

LAKSON EQUITY FUND
Quarterly Report (September 30, 2021)



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

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Fund's Information

Management Company

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Karachi-74200, Pakistan.
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Fax: (9221) 3568.1653
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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. Kathleen Kennedy Townsend

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

Syed Shafaeen Hassan

Audit Committee

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

**Human Resource and
Remuneration Committee**

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 Shakra-e-Faisal,
Karachi, Pakistan.

Auditors

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
Askari Bank Limited
Bank Al-Falah Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
National Bank of Pakistan
Silk Bank Limited
Sindh Bank Limited
Telenor Microfinance Bank Limited
United Bank Limited
U Microfinance Bank Limited

Legal Adviser

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

Registrar

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

Distributors

Metro Capital Pvt. Limited
Ismail Iqbal Securities
BMA Capital Management Limited
Amir Noorani
Topline Securities (Pvt.) Limited
Adam Securities
Elixir Securities (Pvt.) Limited
Vector Capital (Pvt.) Limited
Pearl Securities Pvt. Limited
Rabia Fida

Rating by PACRA

1 Year : 3-Star
3 Year : 3-Star
5 Year : 3-Star
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 Equity Fund ("LEF") is pleased to submit its review report together with Condensed Interim Financial Information for the period ended September 30, 2021.

Fund Objective

The objective of the Fund is to provide long term capital appreciation by investing mainly in equity and related listed securities. Investments will be made in companies of substance, financial strength and demonstrably superior management skills with some exposure given to smaller capitalized value stocks.

Principal activities

The Fund is an actively managed open-end equity fund and is listed on Pakistan Stock Exchange Limited. LEF maintains an average exposure of 70% of Net Assets in listed equity securities. The asset allocation to different sectors and stocks is made on the basis of relative attractiveness of each sector and individual stocks in that particular sector. The allocations may change from time to time keeping in view the market conditions, opportunities, political and economic factors. LEF is allowed to borrow up to 15% of Net Assets to meet redemptions however LEF did not utilize this facility during the period under review.

Fund performance

The LEF closed 1QFY22 with a return of -4.64% vs -5.19% of the benchmark, outperforming the benchmark by 0.55%. As of September 30, 2021, the fund had 94.5% exposure in equities and 4.2% in cash. Sector allocation is skewed towards Commercial Banks (17.7%), Oil & Gas Exploration (13.9%), Technology (13.7%), Construction & Materials (10.1%), Textiles (8.3%) and others (30.9%).

Loss per Unit (LPU)

Loss has not been disclosed as we feel the determination of weighted average units for calculating LPU 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.



Equity Market Review

The KSE-100 shed 5.2% during 3QCY21, reversing most of its gains from the previous quarter (c. 6% in 2QCY21) to close September 2021 at 44,899.6pts. Volumes remained thin while foreign selling accelerated, particularly in Banks. The key reasons behind the poor market performance were (i) continued uncertainty on Afghanistan and a possible cascading impact on US-Pakistan relations, (ii) a renewed exodus of foreign funds after MSCI announced the FM downgrade decision, and (iii) continued import-led widening of the current account which kept up the pressure on the PKR (6.4%CYTD depreciations vs. the USD) and (iv) forced the SBP to commence monetary tightening (25bps hike in the Policy Rate to 7.25% in the September'21 Monetary Policy). In the absence of top-down clarity, the equity market largely ignored the strong 2QCY21 corporate results. Participation has thinned substantially with Average daily traded value narrowing to US\$126mn in 3Q vs. US\$194mn in 2Q and +US\$250mn during May-June'21. Foreign selling contracted marginally to US\$83mn in 3Q vs. US\$92mn in 2Q, concentrated largely in Banks, Other sec. and Cements. This was mopped up by Individuals, Banks/DFIs and Other organizations. Nevertheless, there are encouraging signs that Pakistan remains committed to macroeconomic reforms as well as the resumption of the stalled IMF program. The risk of adverse US action is remote, while progress on IMF talks can restore investor confidence and enable Pakistan equities to bounce back as year-end approaches.

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 ایکویٹی فنڈ

30 ستمبر 2021ء کو ختم ہونے والی مدت کے لیے

مینیجمنٹ کمپنی کے ڈائریکٹرز کی جائزہ رپورٹ

لیکسن انویسٹمنٹس لمیٹڈ کا بورڈ آف ڈائریکٹرز، لیکسن ایکویٹی فنڈ ("LEF") کی مینیجمنٹ کمپنی 30 ستمبر 2021ء کو ختم ہونے والی مدت کے لیے اپنی جائزہ رپورٹ مع مختصر عبوری مالیاتی معلومات پیش کرتے ہوئے خوشی محسوس کرتا ہے۔

نمایاں سرگرمیاں

LEF ایک فعال انداز میں چلایا جانے والا اوپن اینڈ ایکویٹی فنڈ ہے اور پاکستان اسٹاک ایکسچینج لمیٹڈ میں لسٹڈ ہے۔ LEF خالص اثاثوں کا کم از کم 70% حصہ لسٹڈ ایکویٹی سکیورٹیز میں رکھتا ہے۔ مختلف شعبوں اور اسٹاکس میں اثاثے کو ہر شعبے اور اس مخصوص شعبے میں انفرادی اسٹاکس متعلقہ کشش کی بنیاد پر مخصوص کیا جاتا ہے۔ یہ تخصیص مارکیٹ کے حالات، مواقع، سیاسی اور اقتصادی عوامل کو پیش نظر رکھتے ہوئے وقتاً فوقتاً تبدیل کی جاسکتی ہے۔ LEF کو ریڈ میپشنز کی تکمیل کے لیے خالص اثاثوں کے 15% تک قرض لینے کی اجازت ہے، تاہم LEF نے اس سہولت کو زیر جائزہ مدت کے دوران استعمال نہیں کیا۔

فنڈ کی کارکردگی

LEF نے نیچے مارک منافع 5.19% کے مقابلے میں 4.64% منافع کے ساتھ مالی سال 2022 کی پہلی سہ ماہی کا اختتام کر کے نیچے مارک کے مقابلے میں 0.55% بہتر کارکردگی کا مظاہرہ کیا۔ 30 ستمبر 2021 کے مطابق فنڈ ایکویٹیز میں 94.5% اور کیش میں 4.2% سرمایہ کاری رکھتا ہے۔ شعبہ جاتی تفویض کا جھکاؤ اس طرح ہے: کمرشل بینکنگ (17.7%)، آئل اینڈ گیس ایکسپلوریشن (13.9%)، بیکنگ اور جی (13.7%)، کنسٹرکشن اینڈ میٹیریلز (10.1%)، ٹیکسٹائلز (8.3%) اور دیگر (30.9%)۔

فی یونٹ خسارہ (LPU)

فی یونٹ خسارہ (LPU) ظاہر نہیں کیا گیا ہے کیوں کہ ہم محسوس کرتے ہیں کہ LPU شمار کرنے کے لیے موزوں اوسط پوائنٹس 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 گراؤ آئی۔ گزشتہ تین مہینوں میں دو ماہ میں کرنٹ اکاؤنٹ خسارہ ایس بی پی کے جی ڈی پی پی پی 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 بڑی، 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 مینسٹروں کو بحال کیا ہے (جو اجتماعی 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 کمی کے ساتھ اختتام کو پہنچی، جس کی وجہ 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) تیز 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 اوپر کی طرف بڑھنے لگے ہیں۔ ستمبر 2021 میں بنیادی طور پر قابل اتلاف ایشیا نے 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۔

ایکویٹی مارکیٹ کا جائزہ

سال 2021 کی تیسری سہ ماہی کے دوران KSE-100 میں 5.2% فیصد کمی ہوئی، جس سے پچھلی سہ ماہی (سال 2021 کی دوسری سہ ماہی میں 6% اضافہ) کے زیادہ تر منافع جات واپس ہو گئے اور ستمبر 2021 کا اختتام پر 44,899.6 پوائنٹس پر کیا۔ سودوں کا حجم کم رہا جبکہ غیر ملکی سرمایہ کاروں کی طرف سے فروخت تیز رہی، خاص طور پر بینکوں میں۔ مارکیٹ کی ناقص کارکردگی کے پیچھے اہم وجوہات یہ تھیں (i) افغانستان کے حوالے سے مسلسل غیر یقینی صورتحال اور امریکہ پاکستان تعلقات پر ٹکنے بڑھتے ہوئے اثرات، (ii) آئی ایم ایس سی آئی کی جانب سے ایف ایم تک ڈاؤن گریڈ کرنے فیصلے کے اعلان کے بعد غیر ملکی سرمایہ کاری کا از سر نو اخراج۔ درآمدات کے باعث کرنٹ اکاؤنٹ خسارے میں اضافہ جس نے پاکستانی روپے پر دباؤ برقرار رکھا (ڈالر کے مقابلے میں موجودہ سال اب تک قدر میں 6.4% کمی) اور (iv) اسٹیٹ بینک کا مالیاتی سختی شروع کرنے پر مجبور ہونا (شرح میں 25bps اضافہ ستمبر 2021 میں مالیاتی پالیسی میں شرح سود میں 7.25% تک اضافہ)۔

اوپر سے نیچے تک وضاحت کی عدم موجودگی میں، ایکویٹی مارکیٹ نے سال 2021 کی دوسری سہ ماہی کے بڑے پیمانے پر مستحکم کاروباری نتائج کو نظر انداز کیا۔ سرمایہ کاری میں کافی حد تک کمی آئی ہے اور اوسط یومیہ سودوں میں دوسری سہ ماہی میں 194 ملین ڈالر اور مئی جون 2021 کے دوران 250 ملین ڈالر کے مقابلے میں تیسری سہ ماہی میں اوسط یومیہ سودوں کی مالیت 126 ملین ڈالر تک کم ہو گئی۔ دوسری سہ ماہی میں 92 ملین ڈالر کے مقابلے میں غیر ملکی فروخت کاری معمولی کمی کے ساتھ 84 ملین ڈالر رہی جس کا ارتکاز بینکوں، دیگر شعبوں اور سینٹ پر رہا۔ اس کا ازالہ افراد، بینکوں/DFIs اور دیگر اداروں نے کر دیا۔ بہر حال حوصلہ افزا اعلانات موجود ہیں کہ پاکستان بدستور مجموعی اقتصادی اصلاحات اور رکھے ہوئے آئی ایم ایف پروگرام کی بحالی کے لیے کوشاں رہے گا۔ مخالفانہ امریکی کارروائی کا خطرہ کم ہے، جبکہ آئی ایم ایف مذاکرات میں پیش رفت سرمایہ کاروں کا اعتماد بحال اور سال کے اختتام کے قریب آتے



ہی پاکستان کی ایکویٹی میں دوبارہ اچھال لاسکتی ہے۔

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 پیٹرول کی قیمتوں میں 10.5 روپے فی لیٹر اضافہ کر چکی ہے (جوتیل 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 افراتفر 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 ٹیکس، ٹیکنالوجی اور سینٹ اور ریکسٹائل جیسے شعبوں میں منتخب نام پر کشش دکھائی دیتے ہیں۔

اظہار تشکر

یہ بورڈ اپنے قابل قدر انویسٹرز، سیکورٹیز اینڈ ایڈجسٹمنٹ کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان، فنڈ کے ٹرسٹی سینٹرل ڈیپازٹری کمیٹی آف پاکستان لمیٹڈ اور پاکستان اسٹاک ایکسچینج لمیٹڈ کا، ان کے مسلسل تعاون اور مدد پر شکر گزار ہے۔ منجنت کمیٹی کے ڈائریکٹرز فنڈ کی ترقی اور دہش مندانا انتظام و انصرام کے لیے منجنت کمیٹی کی ٹیم کی محنت اور کاوشوں کا بھی اعتراف کرتے ہیں۔

برائے وٹھانچانچ بورڈ

ڈائریکٹر

چیف ایگزیکٹو آفیسر

تاریخ: 26 اکتوبر 2021

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

Assets	Note	September 30, 2021 (Unaudited)	June 30, 2021 (Audited)
		(Rupees)	
Bank balances	6	160,008,235	401,454,771
Investments	7	3,057,574,060	2,841,101,544
Dividend and other receivables		39,400,852	938,563
Mark-up accrued on bank balances		2,541,792	2,454,753
Advances and deposit		3,276,426	16,758,125
Receivable against purchase of investments		-	-
Total assets		3,262,801,374	3,262,707,756
Liabilities			
Payable to the Management Company	8	27,184,879	27,237,675
Remuneration payable to the Trustee		385,949	388,588
Annual Fee Payable to Securities and Exchange Commission of Pakistan		160,962	678,503
Accrued expenses and other liabilities		5,678,775	58,248,194
Payable against purchase of investments		25,150,333	16,484,007
		-	-
Total liabilities		58,560,899	103,036,967
Contingencies and commitments			
Net assets		3,204,240,476	3,159,670,789
Unit holders' fund (as per the statement attached)		3,204,240,476	3,159,670,789
		(Number of units)	
Number of units in issue (face value: Rs 100 per unit)		29,333,550	27,586,022
		(Rupees)	
Net assets value per unit		109.2346	114.5388

The annexed notes from 1 to 17 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**

	Note	2021 (Rupees)	2020
Income			
Gain / (loss) on sale of held for trading investments - net		(1,711,881)	160,967,983
Unrealised gain / (loss) on revaluation of held for trading investments - net	7.1	(243,590,405)	362,733,739
		<u>(245,302,286)</u>	<u>523,701,722</u>
Dividend income on held for trading investment		53,142,170	11,467,478
Return / markup on:			
- bank balances		6,074,048	7,366,676
- Government Securities			53,239
- Reversal of SWWF		57,225,008	-
		<u>(128,861,060)</u>	<u>542,589,115</u>
Expenses			
Remuneration of the Management Company		16,098,722	17,414,004
Sindh Sales Tax on remuneration of the Management Company		2,092,834	2,263,820
Federal Excise Duty on remuneration of the Management Company	8.1	-	-
Remuneration of the Trustee		1,194,400	1,268,713
Annual fee to the Securities and Exchange Commission of Pakistan		161,617	174,140
Auditors' remuneration		57,848	75,224
Fees and subscription		566,070	166,055
Printing charges		-	-
Brokerage expenses		3,078,452	3,593,921
Provision for workers' welfare fund	9.1	-	-
Settlement charges		138,000	129,500
Bank and other charges		-	10,475
		<u>23,387,943</u>	<u>25,095,852</u>
Net (loss) / income from operating activities		<u>(152,249,002)</u>	<u>517,493,263</u>
Sindh Workers' Welfare Fund		-	(10,349,865)
Net (loss) / income for the period before taxation		<u>(152,249,002)</u>	<u>507,143,398</u>
Taxation	12	-	-
Net (loss) / income for the period after taxation		<u>(152,249,002)</u>	<u>507,143,398</u>
Allocation of Net Income for the period:			
Net income for the period		-	507,143,398
Income already paid on units redeemed		-	(2,782,013)
Accounting income available for distribution		<u>-</u>	<u>504,361,385</u>
Relating to capital gains / (loss)		-	523,701,722
Excluding capital gains		-	(19,340,337)
Accounting income available for distribution		<u>-</u>	<u>504,361,385</u>

The annexed notes from 1 to 17 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 (loss) / income for the period	(152,249,002)	507,143,398
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>(152,249,002)</u>	<u>507,143,398</u>

The annexed notes from 1 to 17 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**

	For the quarter ended September 30, 2021		For the quarter ended September 30, 2020	
	Capital value	Undistributed income	Capital value	Undistributed income
Net assets at beginning of the period	3,023,016,359	136,654,142	3,159,670,501	3,422,375,365
Issuance of units 2,207,645 (2020: 2,003,729)				
- Capital value	249,678,959	-	249,678,959	176,143,367
- Element of loss	-	-	-	15,578,646
Total proceeds on issuance of units	249,678,959	-	249,678,959	191,722,013
Redemption of units 460,116 (2020: 596,348)				
- Capital value	(52,859,982)	-	(52,859,982)	(47,366,006)
- Element of income	-	-	-	(2,782,013)
Total payments on redemption of units	(52,859,982)	-	(52,859,982)	(50,148,019)
Total comprehensive income / (loss) for the period	-	(152,249,002)	(152,249,002)	507,143,398
Net assets as at end of the period	3,219,835,336	(15,594,860)	3,204,240,476	3,566,731,372
Undistributed income brought forward:				
- Realized income	(383,727,787)			(383,727,787)
- Unrealized income	(107,058,484)			(107,058,484)
Accounting income available for distribution: Relating to capital gains Excluding capital gains	(490,786,271)			(490,786,271)
Net income / (loss) for the period after taxation				
Undistributed income / (loss) at end of the period	(152,249,002)			507,143,398
Undistributed income brought forward:				
- Realized income	(399,444,868)			(346,376,612)
- Unrealized / income	(283,590,405)			362,733,739
Undistributed income / (loss) at end of the period	(643,035,273)			16,357,127
Net assets value per unit at beginning of the period		114.5888		87.9078
Net assets value per unit at end of the period		109.2346		103.0127

The annexed notes from 1 to 17 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)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income / (loss) for the period	(152,249,002)	507,143,398
Adjustments for:		
(Gain) / loss on sale of held for trading investments - net	-	(160,967,983)
Unrealised loss / (gain) on revaluation of held for trading investments - net	243,590,405	(362,733,739)
Dividend income on investment at fair value through profit or loss	(53,142,170)	-
Mark-up on bank balances - at amortised cost	(6,074,048)	-
	32,125,184	(16,558,324)
Decrease / (Increase) in assets		
Investments	(460,063,219)	(162,945,084)
Dividend and other receivables	14,679,881	(5,955,232)
Advances	13,481,699	13,379,781
Mark-up accrued on bank balances	5,987,010	3,195,799
	(425,914,629)	(152,324,736)
(Decrease) / Increase in liabilities		
Payable to the Management Company	(52,796)	5,705,741
Remuneration payable to the Trustee	(2,639)	(309,115)
Annual fee payable to Securities and Exchange Commission of Pakistan	(517,541)	(442,128)
Accrued expenses and other liabilities	(52,569,419)	(8,830,763)
Payable against purchase of investments	8,666,326	14,834,529
	(44,476,068)	10,958,264
Net cash (flows) / generated from operating activities	(438,265,513)	(157,924,796)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of units	249,678,959	191,722,013
Payments on redemption of units	(52,859,982)	(50,148,019)
Net cash (used in) / generated from financing activities	196,818,977	141,573,994
Net increase in cash and cash equivalents during the period	(241,446,536)	(16,350,802)
Cash and cash equivalents at beginning of the period	401,454,771	286,244,205
Cash and cash equivalents at end of the period	160,008,235	269,893,403

The annexed notes from 1 to 17 form an integral part of these financial statements.

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

Chief Executive Officer

Chief Financial Officer

Director

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

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 The Lakson Equity Fund (the "Fund") was established under the Trust Deed executed on 2 September 2009 between the Lakson Investments Limited as its Management Company and the Central Depository Company of Pakistan Limited (CDC) as its Trustee. The Fund has been registered as a Notified Entity on 18 September 2009 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 Pakistan Stock Exchange. Units are offered for public subscription on a continuous basis. The units can also be redeemed by surrendering them to the Fund.

The Fund is categorised as "Equity Scheme" as per the Circular 07 of 2009 issued by Securities and Exchange Commission of Pakistan (SECP) and it primarily invests in listed equity securities and other avenues of investment, which include cash or near cash instruments, cash in bank accounts (excluding TDR) and treasury bills not exceeding 90 days maturity and any other investment authorised by SECP.

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+' August 27, 2021 (stable outlook) dated (AM2+ as on August 28, 2020).

On February 12, 2021, PACRA assigned following rankings to the Fund based on the performance review for the period ended December 31, 2020 (trailing 12 months for 1 Year ranking, trailing 36 months for 3 Year ranking, and trailing 60 months for 5 Year ranking.)

1 Year : 3-Star
3 Year : 3-Star
5 Year : 3-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).

Where provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations differ from the IFRS Standards, 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.

The comparative Statement of Assets and Liabilities presented in these condensed interim financial information as at 30 June 2021 has been extracted from the audited financial statements of the Company for the year ended 30 June 2021, whereas the comparative profit and loss account, statement of comprehensive income, the cash flow statement and statement of changes in equity for the quarter ended 30 September 2021 have been extracted from the unaudited condensed interim financial information for the period then ended.

- 2.2 This 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 2021. However, selected explanatory notes are included to explain events and transactions that are significant.

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.

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 Functional and presentation currency

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

2.4 Basis of measurement

These financial statements have been prepared under the historical cost convention, except that investments are measured at fair value.

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES

The preparation of these financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires the management to make estimates, judgements and assumptions that affect the reported amount of assets, liabilities, income and expenses. It also requires the management to exercise judgement in application of accounting policies. The estimates, judgements and associated assumptions are based on the historical experience and various other factors that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the year in which the estimates are revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.



4. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These accounting policies have been consistently applied to all preparation of the financial statements as at and for the year ended June 30, 2021.

5. 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 2021.

		September 30, 2021 (Unaudited)	June 30, 2021 (Audited)
	Note	(Rupees)	
6. BANK BALANCES			
In profit and loss sharing accounts	6.1	160,000,532	401,447,068
Current Account		7,703	7,703
		<u>160,008,235</u>	<u>401,454,771</u>

6.1 These accounts carry profit at the rates of 5.50% to 9.00% (June 30, 2020: 6.50% to 10.40%) per annum.

7. INVESTMENTS

At fair value through profit or loss
- held for trading

Listed equity securities	7.1	<u>3,057,574,060</u>	<u>2,841,101,544</u>
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6.1 At fair value through profit or loss
Shares of listed companies - fully paid up ordinary shares of Rs. 10 each unless stated otherwise

Name of investee company	Period ended September 30, 2021							Par value of shares held as a percentage of total paid up capital of the investee company		
	Holding as at July 01, 2021	Purchased during the period	Bonus shares / letter of right received during the period	Disposed during the period	Holding as at September 30, 2021	Carrying value as of September 30, 2021	Market value as percentage of total investments		Market value as percentage of net assets	
Commercial Banks										
Bank Al-Falah Limited	534,448	908,000	-	-	1,442,448	46,663,728	(19,1535)	1.53	1.46	
Bank of Habib Limited	1,509,705	181,000	-	-	1,690,705	74,479,306	(6,877,213)	0.45	2.34	
Bank of Khyber Pakhtunkhwa Limited	1,278,671	72,200	-	838,500	1,517,371	138,565,149	(5,807,728)	4.53	0.06	
Bank of Punjab Limited	1,278,671	72,200	-	838,500	1,517,371	138,565,149	(5,807,728)	4.53	0.11	
Bank of Soan Limited	617,311	1,155	-	17,801	600,665	95,991,201	(5,476,992)	2.96	0.05	
Meezan Bank Limited	763,974	184,586	-	524,700	423,860	59,310,730	12,152,998	1.94	0.02	
United Bank Limited	832,708	493,640	-	-	1,326,348	162,334,704	(5,082,885)	5.14	0.08	
						588,045,539	(15,414,415)	18.73	17.87	
Chemicals										
Enpro Polymer & Chemicals Limited	913,542	-	-	750,500	163,042	7,702,104	8,978,723	1,276,619	0.29	0.00
Lotte Chemical Pakistan Limited	38,300	-	-	-	38,300	591,352	538,817	(55,535)	0.02	0.00
ICI Pakistan Limited	32,443	-	-	18,400	14,043	12,200,558	11,144,104	(1,056,454)	0.36	0.00
						20,894,014	20,656,644	0.68	0.30	
Fertilizers										
Enjoi Fertilizer Limited (6.1.1)	2,068,000	469,500	-	1,171,500	1,365,000	111,589,155	107,082,705	(4,506,450)	3.50	0.00
Fuji Fertilizer Bin Qasim	320,280	62,500	-	-	382,780	36,210,402	30,735,000	(5,475,402)	1.01	0.06
Fuji Fertilizer Company Limited	428,973	403,545	-	-	832,518	89,466,804	84,966,787	(4,500,017)	2.78	0.01
						237,266,360	222,784,492	(14,481,868)	7	7
Pharma & Bio Tech										
GlaxoSmithKline Pakistan Limited	19,700	-	-	-	19,700	3,263,699	2,912,054	(351,645)	0.10	0.09
Ferozsons Laboratories Limited	180,400	91,600	-	107,600	164,400	61,609,723	59,956,680	(1,653,043)	1.96	1.87
The Searl Company Limited (6.1.2)	139,544	136,819	-	50,500	225,863	50,596,667	45,513,653	(5,083,014)	1.49	1.42
						115,470,089	108,382,387	(7,087,702)	3.54	3.38
Textile Composite										
Kohinoor Textile Mills Limited	305,000	275,500	-	36,000	545,500	41,455,889	37,884,975	(3,570,914)	1.24	1.18
Interloop Limited	1,339,280	422,500	-	551,000	1,210,780	11,345,325	10,989,325	(356,000)	0.98	0.94
Nishat Mills Limited	802,700	356,900	-	52,500	1,107,100	102,120,138	100,591,106	(1,529,032)	3.29	3.14
						268,473,057	267,329,373	(1,144,684)	8.74	2.12
Cement										
Lucky Cement Company Limited (6.1.2)	182,551	31,800	-	59,500	154,851	133,619,219	111,941,788	(21,677,431)	3.66	3.49
Kohat Cement Company Limited	50,900	23,500	509,510	-	583,910	15,744,641	12,792,336	(2,952,305)	0.42	0.40
D.G. Khan Cement Company Limited	509,510	-	-	327,000	182,510	21,521,579	16,137,534	(5,384,045)	0.53	0.50
Maple Leaf Cement Factory Limited	704,896	1,755,138	-	599,965	1,860,069	83,604,094	65,474,429	(18,129,665)	2.14	2.04
Pioneer Cement Limited	243,500	507,800	-	-	751,300	92,526,996	66,347,303	(26,179,693)	2.17	2.07
Charat Cement Company Limited	141,700	109,600	-	80,800	170,500	28,223,324	24,419,010	(3,804,314)	0.80	0.76
Fuji Cement Company Limited	1,311,900	330,000	-	-	1,641,900	37,512,200	29,472,105	(8,040,095)	0.96	0.92
						412,724,054	326,586,505	(86,107,549)	10.68	6.44
Power Generation & Distribution										
Hus Power Company Limited	1,314,110	-	-	127,000	1,187,110	94,577,054	87,288,198	(7,288,856)	2.85	2.72
Kor Addu Power Company Limited	956,463	-	-	76,500	879,963	39,026,359	30,798,705	(8,227,654)	1.01	0.96
						133,603,413	118,086,903	(15,516,510)	3.86	3.69
Oil and Gas Exploration Companies										
Mari Petroleum Company Limited (6.1.2)	65,902	-	-	65,902	100,460,350	102,370,190	1,909,840	3.35	3.19	
Oil and Gas Development Company Ltd (6.1.1)	1,082,217	-	-	245,787	836,430	79,485,943	70,093,834	(9,393,109)	2.29	2.19
Pakistan Oilfield Limited	436,991	140,248	-	-	577,239	226,808,763	216,666,659	(10,142,104)	7.09	6.76
Pakistan Petroleum Limited (6.1.1)	1,058,618	-	-	256,050	802,568	69,686,979	60,120,369	(9,566,610)	1.97	1.88
						476,442,035	449,250,052	(27,191,983)	14.69	14.02



6.1.1 Following shares have been pledged with National Clearing Company of Pakistan Limited:

	September 30 2021	June 30 2021	September 30 2021	June 30 2021
	----- (Number of shares) -----		----- (Rupees) -----	
Engro Corporation Limited	160,000	160,000	44,760,000	47,137,600
Oil and Gas Development Company Limited	70,000	70,000	5,866,000	6,652,100
Pakistan Petroleum Limited	330,000	330,000	24,720,300	28,653,900
	<u>560,000</u>	<u>560,000</u>	<u>75,346,300</u>	<u>81,537,700</u>

6.1.2 These investments include gross bonus shares as per Fund's entitlement declared by the investee companies. Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5% is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other Asset Management Companies and Mutual Fund Association of Pakistan, has filed a petition in Honorable High Court of Sindh to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Honorable High Court of Sindh has granted stay order till the final outcome of the case. However, the investee companies has withheld the share equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 3.65 million at June 30, 2021 (June 30, 2021: Rs. 3.33 million) and not yet deposited on CDC account of department of Income Tax. Management is of the view that the decision will be in favor of the Fund and accordingly has recorded the bonus shares on gross basis at fair value of its investments.

8. PAYABLE TO THE MANAGEMENT COMPANY	Note	September 30, 2021 (Unaudited) (Rupees)	June 30, 2021 (Audited)
Remuneration payable to the Management Company	8.1	5,253,110	5,299,832
Sindh Sales Tax on Management Company's remuneration		3,382,331	3,388,405
Federal Excise Duty on Management Company's remuneration	8.2	18,483,430	18,483,430
Sales load payable to the Management Company		66,008	66,008
		<u>27,184,879</u>	<u>27,237,675</u>

8.1 Under the provisions of Non-Banking Finance Companies and Notified Entities Regulations 2008, an Asset Management Company shall be entitled to remuneration equal to an amount not exceeding 2% of average annual net assets. Management Company has charged remuneration at 2% per annum based on the daily net assets of the Fund during the period ended 30 September 2021. Remuneration is paid to the Management company in arrears on a monthly basis.



The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (2020: 13%) on Management Company's remuneration. Above liability includes Rs. 2,699,429 (30 June 2021: Rs. 2,699,429) accrued on Federal Excise Duty (FED) on the management remuneration as more fully explained in note 8.3 below. Had the provision on FED not been made, Net Asset Value per unit of the Fund as at 30 September 2021 would have been higher by Re. 0.0777 (30 June 2021: Re. 0.0979) per unit. The amount is payable to the management company for onwards payment to the Government

- 8.2 As per the requirements of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percenton 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. 18.483 million. Had the provision not been made, NAV per unit of the Fund as at 30 September 2021 would have been higher by Re. 0.5318 (30 June 2021: Re. 0.6700) per unit.

9. ACCRUED EXPENSES AND OTHER LIABILITIES	Note	September 30,	June 30,
		2021 (Unaudited)	2021 (Audited)
		(Rupees)	
Withholding tax payable		100,263	-
Payable to Sindh workers' welfare fund	11.1	-	57,225,346
Brokerage payable		3,363,399	-
Auditors' remuneration		293,308	235,460
Fee payable to Central Depository Company of Pakistan Limited		29,492	29,492
Fee payable to National Clearing Company of Pakistan Limited		77,683	99,610
Payable against Rating fee		188,240	188,240
Payable against Professional tax fee		451,741	451,741
Other liabilities		1,174,649	18,305
		<u>5,678,775</u>	<u>58,248,194</u>

- 9.1 Total provision for SWWF till Sep 30, 2021 is reversed (June 30, 2021: Rs.57.225 million). Had the provision not been made, Net Asset Value per unit of the Fund June 30, 2021: Rs. 2.074) per unit.



Sindh revenue Board (SRB) vide notification SRB/TP/70/2013/8772, dated August 12, 2021, notified that Mutual Funds do not qualify as Financial institutions. Accordingly, Mutual Fund Association of Pakistan (MUFAP) in its meeting held on August 13, 2021, decided to reverse the provision of Sindh Workers Welfare Fund (SWWF) and has communicated the decision to Securities Exchange Commission of Pakistan (SECP) vide letter dated, August 13th, 2021. Hence, the adoption of the decision of MUFAP will have positive impact on the Net Asset Value (NAV) for the period on or after July 01, 2021.

10. 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 quarter ended September 30, 2021 is 2.94% which includes 1.54% 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% (Sep 30, 2020: 4.08%).

11. CONTINGENCIES AND COMMITMENTS

The fund had no contingency or commitment at the period end except as those mentioned elsewhere in these financial statements.

12. TAXATION

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. 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 management intends to distribute atleast 90% of the income earned by the year end by this Fund 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.

13. 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 Switzerland 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 30 September 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:



13.1 Balance as at period / year ended	September 30, 2021 (Unaudited)	June 30, 2021 (Audited)
	(Rupees)	
Lakson Investments Limited - Management Company of the Fund		
Remuneration payable (including the Sindh sales tax and federal excise duty amounting to Rs. 27.119 million (30 June 2021: Rs. 27.238 million)*)	<u>27,118,871</u>	<u>27,171,667</u>
Sales load payable	<u>66,008</u>	<u>66,008</u>

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

**Central Depository Company of Pakistan
Limited - Trustee of the Fund**

Remuneration payable	<u>385,949</u>	<u>388,588</u>
Security deposit	<u>100,000</u>	<u>100,000</u>
Settlement charges payable	<u>29,492</u>	<u>29,492</u>

	Quarter ended September 30,	
	2021	2020
	(Unaudited) (Rupees)	
13.2 Transactions during the period		

**Lakson Investments Limited - Management
Company of the Fund**

Remuneration to the Management Company	<u>16,098,722</u>	<u>17,414,004</u>
Sindh sales tax on remuneration of Management Company *	<u>2,092,834</u>	<u>2,263,820</u>

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

**Central Depository Company of Pakistan
Limited - Trustee of the Fund**

Remuneration for the period	<u>1,194,400</u>	<u>1,268,713</u>
Settlement charges	<u>-</u>	<u>129,500</u>

13.2.1 This reflects the position of related party / connected person status that existed as at September 30, 2021.

13.2.2 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.

13.2.3 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.

14. Details of units held, issued and redeemed by the related parties / connected persons

	Quarter ended September 30, 2021					Rupees
	Number of Units		Number of holdings at the year ended 30 September 2021	Units redeemed during the year		
	Number of units as at 01 July 2021	Units issued during the year		Units redeemed during the year	Units issued during the year	Balance as at July 01, 2021
Lakson Investments Limited - Management Company of the Fund	1,400,301	-	-	1,400,301	160,388,776	152,961,301
Directors, Chief Executive and their spouse and minors	6,932,983	298,705	321,479	6,910,209	794,095,573	754,833,943
Other key management personnel	54,455	-	-	54,455	6,237,167	5,948,329
Associated companies / undertakings of the Management Company						
Accury Surgical Limited Employees Contributory Provident Fund	17,002	18,688	-	35,690	1,947,366	3,898,573
Century Insurance Co. Ltd., GF	16,250	18,032	-	34,282	1,861,244	3,744,805
Century Insurance Company Limited	992,361	227,257	-	1,219,618	113,663,881	133,224,528
Century Paper & Board Mills Limited ECPFT	19,698	21,844	-	41,542	2,256,140	4,537,826
Century Paper & Board Mills Limited EGF	225,120	249,947	-	475,067	25,784,980	51,893,793
Century Paper & Board Mills Limited ECPFT	198,338	220,218	-	418,556	22,717,359	45,720,769
Colgate Palmolive Pakistan Limited EGF	235,216	261,124	-	496,340	26,941,382	54,217,527
Colgate Palmolive Pakistan Limited ECPFT	263,795	293,004	-	556,799	30,214,712	60,821,630
Cyber Internet Services (Pvt.) Ltd. Empl. CPFT	104,561	116,125	-	220,686	11,976,326	24,106,585
Gam Corporation Private Limited Employees Contributory Provident Fund	69,779	77,487	-	147,266	7,992,424	16,086,561
Hasanali Karabhai Foundation ECPF Trust	3,161	3,464	-	6,625	362,059	723,690
Lakson Investments Limited ECPFT	1,283	-	-	1,283	146,902	140,099
Lakson Investments Limited ECPFT	31,132	11,879	-	35,613	3,565,877	3,400,744
Merit Packaging Limited Employees Contributory Provident Fund Trust	23,733	14,905	-	28,394	2,718,388	3,890,122
Merit Packaging Limited Employees Gratuity Fund	13,488	3,420	-	2,079,748	1,544,939	3,101,555
Siza Commodities Private Limited	2,076,328	66,578	-	126,600	237,820,082	227,180,449
Siza Foods Private Limited Employees Contributory Provident Fund Trust	60,021	1,610	-	469,938	6,874,780	13,829,087
Siza Private Limited	468,327	-	-	637,853	53,641,651	51,333,466
Siza Services Private Limited	11,936	13,216	-	25,152	1,367,158	2,747,474
Siza Services Private Limited Employees Contributory Provident Fund Trust	24,077	26,675	-	50,752	2,757,799	5,543,907
Sybird (Private) Limited ECPFT						
Holding more than 10% units						
Bashir Dawood	3,080,034	-	-	3,080,034	352,783,382	336,446,266
Sindh General Provident Investment Fund	3,879,598	-	-	3,879,598	444,364,479	423,786,316
Sindh Province Pension Fund	5,635,581	-	-	5,635,581	645,492,689	615,600,440

	Number of Units				Rupees			
	Number of units as at 01 July 2020	Units issued during the year	Units redeemed during the year	Number of holdings at the year ended 30 September 2020	Balance as at July 01, 2020	Units issued during the year	Units redeemed during the year	Balance at the year ended 30 September 2020 (Investment at current NAV)
Lakson Investments Limited - Management Company of the Fund	837,657	-	-	837,657	73,636,573	-	-	91,501,114
Directors, Chief Executive and their spouse and minors	5,675,136	1,834,195	80,424	7,428,906	498,888,702	182,955,331	8,200,000	811,493,599
Other key management personnel	74,086	-	20,669	53,418	6,512,764	-	2,021,517	5,835,059
Associated companies / undertakings of the Management Company								
Accuracy Surgical Limited Employees Contributory Provident Fund	41,593	-	-	41,593	3,656,309	-	-	4,543,345
Century Insurance Co. Ltd., GF	33,745	-	-	33,745	2,966,467	-	-	3,686,145
Century Insurance Company Limited	1,416,940	-	-	1,416,940	124,560,111	-	-	154,778,915
Century Insurance Company Limited Employees Contributory Provident Fund	47,177	-	-	47,177	4,147,222	-	-	5,153,356
Century Paper & Board Mills Limited Employees Contributory Provident Fund	591,116	-	-	591,116	51,963,710	-	-	64,570,323
Century Paper & Board Mills Limited EGF	487,945	-	-	487,945	42,894,206	-	-	53,300,520
Colgate Palmolive Pakistan Limited Employees Contributory Provident Fund	531,212	-	-	531,212	46,697,664	-	-	58,026,713
Colgate Palmolive Pakistan Limited Employees Gratuity Fund	517,985	-	-	517,985	45,534,928	-	-	56,581,893
Cyber Internet Services (Pvt.) Ltd. - Employees Contributory Provident Fund	234,005	-	-	234,005	20,570,845	-	-	25,561,418
Gam Corporation Private Limited Employees Contributory Provident Fund	135,371	-	-	135,371	11,900,192	-	-	14,787,228
Hasanali Karabhai Foundation Employees Contributory Provident Fund	17,040	-	-	17,040	1,497,929	-	-	1,861,333
Lakson Business Solutions Limited Employees Contributory Provident Fund	1,263	-	-	1,263	110,998	-	-	137,927
Merit Packaging Limited Employees Contributory Provident Fund	82,523	-	-	82,523	7,254,406	-	-	9,014,356
Merit Packaging Limited Employees Gratuity Fund	38,781	-	-	38,781	3,409,112	-	-	4,236,177
Premier Fashions (Private) Limited	115,684	-	-	115,684	10,169,550	-	-	12,636,725
Siza Commodities Private Limited	5,969,024	-	-	5,969,024	524,723,750	-	-	652,023,927
Siza Foods Private Limited Employees Contributory Provident Fund	97,081	-	-	97,081	8,534,219	-	-	10,604,656
Siza Private Limited	174,289	-	174,289	-	15,321,389	-	16,963,770	-
Siza Service (Private) Limited	304,247	-	-	304,247	26,745,684	-	-	33,234,299
Siza Services Private Limited Employees Contributory Provident Fund	24,775	-	-	24,775	2,177,907	-	-	2,706,277
Sybird Private Limited Employees Contributory Provident Fund	53,234	-	-	53,234	4,679,658	-	-	5,814,963
Sindh General Provident Investment Fund (Being more than 10% unit holding)	3,794,238	-	-	3,794,238	333,543,127	-	-	414,462,084
Sindh Province Pension Fund (Being more than 10% unit holding)	5,511,586	-	-	5,511,586	484,511,387	-	-	602,055,876



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 and financial liabilities, including their levels in the fair value hierarchy.

Investments of the Fund carried at fair value are categorised as follows:

As at September 30, 2021				
----- Un-audited -----				
	Level 1	Level 2	Level 3	Total
----- Rupees -----				
Financial assets at fair value through profit and loss account	3,057,574,060	-	-	3,057,574,060

As at June 30, 2021				
----- Audited -----				
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss account	2,841,101,544	-	-	2,841,101,544



16. GENERAL

Figures have been rounded off to the nearest rupee.

17. DATE OF AUTHORIZATION OF ISSUE

This condensed interim financial information was authorised for issue on October 26, 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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