% منافع حاصل کیا۔



### مستقبل کی توقعات

ہمارا خیال ہے کہ تیزی جاری رہتی چاہیے جہاں کاروباری منافع اپنی چمکی ترین سطح چھو چکا ہے اور اور یہاں سے بلند ہو سکتا ہے۔ مالیاتی قدریں اب بھی اوسط (9.4x) اوسط، ہتا بلکہ 7.4x کا فارورڈ پی/ای) کے مقابلے میں نمایاں رعایت پر ہیں خاص طور پر جیسا کہ 2021 میں غیر ملکی فروخت کا زور ڈونٹے کی توقع ہے۔ ہمیں لگتا ہے کہ اسٹیٹ بینک بدستور قتل پر قائم رہے گا اور سود کی شرح میں تیزی سے اضافہ کرتا نظر نہیں آ رہا، تاہم افراط زر کی شرح میں اضافہ (9% یا اس سے زیادہ)، طلب کے متحمل رجحانات اور اعلیٰ مالی استحکام کے ساتھ، شرح سود میں اضافے کا سبب بن سکتا ہے۔ نتیجتاً یہ زیادہ گنجائش والے اسٹاکس میں منافع کمانے کا سبب بن سکتا ہے۔

متعدد ساختی اصلاحات جاری ہیں، جہاں گروشی قرضوں کے تصفیے اور ٹیکس اصلاحات 6 ارب ڈالر کے آئی ایم ایف پروگرام کی بحالی میں مرکزی کردار ادا کر سکتی ہیں۔ اس سے جذبات کو تقویت ملنا چاہیے، خاص طور پر جب ترسیلات زر معمول پر آجائیں (موجودہ رفتار 2 ارب ڈالر/المہینہ سے زائد سے) جس کی وجہ سے کرنٹ اکاؤنٹ میں کچھ گراؤ آسکتی ہے۔ ایئر لائنز، ہوائی جہازوں اور سپورٹنگ کوڈ 19-ویکسین سائنس لانے سے انفلیکشن کی جاری دوسری لہر سے پیدا ہونے والے نامدیشی کم ہوجانے چاہئیں۔ مارکیٹ کے لئے اگلے اہم محرکات یہ ہیں (i) آئی ایم ایف پروگرام کا دوبارہ آغاز اور ضروری اصلاحات کا نفاذ (ii) ایف اے ٹی ایف کے ساتھ آئندہ بات چیت میں کامیابی، اور (iii) ویکسین کی خریداری اور (iv) سٹیٹ انتخابات۔

### اظہار تشکر

یہ بورڈ اپنے قابل قدر انویسٹرز، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان، فنڈ کے ٹرسٹی، مینٹل ڈیپازیشن کمیٹی آف پاکستان لمیٹڈ اور پاکستان اسٹاک ایکسچینج لمیٹڈ کا، ان کے مسلسل تعاون اور مدد پر شکر گزار ہے۔ مینجمنٹ کمیٹی کے ڈائریکٹرز فنڈ کی ترقی اور دانش مندانہ انتظام و انصرام کے لیے مینجمنٹ کمیٹی کی ٹیم کی محنت اور کاوشوں کا بھی اعتراف کرتے ہیں۔

برائے دشمنان بورڈ

ڈائریکٹر

چیف ایگزیکٹو آفیسر

تاریخ: 18 فروری 2021

CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED

**Head Office:**  
CDC House, 99-B, Block 'B'  
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## TRUSTEE REPORT TO THE UNIT HOLDERS

### LAKSON ASSET ALLOCATION DEVELOPED MARKETS FUND

Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of Lakson Asset Allocation Developed Markets Fund (the Fund) are of the opinion that Lakson Investments Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2020 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

**Badiuddin Akber**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi: February 22, 2021

**INDEPENDENT AUDITOR'S REVIEW REPORT**  
**To the unit holders of Lakson Asset Allocation Developed Markets Fund**

**Introduction**

We have reviewed the accompanying condensed interim statement of assets and liabilities of Lakson Asset Allocation Developed Markets Fund ("the Fund") as at 31 December 2020 and the related condensed interim income statement, condensed interim statement of movement in unit holders' fund, condensed interim statement of cash flows and notes to the condensed interim financial information for the six-month period then ended (here-in-after referred to as the "condensed interim financial information"). Management Company is responsible for the preparation and presentation of the condensed interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing as applicable in Pakistan and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

**Other Matter**

The figures of the condensed interim financial information for the quarter ended 31 December 2020, have not been reviewed and we do not express a conclusion thereon.

The engagement partner on the engagement resulting in this independent auditors' review report is Aryn Pirani.

**Date:**

**Karachi**

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**KPMG Taseer Hadi & Co.**  
**Chartered Accountants**  
**Aryn Pirani**

**Condensed Interim Statement of Assets and Liabilities  
As at December 31, 2020**

	Note	December 31, 2020 (Unaudited) ----- (Rupees) -----	June 30, 2020 (Audited)
<b>Assets</b>			
Bank balances	7	988,742,042	455,467,033
Investments	8	437,333,626	1,488,648,191
Dividend receivables		533,389	-
Accrued mark-up and other receivables		8,326,903	13,396,339
<b>Total assets</b>		<u>1,434,935,960</u>	<u>1,957,511,563</u>
<b>Liabilities</b>			
Payable to the Management Company	9	6,954,617	7,610,264
Remuneration payable to the Trustee		232,493	272,166
Annual fee payable to Securities and Exchange Commission of Pakistan		163,801	183,202
Accrued expenses and other liabilities	10	6,008,974	5,079,112
<b>Total liabilities</b>		<u>13,359,885</u>	<u>13,144,744</u>
<b>Contingencies and commitments</b>	12		
<b>Net assets</b>		<u>1,421,576,075</u>	<u>1,944,366,821</u>
<b>Unit holders' fund</b>		<u>1,421,576,075</u>	<u>1,944,366,821</u>
		<b>(Number)</b>	
<b>Number of units in issue</b>		<u>9,316,004</u>	<u>12,962,555</u>
		<b>(Rupees)</b>	
<b>Net assets value per unit</b>		<u>152.5950</u>	<u>149.9987</u>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial information.

For Lakson Investments Limited  
(Management Company)

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

**Condensed Interim Income Statement (Unaudited)  
For the half year and quarter ended December 31, 2020**

		Half year ended December 31,		Quarter ended December 31,	
		2020	2019	2020	2019
Note		(Rupees)			
<b>Income</b>					
Loss on sale of investment at fair value through profit or loss - net		(9,244,058)	(78,087)	(4,200,326)	(50,290)
Unrealized gain on revaluation of investment at fair value through profit or loss - net	8.1 to 8.3	17,477,199	18,488,966	25,649,017	20,797,062
		<u>8,233,141</u>	<u>18,410,879</u>	<u>21,448,691</u>	<u>20,746,772</u>
Dividend income on investment at fair value through profit or loss		742,435	1,186,661	480,612	580,891
Return / mark up on:					
- bank balances - at amortised cost		7,211,792	11,834,171	3,476,296	4,917,545
- Government securities (at fair value through profit or loss)		40,179,932	13,909,442	15,225,263	9,022,467
		<u>47,391,724</u>	<u>25,743,613</u>	<u>18,701,559</u>	<u>13,940,012</u>
Exchange loss on foreign currency deposits - at amortised cost		(14,364,288)	(45,458)	(9,521,386)	(25,116)
		<u>42,003,012</u>	<u>45,295,695</u>	<u>31,109,476</u>	<u>35,242,559</u>
<b>Expenses</b>					
Remuneration to the Management Company	9.1	12,123,713	4,723,316	5,465,997	2,567,485
Sindh sales tax on remuneration to the Management Company	9.2	1,576,083	614,031	710,580	333,773
Remuneration to the Trustee		1,495,120	690,259	692,151	365,047
Annual fee to the Securities and Exchange Commission of Pakistan		163,801	61,086	72,094	32,306
Auditors' remuneration		258,179	157,607	163,777	82,345
Fees and subscription		264,656	270,692	132,328	117,078
Fund rating fee		-	95,471	-	47,760
Custody charges		174,149	-	79,291	-
SECP Supervisory fee		1,260	1,257	630	629
Printing charges		8,475	6,780	-	6,780
Brokerage, settlement and bank charges		1,124,303	305,282	618,202	149,718
		<u>17,189,739</u>	<u>6,925,781</u>	<u>7,935,050</u>	<u>3,702,921</u>
<b>Net income from operating activities</b>		<u>24,813,273</u>	<u>38,369,914</u>	<u>23,174,426</u>	<u>31,539,638</u>
Sindh Workers' Welfare Fund (SWWF)		(496,265)	(767,398)	(463,489)	(630,793)
<b>Net income for the period before taxation</b>		<u>24,317,008</u>	<u>37,602,516</u>	<u>22,710,938</u>	<u>30,908,846</u>
Taxation	13	-	-	-	-
<b>Net income for the period after taxation</b>		<u>24,317,008</u>	<u>37,602,516</u>	<u>22,710,938</u>	<u>30,908,846</u>
<b>Allocation of net income for the period</b>					
Net income for the period after taxation		24,317,008	37,602,516	22,710,938	30,908,846
Income already paid on units redeemed		(57,681)	(814)	(57,681)	7,320
		<u>24,259,327</u>	<u>37,601,702</u>	<u>22,653,257</u>	<u>30,916,166</u>
<b>Accounting income available for distribution</b>					
- Relating to capital gains		8,193,158	18,410,879	8,193,158	18,410,879
- Excluding capital gains		16,066,169	19,190,823	14,460,099	19,190,823
		<u>24,259,327</u>	<u>37,601,702</u>	<u>22,653,257</u>	<u>30,916,166</u>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial information.

**For Lakson Investments Limited  
(Management Company)**

Chief Executive Officer

Chief Financial Officer

Director

**Condensed Interim Statement of Comprehensive Income (Unaudited)  
For the half year and quarter ended December 31, 2020**

	Half year ended December 31, 2020		Quarter ended December 31, 2020	
	2019	2019	2019	2019
	----- (Rupees) -----			
Net income for the period after taxation	<b>24,317,008</b>	37,602,516	<b>22,710,938</b>	30,908,846
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<u><b>24,317,008</b></u>	<u>37,602,516</u>	<u><b>22,710,938</b></u>	<u>30,908,846</u>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial information.

**For Lakson Investments Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director





**Condensed Interim Statement of Cash Flows (Unaudited)  
For the half year ended December 31, 2020**

	<u>Six months period ended</u>	
	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>
	<u>----- (Rupees) -----</u>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period	24,317,008	37,602,516
<b>Adjustments for:</b>		
Unrealized gain on revaluation of investment at fair value through profit or loss - net	<u>(17,477,199)</u>	<u>(18,488,966)</u>
	6,839,809	19,113,550
<b>Decrease / (Increase) in assets</b>		
Investments	1,068,791,764	-
Markup receivables on investments and bank balances	5,069,438	(3,168,169)
Dividend receivables	(533,389)	50,921
Prepayments	-	(55,091)
	<u>1,073,327,811</u>	<u>(3,172,339)</u>
<b>(Decrease) / Increase in liabilities</b>		
Remuneration payable to the Management Company	(655,647)	192,224
Remuneration payable to the Trustee	(39,673)	47,478
Annual fee payable to Securities and Exchange Commission of Pakistan	(19,401)	(259,343)
Accrued expenses and other liabilities	929,862	1,156,384
	<u>215,143</u>	<u>1,136,743</u>
<b>Net cash flows from operating activities</b>	<u>1,080,382,763</u>	<u>17,077,954</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Received on issuance of units	224,236	66,036,534
Paid against redemption of units	(547,331,990)	(3,090,476)
<b>Net cash generated from financing activities</b>	<u>(547,107,754)</u>	<u>62,946,058</u>
<b>Net decrease in cash and cash equivalents during the period</b>	<u>533,275,009</u>	<u>80,024,012</u>
Cash and cash equivalents at beginning of the period	455,467,033	345,797,093
<b>Cash and cash equivalents at end of the period</b>	<u>988,742,042</u>	<u>425,821,106</u>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial information.

**For Lakson Investments Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

**Notes to and Forming Part of the Condensed Interim  
Financial Information (Unaudited)  
For the half year ended December 31, 2020**

**1. LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1 The Lakson Asset Allocation Developed Market Fund (the "Fund") was established under the Trust Deed executed on 30 May 2011 between the Lakson Investments Limited as its Management Company, a company incorporated under the repealed Companies ordinance 1984 (now Companies Act, 2017) and the Central Depository Company of Pakistan Limited (CDC) as its Trustee, also incorporated under the repealed Companies ordinance 1984 (now Companies Act, 2017). The Fund has been registered as a Notified Entity on 7 July 2011 by the Securities and Exchange Commission of Pakistan (SECP) in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations).
- 1.2 The Management Company of the Fund has been licensed by SECP to undertake Asset Management and Investment Advisory Services as a Non-Banking Finance Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The registered office of the Management Company is located at 14 - Ali Block, New Garden Town, Lahore. while the head office is in the Lakson Square Building No. 2, Karachi.
- 1.3 The Fund is an open end mutual fund and is listed on the Pakistan Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

The Fund is categorised as "Asset Allocation Scheme" as per the Circular 07 of 2009 issued by Securities and Exchange Commission of Pakistan (SECP) and is authorised to invest within the prescribed limit mentioned in the offering document of the fund in Government securities, deposits and foreign currency deposits with local or foreign banks etc. in Pakistan. Further, as allowed by SECP and State Bank of Pakistan, the Fund can invest abroad up to 30% of the aggregated funds mobilized (including foreign currency funds) subject to a maximum limit of USD 15 million. The investments authorized outside Pakistan include exchange traded funds based on equities / debt with exposure in the commodities, index tracker funds tracking different commodities indices, actively managed commodities based funds, equities and debt securities of companies with exposure in commodities, future contracts of different commodities and foreign currency deposits etc.

Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

- 1.4 The Pakistan Credit Rating Company Limited (PACRA) has maintained asset manager rating of the Management Company of the Fund to the scale 'AM2+' (stable outlook) dated 29 August 2019 (AM2+ as on 27 February 2019).

On 21 October 2020, VIS assigned following rankings to the Fund based on the performance review for the year ended 30 June 2020:

1 Year ranking : MFR 1-Star  
3 Year ranking : MFR 5-Star  
5 Year ranking : MFR 5-Star

- 1.5 During the current period, the Trust Act, 1882 has been repealed due to promulgation of provincial trust acts as empowered under the Eighteenth Amendment to the Constitution of Pakistan. Various new requirements including registration and annual renewal requirements under the relevant trust acts have been introduced. The Management Company in consultation with MUFAP and the Trustee is currently deliberating upon the requirements of the newly enacted provincial trust acts and their implication on the Fund.

## **2. BASIS OF PREPARATION**

### **2.1 Statement of compliance**

These condensed interim financial statements of the Fund have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34 'Interim Financial Reporting issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017 along with part VIII A of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

In case where requirements differ, the provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules, and the NBFC Regulations have been followed.

- 2.2 The comparative balance sheet presented in these condensed interim financial information as at 31 December 2020 has been extracted from the audited financial statements of the Company for the year ended 30 June 2020, whereas the comparative income statement, statement of comprehensive income, the cash flow statement and statement of movement in unitholders' fund for the six months period ended 31 December 2019 have been extracted from the unaudited condensed interim financial information for the period then ended.
- 2.3 These condensed interim financial information do not include all the information required for a complete set of annual financial statements and should be read in conjunction with the latest annual financial statements as at and for the year ended 30 June 2020. However, selected explanatory notes are included to explain events and transactions that are significant.
- 2.4 These condensed interim financial information are being submitted to the unit holders as required under Regulation 38(2)(f) of the Non-Banking Finance Companies and notified Entities Regulations, 2008 (NBFC Regulations) and are unaudited. However, a limited scope review has been carried out by the auditors in accordance with the requirements of clause 5.19.13 of the Pakistan Stock Exchange Limited (PSX) Rule Book.
- 2.5 In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company declare that these condensed interim financial information give a true and fair view of the state of the Fund's affairs as at 31 December 2020.

### **2.6 Basis of measurement**

These condensed interim financial statement have been prepared under the historical cost convention, except that investment are stated at fair values.

### **2.7 Functional and presentation currency**

These condensed interim financial information are presented in Pak Rupees, which is the Fund's functional and presentation currency. All financial information presented in Pak Rupees has been rounded off to the nearest of rupees.

### **3. Impact of Covid-19**

In March 2020, the World Health Organization ("WHO") declared the outbreak of the novel coronavirus (known as COVID-19) as a global pandemic. The rapid spread of the virus has caused governments around the world to implement stringent measures to help control its spread, including, without limitation, quarantines, stay-at-home or "shelter-in-place" orders, social-distancing mandates, travel restrictions, and closures or reduced operations for businesses, governmental agencies, schools and other institutions. The industry, along with global economic conditions generally, has been significantly disrupted by the pandemic.

The COVID-19 pandemic and associated impacts on economic activity had certain effect on the operational and financial condition of the Fund for the period ended 31 December 2020 due to increase in overall credit risk pertaining to the corporate debt instruments' portfolios of mutual funds, subdued equity market performance due to overall slowdown in economic activity and continuity of business operations. However, to reduce the impact on the economy and business, regulators / government across the country have introduced a host of measures on both the fiscal and economic fronts from time to time.

The management of the Fund is closely monitoring the situation, and in response to the developments, the management has taken action to ensure the safety of its employees and other stakeholders, and initiated a number of initiatives.

The Management Company of the Fund expects that going forward these uncertainties would reduce as the impact of COVID-19 on overall economy subsides and have concluded that there is no impact on current financial statements of the Fund.

### **4. SIGNIFICANT ACCOUNTING POLICIES AND THEIR IMPACT OF NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS THEREON**

4.1 The accounting policies applied in this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2020.

#### **4.2 New standards, interpretations and amendments adopted by the Fund**

There are certain new and amended standards, interpretations and amendments that are mandatory for the Fund's accounting periods beginning on or after 1 July 2020 but are considered not to be relevant or do not have any significant effect on the fund's operations and therefore are not detailed in these condensed interim financial information.

#### **4.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective**

In addition certain IFRS, amendments and interpretations to approved accounting standards are not yet effective. However, these are not likely to have any effect on the Fund's financial statements.

### **5. USE OF ESTIMATES AND JUDGEMENTS**

The preparation of these condensed interim financial information in conformity with accounting and reporting standards as applicable in Pakistan requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The significant judgements made by the Management in applying the Fund's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the year ended 30 June 2020.

**6. FINANCIAL RISK MANAGEMENT**

The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements for the year ended 30 June 2020.

	December 31, 2020 (Unaudited)	June 30, 2019 (Audited)
<b>7. BANK BALANCES</b>	<b>Note</b>	<b>(Rupees)</b>
Local Currency		
In profit and loss sharing accounts	7.1	16,774,169
In current account		8,503
Foreign Currency		
In current account	7.2	438,684,361
		<u>455,467,033</u>
		<u>988,742,042</u>

7.1 These represent profit and loss sharing accounts maintained with banks carrying mark-up rates ranging from 5.00% to 7.55% (30 June 2020: 6.00% to 8.75%) per annum.

7.2 This represents USD denominated current account maintained in a foreign country.

**8. INVESTMENTS**

**At fair value through profit or loss**

Government Securities:			
- Market Treasury Bills	8.1	-	1,148,352,541
- Pakistan Investment Bonds	8.2	195,373,938	340,295,650
Exchange traded fund (foreign investment)	8.3	241,959,688	-
		<u>437,333,626</u>	<u>1,488,648,191</u>



**8.1 Government securities - Market Treasury Bills  
At fair value through profit or loss**

Maturities	-----Number certificates-----				Balance as at December 31, 2020			Market value as % of total investments (based on market value)	Market value as % of net assets (based on market value)
	Holding as at 01 July 2020	Purchases during the period	Disposed / matured during the period	Holdings as at 31 December 2020	Carrying value before revaluation as of 31 December 2020	Market value as of 31 December 2020	Unrealised appreciation / (diminution)		
Note					(Rupees)			----- % -----	
3 months Treasury Bills	03-Dec-20	-	7,800,000	7,800,000	-	-	-	0.00%	0.00%
3 months Treasury Bills	17-Dec-20	-	7,850,000	7,850,000	-	-	-	0.00%	0.00%
3 months Treasury Bills	31-Dec-20	-	7,850,000	7,850,000	-	-	-	0.00%	0.00%
6 months Treasury Bills	05-Nov-20	-	7,050,000	7,050,000	-	-	-	0.00%	0.00%
6 months Treasury Bills	22-Oct-20	-	1,450,000	1,450,000	-	-	-	0.00%	0.00%
6 months Treasury Bills	24-Sep-20	3,370,000	-	3,370,000	-	-	-	0.00%	0.00%
6 months Treasury Bills	05-Nov-20	3,500,000	-	3,500,000	-	-	-	0.00%	0.00%
12 months Treasury Bills	25-Mar-21	700,000	-	700,000	-	-	-	0.00%	0.00%
12 months Treasury Bills	06-May-21	970,000	-	970,000	-	-	-	0.00%	0.00%
<b>Total - 31 December 2020</b>									
Total - 30 June 2020					1,136,119,651	1,148,352,541	12,232,890	77.14%	59.06%

**8.2 Government securities - Pakistan Investments Bonds - at fair value through profit or loss**

Maturities	Mark-up rate	-----Number of PIBs-----			Balance as at December 31, 2020			Market value as % of total investments (based on market value)	Market value as % of net assets (based on market value)		
		Holding as at 01 July 2020	Purchases during the period	Disposed / matured during the period	Holdings as at 31 December 2020	Carrying value before revaluation as of 31 December 2020	Market value as of 31 December 2020			Unrealised appreciation / (diminution)	
Note					(Rupees)			----- % -----			
3 years Pakistan Investment Bond 8.2.1	19-Sep-22	9.00%	1,750,000	-	718,000	1,032,000	105,861,447	104,994,442	(867,005)	7.39%	24.01%
5 years Pakistan Investment Bond 8.2.2	19-Sep-24	9.50%	1,000,000	-	360,000	640,000	67,139,983	65,269,696	(1,870,287)	4.59%	14.92%
10 years Pakistan Investment Bond 8.2.3	19-Sep-29	10.00%	500,000	-	250,000	250,000	27,134,093	25,109,800	(2,024,293)	1.77%	5.74%
<b>Total - 31 December 2020</b>							<b>200,135,523</b>	<b>195,373,938</b>	<b>(4,761,585)</b>	<b>13.74%</b>	<b>44.67%</b>
Total - 30 June 2020							335,464,539	340,295,650	4,831,111	22.86%	17.50%

8.2.1 This represents investments in 3 years Pakistan Investment Bond carrying an effective profit rate of 7.85% and having maturity on 19 September 2022. The face value of Pakistan Investment Bond as at 31 December 2020 amounted to Rs. 103.20 million.

8.2.2 This represents investments in 5 years Pakistan Investment Bond carrying an effective profit rate of 8.28% and having maturity on 19 September 2024. The face value of Pakistan Investment Bond as at 31 December 2020 amounted to Rs. 64 million.

8.2.3 This represents investments in 10 years Pakistan Investment Bond carrying an effective profit rate of 8.98% and having maturity on 19 September 2029. The face value of Pakistan Investment Bond as at 31 December 2020 amounted to Rs. 25 million.

**8.3 Exchange Traded Funds (foreign investment) - at fair value through profit or loss**

Holding as at 01 July 2020	Purchases during the period	Disposed / matured during the period	Holding as at 31 December 2020	Balance as at December 31, 2020			Market value as % of total investments	Market value as % of net assets		
				Cost	Market value	Unrealised diminution				
				(Rupees)			----- % -----			
Powershares QQQ Trust Series 1	8.3.1	-	2,847	-	2,847	128,194,335	142,766,928	14,572,593	10.04%	32.64%
Vanguard S&P 500 UCITS ETF	8.3.2	-	8,772	-	8,772	91,526,569	99,192,760	7,666,191	6.98%	22.68%
<b>Total - 31 December 2020</b>						<b>219,720,904</b>	<b>241,959,688</b>	<b>22,238,784</b>	<b>17.02%</b>	<b>55.33%</b>
Total - 30 June 2020						-	-	-	0.00%	0.00%
<b>Total investment - 31 December 2020</b>						<b>419,856,427</b>	<b>437,333,626</b>	<b>17,477,199</b>	<b>30.76%</b>	<b>100.00%</b>
Total investment - 30 June 2020						1,471,584,189	1,488,648,191	17,064,001	100.00%	76.56%

8.3.1 Invesco QQQ Trust Series 1 is an Exchange Traded Fund incorporated in USA. It tracks the performance of the Nasdaq 100 Index and holds large cap U.S. stocks. Its investments exclude the financial sector and therefore, tend to be focused on the technology and consumer sector. These are valued at the rate quoted on a daily basis by NASDAQ 100 Index. Total value of the units at USD 313.74 per unit as at the period-end amounted to USD 893,218 (30 June 2020: Nil units).

8.3.2 Vanguard S&P 500 is also an Exchange Traded Fund, incorporated in Ireland. The Fund seeks to track the performance of the S&P 500 Index, comprising of the stocks of large U.S. companies. These are

valued at the rates quoted on a daily basis by the London Stock Exchange. Total value of the units at USD 70.75 per unit as at the period-end amounted to USD 620,597 (30 June 2020: Nil units).

**8.3.3 Above units are held by Habib Bank AG Zurich as a custodian.**

		December 31, 2020 (Unaudited)	June 30, 2020 (Audited)
	Note	(Rupees)	
<b>9. PAYABLE TO MANAGEMENT COMPANY</b>			
Remuneration payable to the Management Company	9.1	1,883,503	2,463,722
Sales tax payable on remuneration to the Management Company	9.2	883,745	959,173
Federal excise duty payable on remuneration to the Management Company	9.3	4,184,410	4,184,410
Sale load payable to the Management Company		2,959	2,959
		<u>6,954,617</u>	<u>7,610,264</u>

9.1 The Management Company is entitled to remuneration for services rendered to the Fund under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, of an amount not exceeding 2% per annum of the average annual net assets of the Fund. However, the Management Company is currently charging fee at 15% of the gross earnings of the scheme for the period ended 31 December 2020. The fee is subject to a minimum of 1.25% and maximum of 2% of the average annual net assets of the Fund. The effective management fee rate for the period ended 31 December 2020 was 1.48% of the average annual net assets. Remuneration is paid to the Management company in arrears on a monthly basis.

9.2 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (till 30 June 2020: 13%) on Management Company's remuneration. Above liability includes Rs. 638,891 (30 June 2020: Rs. 638,891) accrued on Federal Excise Duty (FED) on the management remuneration as more fully explained in note 9.3 below. Had the provision relating to FED not been made, Net Asset Value per unit of the Fund as at 31 December 2020 would have been higher by Re. 0.07 (30 June 2020: Re. 0.05) per unit. This amount is payable to the management company for onward payment to the Government.

9.3 As per the requirements of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Management Company has been applied effective from 13 June 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan with the Sindh High Court (SHC) on 4 September 2013.

While disposing the above petition through order dated 16 July 2016, the SHC declared the said provisions to be ultra vires and as a result no FED is payable with effect from 01 July 2016. However, the tax authorities subsequently filed appeal against the decision of the SHC in the Supreme Court of Pakistan, which is pending for the decision.

Furthermore, the Finance Act 2016 also introduced an amendment to the Federal Excise Act, 2005 whereby FED was withdrawn on services of different industries including Non-Banking Financial Institutions, which are already subject to provisional sales tax.

However, since the appeal is pending in the Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period up to 30 June 2016 aggregating to Rs. 4.184 million. Had the provision not been made, NAV per unit of the Fund as at 31 December 2020 would have been higher by Re. 0.45 (30 June 2020: Re. 0.32) per unit. The amount is payable to the management company for onwards payment, if any, to the Government.

		December 31, 2020 (Unaudited)	June 30, 2020 (Audited)
	Note	(Rupees)	
<b>10. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Sindh Workers' Welfare Fund	10.1	4,218,746	3,722,480
Auditors' remuneration		257,526	199,493
Custody fee payable		437,889	263,740
Rating fee payable		307,950	307,950
Dividend payable		-	3,112
Professional tax payable		582,854	383,300
Other charges payable		204,009	199,037
		<u>6,008,974</u>	<u>5,079,112</u>

- 10.1 Provision for Sindh Workers' Welfare Fund is being made on a daily basis pursuant to MUFAP's recommendation to all its members on 12 January 2017 against the backdrop of the Sindh Revenue Board's (SRB) letter to certain mutual funds in January 2016 whereby SRB directed the mutual funds to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after 31 December 2013. This is on the premise that mutual funds are included in the definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001 hence WWF is payable by them.

Total provision for SWWF till 31 December 2020 is Rs. 4.219 million. Had the provision not been made, Net Asset Value per unit of the Fund as at 31 December 2020 would have been higher by Re. 0.45 (30 June 2020: Re. 0.28) per unit.

## 11 TOTAL EXPENSE RATIO

Securities and Exchange Commission of Pakistan (SECP) vide its Directive No. SCD/PRDD/Direction/18/2016 dated 20 July 2016, required that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS / the Fund. TER of the Fund for the period ended December 31, 2020 is 2.11% (December 31, 2019: 2.52%) which includes 0.26% (December 31, 2019: 0.33%) representing government levies (comprising of Workers Welfare Fund and SECP fee, etc.). As per NBFC Regulation the total expense ratio of the Asset Allocation Scheme shall be capped up to 4.5%. (excluding the government levies).

## 12 CONTINGENCIES AND COMMITMENTS

The Fund had no contingency or commitment at the period end except as those mentioned elsewhere in these condensed interim financial information.

## 13 TAXATION

The Fund is exempt from taxation under clause 99 of the Part I of the 2nd Schedule of the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Accordingly, no provision has been made in this condensed interim financial statement.

During the year ended 30 June 2014, FBR issued show cause notices to the Fund under section 122(9) for proceeding u/s 122(5A) of the Income Tax Ordinance, 2001 for amendment of assessment on grounds that exemption from tax claimed under clause 99 of Part-I of the Second Schedule is not as per law. Total tax including Workers' Welfare Fund payable as per the amended assessment amounts to Rs. 7.203 million and Rs 19.001 million for the tax years 2012 and 2013 respectively. Trustee of



the Fund has filed a suit in the High Court of Sindh for declaration and permanent injunction for which a stay order has been granted by Sindh High Court. The management expects a favorable outcome and, accordingly, no provision has been recorded in respect of this matter.

**14 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES**

Connected persons / related parties include Lakson Investments Limited being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the trustee, Habib Bank AG Zurich being the Custodian, Siza Services (Private) Limited being holding company of the Management Company, associated companies of the Management Company and the holding company, key management personnel, other funds being managed by the Management Company and entities having holding 10% or more in the units of the Fund as at 31 December 2020. It also includes staff retirement funds of the above related parties / connected persons.

Transactions and balances with related parties other than those disclosed elsewhere are as follows:

**14.1 Details of balance with related parties / connected persons at the period end**

<b>Lakson Investments Limited - Management Company of the Fund</b>	December 31, 2020 (Unaudited)	June 30, 2020 (Audited)
	----- (Rupees) -----	
Remuneration and other payables (including the Sindh sales tax and federal excise duty amounting to Rs. 5.068 million (30 June 2020: Rs. 5.144 million)*	Note 9 <u>6,951,658</u>	<u>7,607,305</u>
Sales load payable	9 <u>2,959</u>	<u>2,959</u>
 <b>Central Depository Company Limited - Trustee of the Fund</b>		
Remuneration payable to trustee	<u>232,493</u>	<u>272,166</u>
 <b>Habib Bank AG Zurich - Custodian</b>		
Bank deposits	<u>201,428,900</u>	<u>438,684,361</u>
Custodian fee payable	<u>437,889</u>	<u>263,740</u>

**14.2 Details of transaction with related parties / connected persons during the year**

December 31, 2020	2019
(Unaudited)	(Audited)
(Rupees)	

<b>Lakson Investments Limited - Management Company of the Fund</b>		
Remuneration for the period	9.1 <u>12,123,713</u>	<u>4,723,316</u>
Sindh sales tax on remuneration of Management Company *	<u>1,576,083</u>	<u>614,031</u>

\* Sales tax and FED is paid / payable to the management company for onward payment to the Government.

<b>Central Depository Company Limited - Trustee of the Fund</b>		
Remuneration for the period	<u>1,495,120</u>	<u>690,259</u>
 <b>Habib Bank AG Zurich - Custodian</b>		
Custody charges, transaction & other fee	<u>437,889</u>	<u>272,587</u>

14.3 Details of transactions and balances with directors, key management personnel, employees, associated company/ undertakings of the Management Company and connected person are as follows:

	Period ended December 31, 2020								
	Number of Units			Rupees					
	Number of units as at 01 July 2020	Units issued during the period	Refund / Adjustment of units as Element of income	Units redeemed during the period	Number of holdings at the end of the period	Balance as at 01 July 2020	Units issued during the period	Units redeemed during the period	Balance at the end of the period (Investment at current NAV)
Directors, Chief Executive and their spouse and minors	11,074,845	1,500	-	2,844,468	8,231,878	1,661,212,403	224,236	427,004,000	1,256,143,361
Other key management personnel	1	-	-	1	-	150	-	150	-
<b>Associated companies / undertakings of the Management Company</b>									
Lakson Business Solutions Limited - Employees	1,149	-	-	-	1,149	172,297	-	-	175,280
Contributory Provident Fund Trust									
Lakson Investments Limited - Employees	3,128	-	-	-	3,128	469,266	-	-	477,389
Contributory Provident Fund Trust									
GAM Corporation (Private) Limited - Employees	76,806	-	-	19,201	57,605	11,520,824	-	2,874,023	8,790,260
Contributory Provident Fund Trust									
SIZA Foods (Private) Limited - Employees	54,819	-	-	13,705	41,114	8,222,810	-	2,051,270	6,273,822
Contributory Provident Fund Trust									
Colgate Palmolive (Pakistan) Limited - Employees	381,464	-	-	214,908	166,555	57,219,034	-	32,189,711	25,415,481
Contributory Provident Fund Trust									
Colgate Palmolive (Pakistan) Limited - Employees	323,257	-	-	99,803	223,453	48,488,065	-	14,941,758	34,097,879
Gratuity Fund									
Cyber Internet Services (Private) Limited - Employees	140,270	-	-	48,594	91,676	21,040,291	-	7,275,889	13,989,280
Contributory Provident Fund Trust									
Accuracy Surgicals Limited - Employees	34,629	-	-	19,130	15,499	5,194,280	-	2,865,333	2,365,035
Contributory Provident Fund Trust									
Merit Packaging Limited - Employees	57,811	-	-	37,023	20,788	8,671,520	-	5,545,832	3,177,079
Contributory Provident Fund Trust	23,928	-	-	12,954	10,974	3,589,156	-	1,940,128	1,674,533
Merit Packaging Limited - Employees									
Merit Packaging Limited - Employees	363,323	-	-	181,081	182,242	54,497,993	-	27,113,180	27,809,229
Contributory Provident Fund Trust									
Century Paper & Board Mills Limited - Employees	294,273	-	-	113,883	180,390	44,140,550	-	17,046,745	27,526,548
Gratuity Fund									
Century Insurance Company Limited - Employees	28,788	-	-	11,655	17,133	4,318,150	-	1,745,363	2,614,358
Contributory Provident Fund Trust									
Sybird Private Limited - Employees	31,648	-	-	12,295	19,352	4,747,119	-	1,841,143	2,953,087
Contributory Provident Fund Trust									
Century Insurance Company Limited - Employees	21,679	-	-	6,833	14,846	3,251,858	-	1,023,003	2,265,455
Gratuity Fund									
Siza Services Private Limited - Employees	16,511	-	-	6,182	10,329	2,476,565	-	925,631	1,576,146
Contributory Provident Fund Trust									
Hasanali Karabhai Foundation - Employees	11,740	-	-	6,336	5,405	1,761,046	-	948,981	824,708
Contributory Provident Fund Trust									

Above related parties / connected person held 99.76% of the units of the fund (30 June 2020: 99.82%)

Period ended December 31, 2019							
Number of Units				Rupees			
Number of units as at 01 July 2019	Units issued during the period	Refund / Adjustment of units as Element of income	Units redeemed during the period	Number of holdings at the end of the period	Balance as at 01 July 2019	Units issued during the period	
						Units redeemed during the period	
					Balance at the end of the period (Investment at current NAV)		
1	784,741	372,788	14,840.25	1,142,688	118,429,204	56,736,534	183,045,421
					151	-	176
	1,091,716			1,091,716	164,756,466	-	174,880,278
	1,129			1,129	170,323	-	180,789
	3,051			3,051	460,443	-	488,736
	74,904	-	-	74,904	11,304,176	-	11,998,785
	53,462	-	-	53,462	8,068,182	-	8,563,949
	372,017	-	-	372,017	56,143,045	-	59,592,874
	315,252	-	-	315,252	47,576,259	-	50,499,683
	136,796	-	-	136,796	20,644,633	-	21,913,186
	35,060	-	-	35,060	5,291,108	-	5,616,232
	56,379	-	-	56,379	8,508,453	-	9,031,273
	23,335	-	-	23,335	3,521,665	-	3,738,062
	354,326	-	-	354,326	53,473,171	-	56,758,944
	286,986	-	-	286,986	43,310,503	-	45,971,809
	28,075	-	-	28,075	4,236,949	-	4,497,297
	30,864	-	-	30,864	4,657,880	-	4,944,093
	21,142	-	-	21,142	3,190,707	-	3,386,767
	3,737	-	-	3,737	563,916	-	598,567
	16,102	-	-	16,102	2,429,994	-	2,579,310
	11,450	-	-	11,450	1,727,951	-	1,834,129

Directors, Chief Executive and their spouse and minors  
Other key management personnel

**Associated companies / undertakings of the Management Company**

Lakson Investments Limited  
Lakson Business Solutions Limited - Employees  
Contributory Provident Fund Trust  
Lakson Investments Limited - Employees  
Contributory Provident Fund Trust  
GAM Corporation (Private) Limited - Employees  
Contributory Provident Fund Trust  
SIZA Foods (Private) Limited - Employees  
Contributory Provident Fund Trust  
Colgate Palmolive (Pakistan) Limited - Employees Gratuity Fund  
Colgate Palmolive (Pakistan) Limited - Employees Gratuity Fund  
Cyber Internet Services (Private) Limited - Employees  
Contributory Provident Fund Trust  
Accuracy Surgical's Limited - Employees  
Contributory Provident Fund Trust  
Merit Packaging Limited - Employees Contributory Provident Fund Trust  
Merit Packaging Limited - Employees Gratuity Fund  
Century Paper & Board Mills Limited - Employees  
Contributory Provident Fund Trust  
Century Paper & Board Mills Limited - Employees Gratuity Fund  
Century Insurance Company Limited - Employees  
Contributory Provident Fund Trust  
Sybrid Private Limited - Employees Contributory Provident Fund Trust  
Century Insurance Company Limited - Employees Gratuity Fund  
Princeton Travels Private Limited - Employees  
Siza Services Private Limited - Employees  
Contributory Provident Fund Trust  
Hasanali Karabhal Foundation - Employees  
Contributory Provident Fund Trust

Above related parties / connected person held 98% of the units of the fund (30 June 2019: 99%)

- 14.4 Remuneration payable to the Management Company and the Trustee has been determined in accordance with the provisions of NBFC Regulations and the Trust Deed respectively.
- 14.5 Purchase and redemption of the Fund's unit by related parties / connected persons are recorded at the applicable net asset value per unit. Other transactions are at agreed rates.

## 15 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Unobservable inputs for the asset or liability (level 3).

The following table shows the carrying amounts and fair values of financial assets including their levels in the fair value hierarchy:

		31 December 2020						
		Carrying amount			Fair Value			
		Mandatory at fair value through profit or loss	Amortized cost	Other financial liabilities	Total	Level 1	Level 2	Total
		----- (Rupees) -----						
<b>On-balance sheet financial instruments</b>	<b>Note</b>							
<b>Financial assets measured at fair value</b>								
Government Securities		195,373,938	-	-	195,373,938	-	195,373,938	195,373,938
Exchange traded fund (foreign investment)		241,959,688	-	-	241,959,688	241,959,688	-	241,959,688
		<u>437,333,626</u>	<u>-</u>	<u>-</u>	<u>437,333,626</u>	<u>241,959,688</u>	<u>195,373,938</u>	<u>437,333,626</u>
<b>Financial assets not measured at fair value</b>	15.1							
Bank balances - Held at amortized cost		-	988,742,042	-	988,742,042	-	-	-
Dividend receivables		-	533,389	-	533,389	-	-	-
Accrued mark-up and other receivables		-	8,326,903	-	8,326,903	-	-	-
		<u>-</u>	<u>997,602,334</u>	<u>-</u>	<u>997,602,334</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities not measured at fair value</b>	15.1							
Payable to the Management Company		-	-	1,886,462	1,886,462	-	-	-
Remuneration payable to the Trustee		-	-	232,493	232,493	-	-	-
Accrued expenses and other liabilities		-	-	1,790,228	1,790,228	-	-	-
		<u>-</u>	<u>-</u>	<u>3,909,183</u>	<u>3,909,183</u>	<u>-</u>	<u>-</u>	<u>-</u>



		30 June 2020						
		Carrying amount			Fair Value			
		Mandatory at fair value through profit or loss	Amortized cost	Other financial liabilities	Total	Level 1	Level 2	Total
<b>On-balance sheet financial instruments</b>								
	<b>Note</b>	(Rupees)						
<b>Financial assets measured at fair value</b>								
Government Securities		1,488,648,191	-	-	1,488,648,191	-	1,488,648,191	1,488,648,191
		<u>1,488,648,191</u>	<u>-</u>	<u>-</u>	<u>1,488,648,191</u>	<u>-</u>	<u>1,488,648,191</u>	<u>1,488,648,191</u>
<b>Financial assets not measured at fair value</b>	15.1							
Bank balances - Held at amortized cost		-	455,467,033	-	455,467,033	-	-	-
Accrued mark-up and other receivables		-	12,896,121	-	12,896,121	-	-	-
		<u>-</u>	<u>468,363,154</u>	<u>-</u>	<u>468,363,154</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities not measured at fair value</b>	15.1							
Payable to the Management Company		-	-	2,466,681	2,466,681	-	-	-
Remuneration payable to the Trustee		-	-	272,166	272,166	-	-	-
Accrued expenses and other liabilities		-	-	1,356,629	1,356,629	-	-	-
		<u>-</u>	<u>-</u>	<u>4,095,476</u>	<u>4,095,476</u>	<u>-</u>	<u>-</u>	<u>-</u>

15.1 The Fund has not disclosed the fair values for the financial assets and financial liabilities (other than investments), as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of their fair values.

## 16 GENERAL

Figures have been rounded off to the nearest rupee.

## 17 DATE OF AUTHORIZATION OF ISSUE

These condensed interim financial information were authorised for issue on February 18, 2021 by the Board of Directors of the Management Company.

**For Lakson Investments Limited  
(Management Company)**

Chief Executive Officer

Chief Financial Officer

Director







A Lakson Group Company

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