

LAKSON ASSET ALLOCATION DEVELOPED MARKETS FUND  
Quarterly Report (September 30, 2021)



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

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### **Fund's Information**

<b>Management Company</b>	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
<b>Board of Directors of the Management Company</b>	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. Kathleen Kennedy Townsend
<b>Chief Financial Officer &amp; Company Secretary of the Management Company</b>	Syed Shafaeen Hassan
<b>Audit Committee</b>	Mr. Jacques John Visser - Chairman Mr. Amin Mohammed Lakhani Mr. Iqbal Ali Lakhani Mr. Jamil Ahmed Mughal
<b>Human Resource and Remuneration Committee</b>	Mr. Babar Ali Lakhani Mr. Iqbal Ali Lakhani
<b>Trustee</b>	Central Depository Company of Pakistan Limited CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi, Pakistan.
<b>Auditors</b>	BDO Ebrahim & Co. Chartered Accountants 2nd Floor, Block C, Lakson Square, Building No. 1, Sarwar Shaheed Road, Karachi - 74200.

**Bankers to the Fund**

Allied Bank Limited  
Bank Alfalah Limited  
Dubai Islamic Bank 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**

2-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 quarter ended September 30, 2021**

The Board of Directors of Lakson Investments Limited, the Management Company of the Lakson Asset Allocation Developed Markets Fund ("LAADM") is pleased to submit its review report together with Condensed Interim Financial Information for the period ended September 30, 2021.

### **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**

LAADM 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.

### **Fund performance**

Lakson Asset Allocation Developed Markets Fund generated an absolute return of 4.31% in the 1QFY22 compared to the Benchmark return of 3.62%. The LAADM has outperformed the benchmark by 0.69%. As of September 30, 2021, 27.9% of the fund was invested in equities and remaining 71.6% 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**

The State Bank of Pakistan raised the policy rate by 25bps to 7.25% - the first change since June 2020. The key driving factor behind the decision was the widening C/A deficit in recent months, because of which the PKR has slipped +7%. The current account deficit print has been outside the SBP's comfort zone of 2-3% of GDP band in two of the last three months. The high CAD print for August rose to US\$1.47bn, up from US\$0.8bn in July. The near US\$1.0bn mom increase in CAD almost mirrored the mom increase in imports. A much larger CAD was not surprising given the c.6% PKR devaluation in preceding two months. Additionally machinery imports remain elevated due to TERF drawdowns while higher international commodity prices are pushing Food & Oil imports higher. This prompted further weakness in the exchange rate. The deficit reached US\$3.4bn in 1QFY22 vs. US\$865mn SPLY. Remittances remained strong at US\$2.66bn (nearly flat mom). Even though Eid-ul-Azha fell in July, there had been no let-up in remittances ever since - meaning Pakistan can sustain the present rate, regardless of the state of global pandemic. This is partly due to the surge in global oil prices, which have revived the GCC economies (they collectively have the lion's share). That said, resumption of the IMF program is a must, with fx reserves having declined to PKR19.2bn vs. +PKR20bn in August 2021. The PKR depreciated 7.7% qoq in 3QCY21 to PKR170.6 vs. PKR157.5 at the end of June 2021 due to an increased appetite from importers, (particularly oil), following persistent rise in international oil prices (up c. 50%CYTD) as well as demand from across the border. National CPI averaged 8.6% in Jul-September 2021 vs. 10.5% in April-June 2021 (also lower vs. 8.9% average in FY21). That said, inflation readings have started inching upwards due to rise in food and energy prices. A sharp mom jump has been observed in September 2021 (up 2.12%mom) primarily on account of a sharp rise in perishable food prices. Hence, Urban CPI readings rose to 9.1%yoy and 8.8% in Rural centers.

**Fixed Income Market Review**

GoP raised cumulative PKR3.5tn in T-Bill auctions during 3QCY21 vs. PKR5.4tn in the previous quarter and PKR1.9tn SPLY. Participation thinned in 3Q as expectations of a rate hike solidified (25bps hike in Sep'21) with bids shifting towards the shorter end of the T-Bill range (3-6 months). T-Bill yields rose sharply following the hike - where 3M, 6M tenors rose to 7.64%, 7.98% with rejections in 12M at the end of September 2021 vs. 7.31%, 7.58%, and 7.67% at the end of June 2021. PIBs witnessed participation dropped to PKR406bn in 3QCY21 vs. PKR582bn in 2Q and PKR249bn SPLY. Cut-off yields rose for 3-yr PIBs to 8.88% vs. 8.69% at the end of June 2021, 5-yr and 10yr tenor yields remained stable at 9.20% and 9.84%. We think yields will continue to inch higher as spiking inflation and external account pressures prompt further rate hikes.

**Developed Markets Review**

The MSCI developed markets stocks remained flat in 1QFY22. Broad U.S. equity benchmarks were down across the board in quarter ending Sept in what is seasonally the worst-performing month for equities. Falling sentiment was headlined by systemic risk from China's Evergrande crisis and its potential negative impact on the broader real estate market.

US, UK, Japan, Italy, Spain remained flat at 0.2%, 0.7%, 2.3%, 2.3% and -0.3 respectively

**Future Outlook**

The SBP has signaled that it will remain vigilant about the external account and fiscal balance, and it will adjust rates as and when required. We expect a c. 150-200bps increase in the Policy rate on average in CY22f, where treasury yields have already begun to reflect this expectation. Successful resolution of ongoing IMF talks and resultant disbursement of US\$1bn tranche will significantly ease pressures. However, this will coincide with higher fuel prices, energy tariffs and removal of relaxations on GST (in the shape of a mini budget expected shortly). To this end, the PTI Government has already increased petrol prices by PKR10.5/ltr (to reflect recent sharp rise in oil prices to US\$85/bbl) and approved a countrywide uniform increase in base electricity tariff of PKR1.39/unit. This will prove inflationary and is likely prompt the aforesaid interest rate hike in our view. From the perspective of the equity market, we view market to remain volatile year ending FY22. Nonetheless sectors such as Banks, Tech and selective names in Cements and Textile appear enticing.

**Acknowledgement**

The Board is thankful to its valued investors, the Securities & 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**

**Director**

**Chief Executive Officer**

**Dated: October 26, 2021**

لیکسن ایسیٹ ایلوکیشن ڈیویڈنڈ مارکیٹس فنڈ  
 30 ستمبر 2021 کو ختم ہونے والی مدت کے لیے  
 مینجمنٹ کمپنی کے ڈائریکٹرز کی جائزہ رپورٹ

لیکسن انویسٹمنٹس لمیٹڈ کا بورڈ آف ڈائریکٹرز، لیکسن ایسیٹ ایلوکیشن ڈیویڈنڈ مارکیٹس فنڈ ("LAADMF") کی مینجمنٹ کمپنی 30 ستمبر 2021 کو ختم ہونے والی مدت کے لیے اپنی جائزہ رپورٹ مع مختصر عبوری مالیاتی معلومات پیش کرتے ہوئے خوش محسوس کرتا ہے۔

#### فنڈ کا مقصد

لیکسن ایسیٹ ایلوکیشن ڈیویڈنڈ مارکیٹس فنڈ کی سرمایہ کاری کا مقصد مختلف طرح کے ملکی قرضوں اور ڈیویڈنڈ 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 ایسیٹ ایلوکیشن 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 پالیسیوں، گلوبل اکنامک ڈیٹا، کموڈیٹیز کی قیمتیں اور سپلائی/ڈیمانڈ ڈائنامکس کے تجزیوں کو پیش نظر رکھا جائے گا۔ اس اسکیم سے ڈومیسٹک گورنمنٹ سیکورٹیز اور ایسی ڈیویڈنڈ مارکیٹس سیکورٹیز کے درمیان تبدیلیوں کے ساتھ سرمایہ کاری کی جاتی ہے، جس کا ڈیویڈنڈ مارکیٹس کی سرمایہ کاری کے منظر نامے اور اپنی انویسٹمنٹ ٹیم کی پیشگوئیوں پر انحصار ہوتا ہے۔ یہ اسکیم ڈیویڈنڈ مارکیٹس کی سرمایہ کاری سے متعلق شیئ مارک MSCI World Index کے حوالے سے متعلق ممالک کو اوور ویٹ یا انڈرو ویٹ کر سکتی ہے۔ اسکیم کی سرمایہ کاری کو کلسڈ 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۔

#### فنڈ کی کارکردگی

لیکسن ایسیٹ ایلوکیشن ڈیویڈنڈ مارکیٹس فنڈ نے مالی سال 2022 کی پہلی سہ ماہی کے دوران شیئ مارک منافع %3.62 کے مقابلے میں %4.31 کا مطلق منافع حاصل کیا۔ فنڈ نے شیئ مارک کے مقابلے میں %0.69 بہتر کارکردگی کا مظاہرہ کیا ہے۔ 30 ستمبر 2021 کے مطابق فنڈ نے %27.9 سے ایکویٹیز میں اور باقی %71.6 سے کیش میں سرمایہ کاری کی۔

#### نی یونٹ آمدنی (EPU)

نی یونٹ آمدنی (EPU) ظاہر نہیں کی گئی ہے کیوں کہ ہم محسوس کرتے ہیں کہ EPU شمار کرنے کے لیے تخمینہ شدہ اوسط نوٹس کا تعین اوپن اینڈ فنڈز کے لیے قابل عمل نہیں ہے۔

معاشی جائزہ

اسٹیٹ بینک آف پاکستان نے پالیسی ریٹ 25 بنیادی پوائنٹس بڑھا کر 7.25 فیصد کر دیا۔ جون 2020 کے بعد یہ پہلی تبدیلی ہے۔ اس فیصلے کے پیچھے کلیدی عنصر حالیہ مہینوں میں بڑھتا ہوا کرنٹ اکاؤنٹ خسارہ تھا، جس کی وجہ سے پاکستانی میں 7 فیصد سے زائد گراؤٹ آئی۔ گزشتہ تین ماہوں میں کرنٹ اکاؤنٹ خسارہ ایس بی پی کے جی ڈی پی اینڈ کے 3-2 فیصد کی آرام دہ حد سے باہر رہا ہے۔ اگست کے لیے کرنٹ اکاؤنٹ خسارہ بڑھ کر 1.47 ارب ڈالر ہو گیا جو کہ جولائی میں 0.8 ارب ڈالر تھا۔ کرنٹ اکاؤنٹ خسارے میں تقریباً 1.0 ارب ڈالر کا اضافہ درآمدات میں ماہ بہ ماہ اضافے کی عکاسی کرتا ہے۔ پچھلے دو مہینوں میں پاکستانی روپے کی قدر میں 6% کمی کے باعث بہت بڑا کرنٹ اکاؤنٹ خسارہ حیران کن نہیں تھا۔

مزید برآں TERF سے استفادے کے نتیجے میں مشینری کی درآمدات میں اضافہ رہا جبکہ اجناس کی بلند عالمی قیمتیں خوراک اور تیل کی درآمدی لاگت بڑھا رہی ہیں۔ اس سے شرح مبادلہ میں مزید کمزوری آئی۔ مالیاتی سال 2022 کی پہلی سہ ماہی میں خسارہ گزشتہ سال اسی مدت میں 865 ملین ڈالر کے مقابلے میں 3.4 ارب ڈالر تک پہنچ گیا۔ ترسیلات زر 2.66 ارب ڈالر پر (ماہ بہ ماہ بنیاد پر تقریباً ہموار) مضبوط رہیں۔

اگرچہ عید الاضحیٰ جولائی میں پڑی، اس کے بعد سے ترسیلات زر میں کوئی کمی نہیں آئی۔ اس کا مطلب ہے کہ عالمی وبا کی صورت حال سے قطع نظر، پاکستان موجودہ شرح کو برقرار رکھ سکتا ہے۔ یہ جزوی طور پر تیل کی عالمی قیمتوں میں اضافے کی وجہ سے ہے، جس نے جی سی سی معیشتوں کو بحال کیا ہے (جو اہتمامی طور پر بڑا حصہ رکھتی ہیں)۔ اس کے باوجود، آئی ایم ایف پروگرام کا دوبارہ آغاز ضروری ہے، زرمبادلہ کے ذخائر اگست 2021 میں +20 ارب ڈالر کے مقابلے میں کم ہو کر 19.2 ارب ڈالر ہو گئے۔ سال 2021 کی تیسری سہ ماہی جون 2021 کے اختتام پر 157.5 روپے کے مقابلے میں 7.7% سہ ماہی سہ ماہی کی کے ساتھ اختتام کو پہنچی، جس کی وجہ سے درآمد کنندگان کی بڑھتی ہوئی طلب، (خاص طور پر تیل)، تیل کی بین الاقوامی قیمتوں میں مسلسل اضافے کے بعد (موجودہ سال اب تک 50 فیصد) نیز سرحد پار سے مانگ میں اضافہ ہے۔ قومی سی پی آئی کی اوسط اپریل جون 2021 میں 10.5% کے مقابلے میں (جو مالی سال 2021 میں 8.9% کے مقابلے میں بھی کم ہے) جولائی ستمبر 2021 میں 8.6% رہی۔ اس کے باوجود خوراک اور توانائی کی قیمتوں میں اضافے کی وجہ سے افراط زر کے اعداد و شمار اور پر کی طرف بڑھنے لگے ہیں۔ ستمبر 2021 میں بنیادی طور پر قابل اتلاف اشیائے خوردنی کی قیمتوں میں تیزی سے اضافے کی وجہ سے ماہ بہ ماہ کی بنیاد پر تیزی سے اچھال دیکھا گیا (ماہ بہ ماہ بنیاد پر 2.12%)۔ لہذا، شہروں کے سی پی آئی اعداد و شمار میں 9.1% اور دیہی مراکز میں 8.9% تک سال بہ سال بنیاد پر اضافہ ہوا۔

فلسفہ انکم مارکیٹ کا جائزہ

حکومت پاکستان نے گزشتہ سہ ماہی میں 5.4 ٹریلین روپے اور گزشتہ سال اسی مدت میں 1.9 ٹریلین روپے کے مقابلے میں سال 2021 کی تیسری سہ ماہی میں مجموعی طور پر 3.5 ٹریلین روپے ٹی بل بنیادیوں سے جمع کیے۔ تیسری سہ ماہی میں سرمایہ کاری میں کمی آئی، جیسا کہ شرح سود میں اضافے کی توقعات مستحکم ہوئیں (ستمبر 2021 میں 25 بنیادی پوائنٹس کا اضافہ) اور بولیاں کم مدت کی بل (3 سے 6 ماہ) کی طرف منتقل ہوئیں۔ شرح سود میں اضافے کے بعد ٹی بل کی آمدن میں تیزی سے اضافہ ہوا جہاں جون 2021 کے اختتام پر 7.31%، 7.58% اور 7.67% کے مقابلے میں ستمبر 2021 کے اختتام پر 12 ماہ کی میعاد کے لیے بولی ستر دہونے کے ساتھ سہ ماہی اور ششماہی میعادوں کے لیے آمدن 7.64% اور 7.98% تک بڑھ گئی۔ PIB میں سرمایہ کاری نے دوسری سہ ماہی میں 582 ارب روپے اور گزشتہ سال اسی مدت میں 249 ارب روپے کے مقابلے میں سال 2021 کی تیسری سہ ماہی میں 406 ارب روپے تک گراؤٹ دیکھی۔ جون 2021 کے اختتام پر PIBs کے لیے 3 سالہ میعاد کے حتمی آمدن جون 2021 کے اختتام پر 8.69% کے مقابلے میں 8.88% تک بڑھ گئی جب کہ 5 سالہ اور 10 سالہ میعاد کے لیے آمدن 9.20% اور 9.84% پر مستحکم رہی۔



ہمارے خیال میں مزید گائی اور بیرونی کھاتوں کے دباؤ سے شرح سود میں مزید اضافے کی وجہ سے آمدن میں بتدریج اضافہ جاری رہے گا۔

#### مستقبل کی توقعات

اسٹیٹ بینک نے اشارہ دیا ہے کہ وہ بیرونی کھاتے اور مالیاتی توازن کے بارے میں چوکس رہے گا، اور سود کی شرحیں حسب ضرورت ایڈجسٹ کرے گا۔ ہم سال 2022 میں پالیسی کی شرح میں اوسطاً 150 تا 200 بنیادی پوائنٹس کے اضافے کی توقع کرتے ہیں۔ جہاں حکومتی ترسکات پر آمدن پہلے ہی یہ توقع ظاہر کرنا شروع کر چکی ہے۔ آئی ایم ایف سے جاری مذاکرات کا کامیاب حل اور اس کے نتیجے میں 1 ارب ڈالر کی قسط کی ادائیگی سے دباؤ میں نمایاں کمی آئے گی۔ تاہم، یہ ایندھن کی قیمتوں، توانائی کے نرخوں میں اضافے اور جی ایس ٹی پر رعایتیں واپس لینے کے ساتھ ہوگا (جلدی متوقع منی بجٹ کی شکل میں)۔ اس مقصد کے لیے پی پی ٹی آئی حکومت پہلے ہی بیٹرول کی قیمتوں میں 10.5 روپے فی لیٹر اضافہ کر چکی ہے (جو تیل کی قیمتوں میں حالیہ تیزی سے 85 امریکی ڈالر/بی پی ایل تک اضافے کی عکاسی کرتا ہے) اور ملک بھر میں بجلی کے بنیادی نرخ میں 1.39 روپے فی یونٹ کے یکساں اضافے کی منظوری دے چکی ہے۔ ہمارے خیال میں یہ افراط زر میں اضافے کا سبب ثابت ہوگا اور ممکنہ طور پر شرح سود میں مذکورہ بالا اضافہ کا سبب بنے گا۔ ایکویٹی مارکیٹ کے نقطہ نظر سے، ہم مالی سال 2022 کو مارکیٹ کے لیے غیر مستحکم سال کے طور پر ختم ہوتا دیکھ رہے ہیں۔ بہر حال ہیکس، ہیکینا، لوجی اور سینٹ اور ٹیکسٹائل جیسے شعبوں میں منتخب نام پر کشش دکھائی دیتے ہیں۔

#### ڈیویڈنڈ مارکیٹس کا جائزہ

EM انڈیکس کے پیچھے سہ ماہی کے دوران ڈی ایم انڈیکس نے 8% منافع مہیا کیا۔ ڈیویڈنڈ مارکیٹس نے تیسری سہ ماہی میں پیش قدمی کی لیکن ستمبر کے دوران 2020 کی بلند ترین سطح سے گر گئیں۔ بعد کی سہ ماہی کے دوران مارکیٹ میں کمی حقیقی خدشات کی عکاسی کرتی ہے جیسا کہ سرمایہ کار امریکی مارکیٹس کے اضافی مالیاتی محرک پر متفق نہ ہونے پر پریشان تھے۔ مستقبل میں محرک کے حوالے سے شک کے ساتھ ہی ترقی یافتہ دنیا کے بیشتر حصوں میں کووڈ-19 کے بڑھتے ہوئے کیسز کے پس منظر کے مقابل متعلق امریکی انتخابات کے افراتفری والے نتائج کے بڑھتے ہوئے خطرے سے معاملات مزید خراب ہوتے دکھائی دے رہے ہیں۔

مالی سال 2022 کی پہلی سہ ماہی میں ایم ایس سی آئی ڈیویڈنڈ مارکیٹ اسٹاکس فلیٹ رہے۔ ستمبر میں ختم ہونے والی سہ ماہی میں تمام ترقیاتی امریکی ایکویٹی شیئرز مارکس پست رہے جو کہ موسمی طور پر ایکویٹیز کے لیے سب سے خراب کارکردگی کا مہینہ ہے۔ چین کے ایور گریڈ بحران سے نظام کو خطرے اور اس کے وسیع ترین ایسٹ مارکیٹ پر اس کے ممکنہ منفی اثرات زوال پزیر جذبات کے لیے شرح سرفی کی حیثیت رکھتے تھے۔ امریکا، برطانیہ، جاپان، اٹلی، اسپین، ہالینڈ، سوئٹزرلینڈ، 0.2%، 0.7%، 2.3%، 2.3% اور 0.3% پر فلیٹ رہے۔

#### مستقبل کی توقعات

اسٹیٹ بینک نے اشارہ دیا ہے کہ وہ بیرونی کھاتے اور مالیاتی توازن کے بارے میں چوکس رہے گا، اور سود کی شرحیں حسب ضرورت ایڈجسٹ کرے گا۔ ہم سال 2022 میں پالیسی کی شرح میں اوسطاً 150 تا 200 بنیادی پوائنٹس کے اضافے کی توقع کرتے ہیں۔ جہاں حکومتی ترسکات پر آمدن پہلے ہی یہ توقع ظاہر کرنا شروع کر چکی ہے۔ آئی ایم ایف سے جاری مذاکرات کا کامیاب حل اور اس کے نتیجے میں 1 ارب ڈالر کی قسط کی ادائیگی سے دباؤ میں نمایاں کمی آئے گی۔ تاہم، یہ ایندھن کی قیمتوں، توانائی کے نرخوں میں اضافے اور جی ایس ٹی پر رعایتیں واپس لینے کے ساتھ ہوگا (جلدی متوقع منی بجٹ کی شکل میں)۔ اس مقصد کے لیے پی پی ٹی آئی حکومت پہلے ہی بیٹرول کی قیمتوں میں 10.5 روپے فی لیٹر اضافہ کر چکی ہے (جو تیل کی قیمتوں میں حالیہ تیزی سے 85 امریکی ڈالر/بی پی ایل تک اضافے کی عکاسی کرتا ہے) اور ملک بھر میں بجلی کے بنیادی نرخ میں 1.39 روپے فی یونٹ کے یکساں اضافے کی منظوری دے چکی ہے۔ ہمارے خیال میں یہ افراط زر میں اضافے کا سبب ثابت ہوگا اور ممکنہ طور پر شرح سود میں مذکورہ بالا اضافہ کا سبب بنے گا۔ ایکویٹی مارکیٹ کے نقطہ نظر سے، ہم مالی سال 2022 کو مارکیٹ کے لیے غیر مستحکم سال کے طور پر ختم ہوتا دیکھ رہے ہیں۔ بہر حال ہیکس، ہیکینا، لوجی اور سینٹ اور ٹیکسٹائل جیسے شعبوں میں منتخب نام پر کشش دکھائی دیتے ہیں۔



میں)۔ اس مقصد کے لیے پی پی آئی حکومت پہلے ہی پیپروں کی قیمتوں میں 10.5 روپے فی لیٹر اضافہ کر چکی ہے (جو تیل کی قیمتوں میں حالیہ تیزی سے 85 امریکی ڈالر/بی بی ایل تک اضافے کی عکاسی کرتا ہے) اور ملک بھر میں بجلی کے بنیادی نرخ میں 1.39 روپے فی یونٹ کے یکساں اضافے کی منظوری دے چکی ہے۔ ہمارے خیال میں یہ افراط زر میں اضافے کا سبب ثابت ہوگا اور ممکنہ طور پر شرح سود میں مذکورہ بالا اضافہ کا سبب بنے گا۔ ایکویٹی مارکیٹ کے نقطہ نظر سے، ہم مالی سال 2022 کو مارکیٹ کے لیے غیر مستحکم سال کے طور پر ختم ہوتا دیکھ رہے ہیں۔ بہر حال ٹیکنیکس، ہیکٹانالوجی اور سینٹ اور ٹیکسٹائل جیسے شعبوں میں منتخب نام پر کشش دکھائی دیتے ہیں۔

اظہار تشکر

یہ بورڈ اپنے قابل قدر انویسٹرز، سیکریٹریز اینڈ ایگزیکٹو کمیٹی آف پاکستان، اسٹیٹ بینک آف پاکستان، فنڈ کے ٹرسٹی، مینٹرنل ڈیپازٹری کمیٹی آف پاکستان لمیٹڈ اور پاکستان اسٹاک ایکسچینج لمیٹڈ کا، ان کے مسلسل تعاون اور مدد پر شکرگزار ہے۔ منجنت کمپنی کے ڈائریکٹرز فنڈ کی ترقی اور دانش مندانہ انتظام و انصرام کے لیے منجنت کمپنی کی ٹیم کی محنت اور کاوشوں کا بھی اعتراف کرتے ہیں۔

برائے و خجانب بورڈ

ڈائریکٹر

چیف ایگزیکٹو آفیسر

تاریخ: 26 اکتوبر 2021

**Condensed Interim Statement of Assets and Liabilities  
As at September 30, 2021**

	Note	September 30, 2021 (Unaudited)	June 30, 2021 (Audited)
ASSETS		(Rupees)	
Bank balances	6	762,098,890	757,978,718
Investments	7	296,856,334	271,086,975
Dividend receivable		515,729	122,881
Accrued mark-up and other receivable		4,319,071	1,019,826
<b>TOTAL ASSETS</b>		<u>1,063,790,024</u>	<u>1,030,208,400</u>
<b>LIABILITIES</b>			
Payable to the Management Company	8	6,332,303	6,301,920
Payable to the Trustee		191,487	186,755
Annual fee payable to the Securities and Exchange Commission of Pakistan		52,511	267,229
Accrued expenses and other liabilities	9	5,731,056	11,208,843
<b>TOTAL LIABILITIES</b>		<u>12,307,357</u>	<u>17,964,747</u>
<b>NET ASSETS</b>		<u>1,051,482,666</u>	<u>1,012,243,653</u>
<b>UNIT HOLDERS' FUND (as per statement of movement in unit holders' fund)</b>		<u>1,051,482,666</u>	<u>1,012,243,653</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	10		
		(Number of units)	
<b>Number of units in issue</b>		<u>6,554,386</u>	<u>6,581,612</u>
		(Rupees)	
<b>Net assets value per unit</b>		<u>160.4242</u>	<u>153.7987</u>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

For Lakson Investments Limited  
(Management Company)

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

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

\_\_\_\_\_  
Director

**Condensed Interim Income Statement (Unaudited)  
For the quarter ended September 30, 2021**

<b>INCOME</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
		<b>(Rupees)</b>	
Markup on Government securities (at fair value through profit or loss)		-	24,954,669
Unrealized appreciation on investments at fair value through profit or loss - net		<b>25,769,358</b>	(8,171,818)
Realized loss on sale of investments held at fair value through profit or loss - net		<b>(18,707)</b>	(5,043,732)
Markup on bank balances - at amortised cost		<b>13,101,654</b>	3,735,496
Dividend income on investments at fair value through profit or loss		<b>515,735</b>	261,823
Exchange gain on foreign currency deposits - at amortised cost		<b>4,752,475</b>	(4,842,902)
Reversal of provision for Sindh workers' welfare fund (SWWF)	9.1	<b>5,089,762</b>	-
<b>Total Income</b>		<b>49,210,277</b>	10,893,536
<b>EXPENSES</b>			
Remuneration to the Management Company	8.1	<b>4,119,376</b>	6,657,716
Sindh Sales tax on remuneration to the Management Company	8.2	<b>535,519</b>	865,503
Remuneration to the Trustee		<b>581,648</b>	802,969
Annual fee to the Securities and Exchange Commission of Pakistan		<b>52,536</b>	91,707
SECP supervisory fee		<b>634</b>	630
Custody charges		<b>147,640</b>	94,858
Auditors' remuneration		<b>71,475</b>	94,402
Fees and subscription		<b>47,389</b>	132,328
Credit rating fee		-	-
Brokerage, settlement and bank charges		<b>1,071</b>	506,101
Printing charges		-	8,475
Financial Charges		<b>20,422</b>	-
<b>Total expenses</b>		<b>5,577,708</b>	9,254,689
Net income from operating activities		<b>43,632,569</b>	1,638,847
Provision for Sindh workers' welfare fund (SWWF)	9.1	-	(32,777)
<b>Net Income for the period before Taxation</b>		<b>43,632,569</b>	1,606,070
Taxation	11	-	-
<b>Net income for the period after taxation</b>		<b>43,632,569</b>	1,606,070
<b>Allocation of Net Income for the period</b>			
Net income for the year after taxation		<b>43,632,569</b>	1,606,070
Income already paid on units redeemed		<b>(215,366)</b>	-
		<b>43,417,203</b>	1,606,070
<b>Accounting income available for distribution</b>			
-Relating to capital gains		<b>25,597,394</b>	-
-Excluding capital gains		<b>17,819,809</b>	1,606,070
<b>Accounting income available for distribution</b>		<b>43,417,203</b>	1,606,070

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

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

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

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

\_\_\_\_\_  
Director

**Condensed Interim Statement of Comprehensive Income (Unaudited)  
For the quarter ended September 30, 2021**

	2021	2020
	(Rupees)	
Net income for the period after taxation	43,632,569	1,606,070
Other comprehensive income	-	-
<b>Total comprehensive income for the period</b>	<u>43,632,569</u>	<u>1,606,070</u>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

For Lakson Investments Limited  
(Management Company)

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

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

\_\_\_\_\_  
Director

**Condensed Interim Statement of Movement In Reserve or Unit Holders' Fund (Unaudited)  
 For the quarter ended September 30, 2021**

	2021		2020	
	Capital value	Undistributed income	Total	Capital value
	(Rupees)			
	Capital value	Undistributed income	Total	Capital value
	913,076,846	99,166,807	1,012,243,653	1,868,812,065
<b>Net assets at beginning of the period</b>				
Issuance of 1,283 units (2020: Nil units) as capital refund				1,944,366,821
- Capital value	197,324	-	197,324	-
- Element of income	9,133	-	9,133	-
Total proceeds on issuance of units	206,457	-	206,457	-
Redemption of 28,509 units (2020: 242,1814 units)				
- Capital value	(4,384,647)	215,366	(4,384,647)	(363,268,949)
- Element of loss	-	-	-	(350,773)
Total payments on redemption of units	(4,384,647)	215,366	(4,600,013)	(363,619,722)
Total comprehensive income for the period	-	43,632,569	43,632,569	1,606,070
Net income for the period less distribution	-	43,632,569	43,632,569	1,606,070
<b>Net assets as at end of the period</b>	<b>908,899,656</b>	<b>142,799,376</b>	<b>1,051,482,666</b>	<b>1,505,192,343</b>
<b>Undistributed income brought forward:</b>				
- Realized income	47,485,540			58,580,892
- Unrealized income	51,681,267			16,973,865
	99,166,807			75,554,756
<b>Accounting income available for distribution:</b>				
Relating to capital gains	25,597,394			1,606,070
Excluding capital gains	17,819,809			1,606,070
	43,417,203			-
Net income for the period after taxation	-			-
<b>Undistributed income at end of the period</b>	<b>142,584,010</b>			<b>77,160,826</b>
<b>Undistributed income carried forward</b>				
- Realized income	116,844,652			85,332,644
- Unrealized income	25,769,358			(8,171,818)
<b>Undistributed income at end of the period</b>	<b>142,584,010</b>			<b>77,160,826</b>
Net assets value per unit at beginning of the period		153,7987		149,9987
Net assets value per unit at end of the period		160,4242		150,1178

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

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

Chief Executive Officer

Chief Financial Officer

Director

**Condensed Interim Cash Flow Statement (Unaudited)  
For the quarter ended September 30, 2021**

	2021	2020
	(Rupees)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Income for the period before Taxation	43,632,569	1,606,070
<b>Adjustments for non-cash charges and other items:</b>		
Capital loss on sale of investments - net	(18,707)	5,043,732
Unrealised appreciation in the fair value of investments at fair value through profit or loss - net	25,769,358	8,171,818
Mark-up receivable	(392,848)	(261,823)
	<u>68,990,372</u>	<u>14,559,797</u>
<b>(Increase) in assets</b>		
Investments - net	(51,520,009)	991,364,626
Prepayment	(3,299,245)	7,588,241
	<u>(54,819,254)</u>	<u>998,952,866</u>
<b>Increase in liabilities</b>		
Payable to the Management Company	30,383	(419,305)
Payable to the Trustee	4,732	(22,158)
Annual fee payable to the Securities and Exchange Commission of Pakistan	(214,718)	91707
	-	(183,202)
Accrued expenses and other liabilities	(5,477,787)	652,665
	<u>(5,657,390)</u>	<u>119,707</u>
<b>Net cash (used in) operating activities</b>	<u>8,513,728</u>	<u>1,013,632,371</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Cash received from issue of units	206,457	-
Cash paid on redemption of units	(4,600,013)	(363,619,722)
Cash dividend paid	-	-
<b>Net cash flow from financing activities</b>	<u>(4,393,556)</u>	<u>(363,619,722)</u>
<b>Net (decrease) in cash and cash equivalent during the period</b>	<b>4,120,172</b>	650,012,649
Cash and cash equivalent at the beginning of the period	757,978,718	455,467,033
<b>Cash and cash equivalent at the end of the period</b>	<u>762,098,890</u>	<u>1,105,479,682</u>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

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

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

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

\_\_\_\_\_  
Director

**Notes to and Forming Part of the Condensed Interim  
Financial Statements (Unaudited)  
For the quarter ended September 30, 2021**

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

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).

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.

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 a Trustee of the Fund.

Pakistan Credit Rating Company Limited (PACRA) has maintained the rating of the Management Company of the Fund to the scale 'AM2+' (stable outlook) vide its report dated 28 August 2020 (2019: AM2+ as on 29 August 2019).

On 16 August 2021, VIS assigned following rankings to the Fund based on the performance review for the the year ended 30 June 2021:

1-year ranking: MFR 4-Star  
3-year ranking: MFR 5-Star  
5-year ranking: MFR 5-Star

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

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



- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- 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).

This condensed interim financial information is being submitted to the unit holders as required under Regulation 38 (g) of the Non-Banking Finance Companies and notified Entities Regulations, 2008 (NBFC Regulations) and are unaudited.

2.2 In compliance with schedule V of the NBFC Regulations the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at September 30, 2021.

**2.3 Basis of measurement**

This condensed interim financial information has been prepared under the historical cost convention, except for investments that are stated at fair values.

**2.4 Functional and presentation currency**

This condensed interim financial information is presented in Pak Rupees which is the functional and presentation currency of the Fund. All amount have been rounded off to the nearest of rupees, unless otherwise indicated.

**3. Significant judgement and estimates**

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amount of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied to financial statements for the year ended June 30, 2021.

**4. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial informations are the same as those applied in the preparation of the financial statements as at and for the year ended June 30, 2021.

**5. FINANCIAL RISK MANAGEMENT**

The Fund financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements for the year ended 30 June 2021.

	Note	September 30, 2021 (Unaudited) (Rupees)	June 30, 2021 (Audited)
<b>6. BANK BALANCES</b>			
<b>In local currency</b>			
In profit and loss sharing accounts	6.1	701,459,782	700,575,169
In current accounts		8,504	8,504
<b>In foreign currency</b>			
In current account	6.2	60,630,605	57,395,045
		<u>762,098,890</u>	<u>757,978,718</u>
6.1	These carry mark-up rates ranging from 5.00% to 7.80% (30 June 2021: from 6.00% to 8.00%) per annum.		
6.2	This represents USD denominated current account maintained in foreign country to USD 355,277 (2020: USD 362,326 ).		

**7. INVESTMENTS**

**At fair value through profit or loss**

Government Securities			
Exchange Traded Funds (foreign investments)	7.1	296,856,334	271,086,975
		<u>296,856,334</u>	<u>271,086,975</u>

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

Note	Number of units				Balance as at September 30, 2021			Market value as a percentage of net assets of the Fund	Market value as a percentage of total investments
	Number of holdings at the beginning of the period	Acquired during the period	Disposed / matured during the period	Number of holdings at the end of the period	Cost	Market value	Unrealized diminution		
Powershares QQQ Trust Series 1	2,840	-	-	2,840	158,580,527	173,491,608	14,911,081	16.50%	58.44%
Vanguard S&P 500 UCITS ETF	8,772	-	-	8,772	112,506,449	123,364,726	10,858,277	11.73%	41.56%
<b>Total - September 30, 2021</b>					<u>271,086,976</u>	<u>296,856,334</u>	<u>25,769,358</u>	<u>28.23%</u>	<u>100.00%</u>
Total - June 30, 2021					219,405,708	271,086,975	51,681,267	26.78%	100.00%
<b>Total investment - September 30, 2021</b>					<u>271,086,976</u>	<u>296,856,334</u>	<u>25,769,358</u>	<u>28.23%</u>	<u>100.00%</u>
Total investment - June 30, 2021					219,405,708	271,086,975	51,681,267	26.78%	100.00%

- 7.1.1 Power shares of Invesco QQQ Trust Series 1 is an Exchange Traded Fund incorporated in the 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 357.96 per unit as at the quarter-end amounted to USD 1,016,606 (30 June 2021: USD 1,006,581).
- 7.1.2 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 82.41 per unit as at the quarter-end amounted to USD 722,901 (30 June 2021: USD 714,129).
- 7.1.3 Above units are held by Habib Bank AG Zurich as a custodian.

		September 30, 2021 (Unaudited)	June 30, 2021 (Audited)
	Note	(Rupees)	
<b>8. PAYABLE TO THE MANAGEMENT COMPANY</b>			
Remuneration payable to the Management Company	8.1	1,332,785	1,305,896
Sales tax payable on remuneration to the Management Company	8.2	173,258	169,764
Federal excise duty payable on remuneration to the Management Company	8.3	4,823,301	4,823,301
Sales load payable		2,959	2,959
		<u>6,332,303</u>	<u>6,301,920</u>

8.1 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 quarter ended 30 September 2021. 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 quarter ended 30 September 2021 is 1.50% of the average net assets. Remuneration is paid to the Management company in arrears on a monthly basis.

8.2 The Sindh Provincial Government has levied Sindh Sales Tax (SST) at the rate of 13% (June 30, 2021: 13%) on the remuneration of management company through Sindh Sales Tax on Services Act, 2011.

8.3 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 30 September 2021 would have been higher by Re. 0.74 (30 June 2021: Rs. 0.73) per unit.

		September 30, 2021 (Unaudited)	June 30, 2021 (Audited)
	Note	(Rupees)	
<b>9 ACCRUED AND OTHER LIABILITIES</b>			
Sindh Workers' Welfare Fund	9.1	-	5,089,762
Brokerage payable		19,651	18,580
Auditors' remuneration		95,043	264,517
Custody fee payable		416,722	646,415
Rating fee payable		307,950	307,950
Dividend payable		-	-
Professional fees payable		430,000	500,000
Other Liabilities		4,461,689	4,381,619
		<u>5,731,056</u>	<u>11,208,843</u>

- 9.1 Provision for Sindh Workers' Welfare Fund (SWWF) 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 (SRB) letter to certain mutual funds in January 2016 whereby SRB directed the mutual funds to register and pay SWWF for the accounting year closing on or after 31 December 2013. This is on the premise that mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001 hence SWWF is payable by them. Though MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF but as a matter of abundant caution the Management Company had recorded SWWF with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from 21 May 2015).

During the period ended September 30 2021, SRB, through its letter dated 12 August 2021 received by MUFAP on 13 August 2021, has intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level on 13 August 2021 and was also taken up with the SECP by the Asset Management Companies. In the light of the clarification issued by SECP, the MUFAP recommended to its members that effective from 13 August 2021, SWWF recognised earlier should be reversed. Accordingly, going forward, no provision for SWWF would be recognised in the financial statements of the Fund.

#### 10. CONTINGENCIES AND COMMITMENTS

There were no other contingencies and commitments as at September 30, 2021.

#### 11. TAXATION

- 11.1 The Fund's income is exempt from Income Tax as per clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the 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.

- 11.2 During the year ended June 30, 2014, the FBR has 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 amended assessment would be Rs. 7.203 million and Rs 19.001 million for the tax years 2012 and 2013 respectively. Trustee of the Fund had filed a suit in the High Court of Sindh for declaration and permanent injunction for which a stay order had been granted by Sindh High Court. The management expects a favorable outcome and, accordingly, no provision has been recorded in respect of this matter.

**12. TRANSACTIONS AND BALANCES WITH 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 the holding company of the Management Company, associated companies of the Management Company, key management personnel, other funds being managed by the Management Company and unit holders holding more than 10% in the units of the Funds as at September 30, 2021. It also includes staff retirement funds of the above related parties / connected persons.

Remuneration to the Management Company and the Trustee is determined in accordance with the provisions of NBFC Regulations and the Trust Deed respectively. Other transactions are in normal course of business, at contracted rates and terms determined in accordance with the market rates.

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

	<b>September 30, 2021 (Unaudited)</b>	<b>June 30, 2021 (Audited)</b>
	<b>(Rupees)</b>	
<b>12.1 Balance as at period / year end</b>		
<b>Lakson Investments Limited - Management Company</b>		
Remuneration payable	<u>1,332,785</u>	<u>1,305,896</u>
Sindh Sales Tax on Management Company's remuneration*	<u>173,258</u>	<u>169,764</u>
Federal Excise Duty		
Management Company's remuneration*	<u>4,823,301</u>	<u>4,823,301</u>
Sales load payable to the Management Company*	<u>2,959</u>	<u>2,959</u>
Sales tax is paid / payable to the management company for onwards payment to the Government.		
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	<u>191,487</u>	<u>186,755</u>
<b>Habib Bank AG Zurich - Custodian</b>		
Bank deposits	<u>60,630,605</u>	<u>57,395,045</u>
Custody fee payable	<u>416,722</u>	<u>263,740</u>

		Quarter ended September 30, 2021								
		Number of Units			Rupees					
		Units issued during the period	Refund of Capital	Units redeemed during the period	Number of holdings at the end of the period	Balance as at July 01, 2021	Units issued during the period	Bonus units issued during the year	Units redeemed during the period	Balance at the end of the period (Investment at current NAV)
Directors, Chief Executive and their spouse and minors		1,227	-	28,509	5,435,262	840,132,185	197,444	-	4,600,000	871,947,500
Other key management personnel		57	-	-	57	-	801	-	-	9,144
<b>Associated companies / undertakings of the Management Company</b>										
Lakson Investments Limited		-	-	-	-	-	-	-	-	-
Lakson Business Solutions Limited - Employees		-	-	-	-	-	-	-	-	-
Contributory Provident Fund Trust		1,176	-	-	1,176	180,895	-	-	-	188,688
Lakson Investments Limited - Employees Contributory Provident Fund Trust		3,220	-	-	3,220	495,236	-	-	-	516,570
GAM Corporation (Private) Limited - Employees Contributory Provident Fund Trust		59,580	-	-	59,580	9,163,306	-	-	-	9,558,052
SIZA Foods (Private) Limited - Employees Contributory Provident Fund Trust		42,523	-	-	42,523	6,540,047	-	-	-	6,821,786
Colgate Palmolive (Pakistan) Limited - Employees Contributory Provident Fund Trust		172,265	-	-	172,265	26,494,177	-	-	-	27,635,521
Colgate Palmolive (Pakistan) Limited - Employees Gratuity Fund		231,114	-	-	231,114	35,544,982	-	-	-	37,076,226
Cyber Internet Services (Private) Limited - Employees Contributory Provident Fund Trust		94,819	-	-	94,819	14,583,065	-	-	-	15,211,290
Accuracy Surgicals Limited - Employees Contributory Provident Fund Trust		16,030	-	-	16,030	2,465,444	-	-	-	2,571,653
Merit Packaging Limited - Employees Contributory Provident Fund Trust		21,500	-	-	21,500	3,306,705	-	-	-	3,449,154
Merit Packaging Limited - Employees Gratuity Fund		11,350	-	-	11,350	1,745,636	-	-	-	1,820,836
Century Paper & Board Mills Limited - Employees Contributory Provident Fund Trust		188,490	-	-	188,490	28,989,576	-	-	-	30,238,419
Century Paper & Board Mills Limited - Employees Gratuity Fund		186,574	-	-	186,574	28,694,977	-	-	-	29,930,985
Century Insurance Company Limited - Employees Contributory Provident Fund Trust		17,720	-	-	17,720	2,725,318	-	-	-	2,842,722
Sybird Private Limited - Employees Contributory Provident Fund Trust		20,016	-	-	20,016	3,078,399	-	-	-	3,211,013
Century Insurance Company Limited - Employees Gratuity Fund		15,355	-	-	15,355	2,361,607	-	-	-	2,463,343
Sia Services Private Limited - Employees Contributory Provident Fund Trust		10,683	-	-	10,683	1,643,028	-	-	-	1,713,808
Hasanali Karabhai Foundation - Employees Contributory Provident Fund Trust		3,513	-	-	3,513	540,232	-	-	-	563,504

Quarter ended September 30, 2020										
	Number of Units					Rupees				
	Number of Units as at July 01, 2020	Units issued during the period	Refund of Capital	Units redeemed during the period	Number of holdings at the end of the period	Balance as at July 01, 2020	Units issued during the period	Bonus units issued during the year	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	-	-	1,956,576	9,118,269	1,661,212,403	-	-	294,000,000	1,368,814,536
Other key management personnel	1	-	-	-	1	150	-	-	-	150
<b>Associated companies / undertakings of the Management Company</b>										
Lakson Investments Limited	-	-	-	-	-	-	-	-	-	-
Lakson Business Solutions Limited - Employees	-	-	-	-	-	-	-	-	-	-
Contributory Provident Fund Trust	1,149	-	-	-	1,149	172,297	-	-	-	172,434
Lakson Investments Limited - Employees Contributory	3,128	-	-	-	3,128	469,266	-	-	-	469,639
Provident Fund Trust	76,806	-	-	19,202	57,604	11,520,824	-	-	2,874,023	8,647,410
GAM Corporation (Private) Limited - Employees	54,819	-	-	13,705	41,114	8,222,810	-	-	2,051,270	6,171,974
Contributory Provident Fund Trust	381,464	-	-	95,366	286,098	57,219,034	-	-	14,273,725	42,948,332
SIZA Foods (Private) Limited - Employees Contributory	323,257	-	-	80,814	242,443	48,488,065	-	-	12,095,682	36,394,945
Colgate Palmolive (Pakistan) Limited - Employees	140,270	-	-	35,068	105,202	21,040,291	-	-	5,248,736	15,792,666
Contributory Provident Fund Trust	34,629	-	-	8,657	25,972	5,194,280	-	-	1,295,720	3,898,835
Colgate Palmolive (Pakistan) Limited - Employees Gratuity Fund	57,811	-	-	14,453	43,358	8,671,520	-	-	2,163,225	6,508,752
Cyber Internet Services (Private) Limited - Employees	23,928	-	-	5,982	17,946	3,589,156	-	-	895,344	2,694,001
Accuracy Surgical Limited - Employees Contributory	363,323	-	-	90,831	272,492	54,497,993	-	-	13,587,282	40,905,915
Provident Fund Trust	294,273	-	-	73,568	220,705	44,140,550	-	-	11,004,934	33,131,731
Merit Packaging Limited - Employees Contributory	28,788	-	-	7,197	21,591	4,318,150	-	-	1,077,197	3,241,181
Merit Packaging Limited - Employees Gratuity Fund	31,648	-	-	7,912	23,736	4,747,119	-	-	1,184,214	3,563,156
Century Paper & Board Mills Limited - Employees	21,679	-	-	5,420	16,259	3,251,858	-	-	811,228	2,440,801
Contributory Provident Fund Trust	-	-	-	-	-	-	-	-	-	-
Siza Services Private Limited - Employees Contributory	16,511	-	-	4,128	12,383	2,476,565	-	-	617,851	1,858,845
Provident Fund Trust	11,740	-	-	2,935	8,805	1,761,046	-	-	439,291	1,321,848
Hasanali Karabhai Foundation - Employees Contributory	-	-	-	-	-	-	-	-	-	-
Provident Fund Trust	-	-	-	-	-	-	-	-	-	-

	September 30, 2021	2020
	(Unaudited) (Rupees)	
<b>12.3 Other transactions during the period</b>		
<b>Lakson Investments Limited - Management Company of the Fund</b>		
Remuneration to the Management Company	<u>4,119,376</u>	<u>6,657,716</u>
Sindh sales tax on remuneration to Management Company	<u>535,519</u>	<u>865,503</u>
<b>Central Depository Company of Pakistan Limited - Trustee of the Fund</b>		
Remuneration for the period	<u>581,648</u>	<u>802,969</u>
<b>Habib Bank AG Zurich - Custodian</b>		
Custody charges	<u>147,640</u>	<u>94,858</u>

**13. Total Expense Ratio (TER)**

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 quarter ended September 30, 2021 is 2.20% (September 30, 2020: 2.03%) which includes 0.26% (September 30, 2020: 0.24%) 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).

**14. 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 Asset Management Company 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 or indirectly (level 2); and

Unobservable inputs for the asset or liability (level 3).

As at September 30, 2021			
----- Un-audited -----			
Level 1	Level 2	Level 3	Total
----- Rupees -----			
<b>Assets</b>			
<b>Financial assets measured at fair value</b>			
Government Securities	-	-	-
Exchange Traded Funds (foreign investments)	296,856,334	-	296,856,334

As at June 30, 2021			
----- Audited -----			
Level 1	Level 2	Level 3	Total
----- Rupees -----			
<b>Assets</b>			
<b>Financial assets measured at fair value</b>			
Exchange Traded Funds (foreign investments)	271,086,975	-	271,086,975

**15. Date of Authorization for Issue**

This condensed interim financial statements were authorized for issue by Board of Directors of the Management Company on October 26, 2021.

For Lakson Investments Limited  
(Management Company)

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

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

\_\_\_\_\_  
Director



A Lakson Group Company

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