

LAKSON INCOME 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	Lakson Investments Limited Head Office Lakson Square, Building No.2, Sarwar Shaheed Road, Karachi-74200, Pakistan. Phone: (9221) 3840.0000 Fax: (9221) 3568.1653 Web site: www.li.com.pk E-mail: info@li.com.pk
Board of Directors of the Management Company	Mr. Iqbal Ali Lakhani - Chairman Mr. Babar Ali Lakhani - Chief Executive Officer Mr. Jamil Ahmed Mughal Mr. Amin Mohammed Lakhani Mr. Jacques John Visser Ms. Roxanne Davies Ms. Kathleen Kennedy Townsend
Chief Financial Officer & Company Secretary of the Management Company	Syed Shafaheen 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	Yousuf Adil Chartered Accountants Cavish Court, A-35 Shakrah-e-Faisal, K.C.H.S.U Block 7 & 8 Bangalore Town, Karachi, Pakistan.



Bankers to the Fund

AlBaraka Bank Pakistan limited
Allied Bank Limited
Askari Bank Limited
Bank Al-Falah Limited
Faysal Bank Limited
FINCA Microfinance Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
National Bank of Pakistan
MCB Bank Limited
Silk Bank Limited
Sindh Bank Limited
Soneri Bank Limited
Telenor Microfinance Bank Limited
United Bank Limited
U Microfinance Bank Limited
NRSP Microfinance Bank Limited
Mobilink 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

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

Rating by PACRA

A+(f) : Fund Stability Rating
AM2+ : Asset Manager Rating

**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 Income Fund ("LIF") 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 Scheme is to provide competitive total returns through investment in a diversified portfolio of fixed income securities. The Scheme shall invest in various fixed income securities with a mix of short term, medium term, and longer-term maturities depending on the assessment by the Management Company of interest rate trends and prospective returns.

Principal activities

The Fund is an open-end income fund and is listed on Pakistan Stock Exchange Limited. LIF invests in Investment-grade Debt Securities, Government Securities, Certificate of Investments, Clean Placements, Term Deposit Receipts, and other fixed income instruments. The overall duration of the portfolio is kept below 4 years while at least 25% of Net Assets are kept in the form of cash or Treasury Bills of maximum 90 days maturity. LIF is managed through a team-driven, top-down process utilizing active sector rotation, duration, and yield curve management. Economic conditions are constantly monitored to forecast interest rate changes. The added value for LIF comes from identifying opportunities to shift investments between various maturities and between different instruments. LIF is allowed to borrow up to 15% of Net Assets to meet redemptions however LIF did not utilize this facility during the period under review.

Fund performance

The LIF yielded an annualized return of 9.39% in the 1QFY22 against the benchmark return of 7.67% p.a. The LIF outperformed by 172bps. As of September 30, 2021, the LIF portfolio was invested 41.5% in cash, 15.7% in TFCs/Sukuku, 16.4% in PIBs, 10.6% in Commercial Paper, and 15.8% in others while the weighted average maturity of the LIF portfolio stood at 899 days. The fund size of the LIF As of September 30, 2021 is PKR 4,458 million.

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.

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 انکم فنڈ
30 ستمبر 2021 کو ختم ہونے والی مدت کے لیے
میجمنٹ کمپنی کے ڈائریکٹرز کی جائزہ رپورٹ

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

فنڈ کا مقصد

اس اسکیم کی انویسٹمنٹ کا مقصد گلسڈ انکم سیکیورٹیز کے متنوع پورٹ فولیو میں انویسٹمنٹ کے ذریعے مسابقتی مجموعی منافع جات فراہم کرنا ہے۔ یہ اسکیم میجمنٹ کمپنی کی طرف سے انٹرسٹ ریٹ ٹریڈز اور مکمل منافع جات کے حوالے سے میجمنٹ کمپنی کی تفتیش کے لحاظ سے مختصر مدتی، وسط مدتی اور طویل مدتی میچورٹیز کے استخراج کے ساتھ مختلف گلسڈ انکم سیکیورٹیز میں سرمایہ کاری کرے گی۔

فنڈ کا تعارف

LIF ایک اوپن اینڈ انکم فنڈ ہے جو انویسٹ گریڈ ڈیٹ سیکیورٹیز، گورنمنٹ سیکیورٹیز، سٹریٹجکس آف انویسٹمنٹس، Clean Placements، بزم ڈپازٹس، ریسیٹس اور دیگر گلسڈ انکم انسٹرومنٹس میں سرمایہ کاری کرتا ہے۔ پورٹ فولیو کا مجموعی دورانیہ 4 سال سے کم رکھا جاتا ہے اور خالص اثاثوں کا کم از کم 25% کیش یا زیادہ سے زیادہ 90 دن کی میچورٹی والے ٹریڈز کی شکل میں رکھا جاتا ہے۔ LIF کا نظم و نسق ٹیم کے بل پر پیش قدمی کرنے والی، اوپر سے نیچے تک شعبوں کی توازن سے استعمال کے عمل کو استعمال کرنے والی، دورانیے اور پیداوار میں توازن پر یقین رکھنے والی میجمنٹ چلاتی ہے۔ انٹرسٹ ریٹ میں تبدیلیوں کی پیش گوئی کے لیے معاشی صورت حال کی مسلسل نگرانی کی جاتی ہے۔ LIF کی قدر و قیمت میں اصل اضافہ مختلف میچورٹیز اور مختلف انسٹرومنٹس کے درمیان انویسٹمنٹس کی منتقلی کے مواقع کی شناخت سے آتا ہے۔ LIF کو ریڈی میپشنز کی تکمیل کے لیے خالص اثاثوں کے 15% تک قرض لینے کی اجازت ہے، تاہم LIF نے اس سہولت کو زیر جائزہ مدت کے دوران استعمال نہیں کیا۔

فنڈ کی کارکردگی

LIF نے سالانہ شیئ مارک منافع 7.67% کے مقابلے میں مالی سال 2022 کی پہلی سہ ماہی میں 9.39% سالانہ منافع پیش کیا۔ LIF نے 172 بنیادی پوائنٹس کی بہتر کارکردگی دکھائی۔ 30 ستمبر 2021 کے مطابق LIF پورٹ فولیو نے کیش میں 41.5%، PIBs میں 35.5%، TFCs/صکوک میں 15.7%، BISs میں 16.4%، مکرشل پیپس میں 10.6% اور دیگر میں 15.8% سرمایہ کاری کی، جبکہ LIF پورٹ فولیو کی تخمینہ شدہ اوسط میچورٹی 899 دن ہے۔ 30 ستمبر 2021 کے مطابق LIF کے فنڈ کا حجم 4,458 ملین روپے ہے۔



فی شیئر آمدنی (EPU)

فی شیئر آمدنی (EPU) ظاہر نہیں کی گئی ہے کیوں کہ ہم محسوس کرتے ہیں کہ EPU 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 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 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۔ تریلیات زر 2.66 ارب ڈالر پر (ماہ بہ ماہ بنیاد پر تقریباً ہموار) مضبوط رہیں۔

اگرچہ غیر الاغنی جولائی میں پڑی، اس کے بعد سے تریلیات 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 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 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 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، بشپروں کے 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 نیلامیوں 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 مدتی ٹی 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 مسترد ہونے کے ساتھ ساتھ 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 گراؤ دکھائی۔ 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 مہنگائی 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 اوسط 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 ہی متوقع مئی بجٹ کی شکل میں)۔ اس مقصد کے لیے پی ٹی آئی حکومت پہلے ہی پیٹرول کی قیمتوں میں 10.5 روپے فی لیٹر اضافہ کر چکی ہے (جو تیل کی قیمتوں میں حالیہ تیزی سے 85 امریکی ڈالر فی 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 بینکس، ہیکٹا لوجی اور سیمنٹ اور دیگر سٹاکس جیسے شعبوں میں منتخب نام پر کوشش دکھائی دیتے ہیں۔

اظہار تشکر

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

برائے و مخائب 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)
		(Rupees)	
ASSETS			
Bank balances	6	1,884,205,441	2,962,897,726
Investments	7	2,480,007,078	2,054,507,346
Receivable from Margin Trading System		8,719,403	83,186,083
Mark-up receivable		71,916,737	33,197,952
Deposits, prepayments and other receivables		79,777,953	196,794,121
TOTAL ASSETS		<u>4,524,626,612</u>	<u>5,330,583,228</u>
LIABILITIES			
Payable to the Management Company	8	23,899,868	24,347,791
Payable to the Trustee		347,718	351,056
Annual fee payable to Securities and Exchange Commission of Pakistan		243,955	729,584
Accrued expenses and other liabilities	11	11,183,289	52,661,124
Payable against purchase of investments		31,394,932	152,218,844
TOTAL LIABILITIES		<u>67,069,762</u>	<u>230,308,399</u>
NET ASSETS		<u>4,457,556,850</u>	<u>5,100,274,829</u>
UNIT HOLDERS' FUND (as per statement of movement in unit holders' fund)		<u>4,457,556,850</u>	<u>5,100,274,829</u>
CONTINGENCIES AND COMMITMENTS	12		
		(Number of units)	
Number of units in issue		<u>43,059,583</u>	<u>50,434,103</u>
		(Rupees)	
Net assets value per unit		<u>103.5206</u>	<u>101.1275</u>

The annexed notes from 1 to 16 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	2020
		(Rupees)	
INCOME			
Mark-up income		91,887,349	71,296,162
Income from Margin Trading System		927,038	13,535
Gain / (loss) on sale of held for trading investments - net		8,168,016	117,908
Unrealised appreciation / (diminution) in the fair value of investments classified as 'held for trading' - net	7.1, 7.2, 7.3, 7.4, 7.5 & 7.6	5,488,072	(20,685,759)
Reversal of Sindh Workers' Welfare Fund	9.1	25,648,166	-
		<u>132,118,642</u>	<u>50,741,846</u>
EXPENSES			
Remuneration to the Management Company	8.1	15,219,575	7,748,187
Sindh Sales tax on remuneration to the Management Company	8.2	2,039,848	1,007,264
Remuneration to the Trustee		1,033,866	646,418
Annual fee to the Securities and Exchange Commission of Pakistan		243,980	152,547
Annual Supervisory fee of SECP on PSX Listing Fee		628	628
Auditors' remuneration		130,013	76,674
Fees and subscription		653,304	159,712
Brokerage expenses		712,095	19,997
Bank and settlement charges		31,340	127,070
		<u>20,064,649</u>	<u>9,938,497</u>
Net income from operating activities		112,053,993	40,803,349
Sindh Workers' Welfare Fund	9.1	-	(816,067)
Net income for the period before taxation		<u>112,053,993</u>	<u>39,987,282</u>
Taxation	11	-	-
Net income for the period after taxation		<u>112,053,993</u>	<u>39,987,282</u>
Allocation of Net Income for the period:			
Net income for the year after taxation		112,053,993	39,987,282
Income already paid on units redeemed		10,045,343	(990,823)
		<u>102,008,651</u>	<u>38,996,459</u>
Accounting income available for distribution			
Relating to capital gains		13,603,545	-
Excluding capital gains		88,405,106	38,996,459
Accounting income available for distribution		<u>102,008,651</u>	<u>38,996,459</u>

The annexed notes from 1 to 16 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	112,053,993	39,987,282
Other comprehensive income	-	-
Total comprehensive income for the period	<u>112,053,993</u>	<u>39,987,282</u>

The annexed notes from 1 to 16 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	Unrealised (losses) / gains on investment	Capital Value	Undistributed income	Unrealised (losses) / gains on investment
	(Rupees)					
Net assets at beginning of the period	5,064,663,876	35,610,933	-	3,031,746,212	28,787,675	-
Total proceeds on issuance of 5,423,204 units (2019: 3,878,667 units)						
- Capital Value	748,735,470			950,415,892		
- Element of Income	10,042,711			4,578,288		
	758,965,283			954,994,180		
Total payments on redemption of 14,778,396 units (2019: 7,795,829 units)						
- Capital Value	(1,494,502,243)			(1,071,627,405)		
- Element of Income	(6,002,670)			(990,823)		
	(1,500,504,913)			(1,072,618,228)		
Total comprehensive income for the period						
Net income for the period less distribution	112,053,993			39,987,282		
Net income at end of the period	112,053,993			39,987,282		
Net assets at end of the period	4,319,937,246	137,619,604	-	2,915,062,988	67,784,134	-
Undistributed income brought forward						
Realised gain	30,241,737			21,964,401		
Unrealised gain	5,369,216			6,823,274		
	35,610,953			28,787,675		
Accounting (loss) / income available for distribution						
Relating to capital gains	13,603,545			38,996,459		
Excluding capital gains	88,409,106			38,996,439		
	102,009,651			67,784,134		
Undistributed income carried forward						
Undistributed income carried forward comprises of:	137,619,605			67,784,134		
Realised income	132,131,533			88,469,892		
Unrealised (loss)	5,488,072			(10,685,759)		
	137,619,605			67,784,134		
						(1)
Net assets value per unit at beginning of the period						
Net assets value per unit at end of the period						
	101.1275			100.8591		
	103.5206			102.1351		

For Lakson Investments Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

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

	2021	2020
	(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	112,053,993	39,987,282
Adjustments for non-cash charges and other items:		
Unrealised appreciation in the fair value of investments classified as 'held for trading' - net	(5,488,072)	20,685,759
	<u>106,565,921</u>	<u>60,673,041</u>
(Decrease) / Increase in assets		
Investments - net	(420,011,659)	103,504,586
Receivable against Margin Trading System	74,466,680	(17,697,161)
Mark-up receivable	(38,718,785)	8,052,758
Deposits, prepayments and other receivables	117,016,168	9,859,569
	<u>(267,247,596)</u>	<u>103,719,752</u>
(Decrease) in liabilities		
Payable to the Management Company	(447,923)	2,195,579
Payable to the Trustee	(3,338)	(170,261)
Annual fee payable to Securities and Exchange Commission of Pakistan	(485,629)	(341,861)
Payable against Margin Trading System	-	12,448,781
Payable against purchase of investments	(120,823,912)	50,807,909
Accrued expenses and other liabilities	(41,477,835)	1,045,212
	<u>(163,238,637)</u>	<u>65,985,359</u>
Net cash generated / (used in) operating activities	<u>(323,920,312)</u>	<u>230,378,152</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from issue of units	758,778,182	954,944,180
Cash paid on redemption of units	(1,513,550,154)	(1,072,618,228)
Cash dividend paid	-	-
Net cash (used in) / generated from financing activities	<u>(754,771,973)</u>	<u>(117,674,048)</u>
Net (decrease) / increase in cash and cash equivalents	<u>(1,078,692,285)</u>	<u>112,704,104</u>
Cash and cash equivalents at the beginning of the period	2,962,897,726	883,217,038
Cash and cash equivalents at the end of the period	<u>1,884,205,441</u>	<u>995,921,142</u>

The annexed notes from 1 to 16 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 the Condensed Interim Financial Information (Unaudited)
For the quarter ended September 30, 2021**

1. LEGAL STATUS AND NATURE OF BUSINESS

The Lakson Income Fund (the "Fund") was established under the Trust Deed executed on August 18, 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 September 18, 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). 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.

The Fund is an open end mutual fund and is listed on Lahore 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 "Income Scheme" as per the Circular 07 of 2009 issued by Securities and Exchange Commission of Pakistan (SECP) and it primarily invests in Government securities, certificates of investment, certificates of deposits, term deposit receipts, commercial papers, reverse repo, preference shares, spread transactions and corporate debt securities, etc. subject to the guidelines issued by SECP from time to time.

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

The Pakistan Credit Rating Agency Limited (PACRA) has maintained A+(f) (Fund Stability Rating) to the Fund on August 27, 2021 and has also maintained asset manager rating of the Company to AM2+ (stable outlook), on August 28, 2020

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).

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.

2.2 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.

This condensed interim financial information has been prepared following accrual basis of accounting except for cash flow information.

2.3 Functional And Presentation Currency

These financial statements are prepared in Pakistani Rupees, which is presentation and functional currency of the Fund.

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 as at and 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 June 30, 2021.

		September 30, 2021 (Unaudited)	June 30, 2021 (Audited)
		(Rupees)	
6. BANK BALANCES	Note		
Local currency			
In profit and loss sharing accounts	6.1	1,884,197,966	2,962,890,252
In current accounts		7,475	7,474
		<u>1,884,205,441</u>	<u>2,962,897,726</u>

6.1 These represents profit and loss account maintained with banks carrying profit rates ranging from 5.5% to 8.8% (2021: 5.50% to 11.10%) per annum.

7. INVESTMENTS - financial assets at fair value through profit or loss - held for trading

Government Securities			
Market Treasury Bills	7.1	149,818,800	149,589,150
Pakistan Investment Bonds - Fixed Rate	7.2	744,862,625	743,969,375
Pakistan Investment Bonds - Floating Rate		-	-
Term Finance Certificates - Listed		-	537,969,002
Term Finance Certificates - Unlisted	7.3	713,260,604	-
Sukuk Certificates		-	398,189,620
Listed Equity Securities (Spread Transactions)	7.4	192,441,705	-
		<u>1,800,383,734</u>	<u>1,829,717,147</u>



	September 30, 2021 (Unaudited)	June 30, 2021 (Audited)
	(Rupees)	
Loans and Receivables		
Term Deposits Receipts	200,000,000	24,790,199
Commercial Paper	479,623,344	200,000,000
	679,623,344	224,790,199
	<u>2,480,007,078</u>	<u>2,054,507,346</u>

7.1 Market Treasury Bills

Note	Number of treasury bills				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	Carrying value	Market value	Unrealized appreciation / (diminution)		
Treasury Bills - 03 months	-	2,700,000	2,700,000	-	-	-	-	0.00%	0.00%
Treasury Bills - 03 months	-	4,550,000	4,550,000	-	-	-	-	0.00%	0.00%
Treasury Bills - 03 months	-	18,000,000	18,000,000	-	-	-	-	0.00%	0.00%
Treasury Bills - 06 months	-	4,000,000	4,000,000	-	-	-	-	0.00%	0.00%
Treasury Bills - 03 months	-	1,500,000	-	1,500,000	149,823,071	149,818,800	(4,271)	3.36%	6.04%
Treasury Bills - 03 months	1,500,000	-	1,500,000	-	-	-	-	0.00%	0.00%
Treasury Bills - 03 months	-	14,850,000	14,850,000	-	-	-	-	0.00%	0.00%
Total as at September 30, 2021					149,823,071	149,818,800	(4,271)	3.36%	6.04%
Total as at June 30, 2021					149,588,276	149,589,150	874	2.93%	7.28%

7.2 Pakistan Investment Bond - Fixed Rate

Note	Number of Pakistan investment bond				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	Carrying value	Market value	Unrealized appreciation				
3 years Pakistan Investment Bond (face value of Rs. 100,000 each)	7.2.1	19-Sep-22	1,000,000	-	-	1,000,000	101,201,333	100,240,500	(960,833)	2.25%	4.04%
3 years Pakistan Investment Bond (face value of Rs. 100,000 each)	7.2.2	22-Oct-23	650,000	-	-	650,000	64,421,016	64,532,000	110,984	1.45%	2.60%
10 years Pakistan Investment Bond (face value of Rs. 100,000 each)	7.2.3	25-Jul-29	2,000,000	-	-	2,000,000	201,074,716	201,740,000	665,284	4.53%	8.13%
3 years Pakistan Investment Bond (face value of Rs. 100,000 each)	19-Sep-22	250,000	-	-	250,000	25,211,601	25,060,125	(151,476)	0.56%	0.00%	
10 years Pakistan Investment Bond (face value of Rs. 100,000 each)	7.2.4	22-Aug-29	3,500,000	-	-	3,500,000	352,030,000	353,290,000	1,260,000	7.93%	0.03%
Total as at September 30, 2021						743,938,666	744,862,625	923,959	16.71%	14.80%	
Total as at June 30, 2021						744,852,665	743,969,375	(883,290)	14.59%	36.21%	

7.2.1 This represents investments in 3 years Pakistan Investment Bond carrying an effective profit rate of 8.11% and having maturity on 19 September 2022. The face value of Pakistan Investment Bond as at 30 June 2021 amounted to Rs. 125 million. Profit is receivable on semi annual basis.

7.2.2 This represents investments in 3 years Pakistan Investment Bond carrying an effective profit rate of 7.62% and having maturity on 23 October 2023. The face value of Pakistan Investment Bond as at 30 June 2021 amounted to Rs. 65 million. Profit is receivable on semi annual basis.

7.2.3 This represents investments in 10 years Pakistan Investment Bond carrying an effective profit rate of 7.94% and having maturity on 25 July 2029. The face value of Pakistan Investment Bond as at 30 June 2021 amounted to Rs. 200 million. Profit is receivable on semi annual basis.

7.2.4 This represents investments in 10 years Pakistan Investment Bond carrying an effective profit rate of 7.89% and having maturity on 22 Aug 2029. The face value of Pakistan Investment Bond as at 30 June 2021 amounted to Rs. 350 million. Profit is receivable on semi annual basis.



7.3 Term Finance Certificates - Un-listed

Name of Security	Note	Number of certificates			Balance as at September 30, 2021			Market value as percentage of net assets of the Fund	Market value as percentage of total investment	Face value as percentage of size of the issue	
		Number of holdings at beginning of the period	Acquired during the period	Disposed / matured during the period	Number of holdings at the end of the period	Carrying Value	Market value				Unrealized (diminution)
								(Rupees)			
Commercial Banks											
Silk Bank Limited PPTFC - 08 years (face value of Rs. 5,000 each)	7.3.1	16,000	-	-	16,000	70,835,654	71,314,182	478,528	1.60%	2.88%	0.02%
BAHL Tier-II TFCs 10 years (face value of Rs. 5,000 each)	7.3.2	38,000	20,000	-	58,000	292,512,156	293,297,190	785,034	6.58%	11.83%	0.02%
Samba Bank Limited TFC (face value of Rs. 100,000 each)	7.3.3	2,400	-	-	2,400	239,952,000	244,713,607	4,761,607	5.49%	9.87%	0.00%
Jahangir Siddiqui Company Limited PPTFC (face value of Rs. 5,000 each)	15,000	-	-	-	15,000	33,886,943	33,935,625	48,683	0.76%	1.37%	0.04%
NRSP PPTFC (face value of Rs. 5,000 each)	700	-	-	-	700	70,000,000	70,000,000	-	1.57%	2.82%	0.00%
Total as at September 30, 2021						707,186,753	713,260,604	6,073,851	16.00%	28.76%	0.09%
Total as at June 30, 2021						532,920,989	537,969,002	5,048,013	10.55%	26.18%	15.42%

7.3.1 This represents unlisted term finance certificates issued by Silk Bank Limited. Total size of the issue is Rs. 2,000 million and the term of the TFCs is eight years commencing from the date of issue of TFCs which was August 2017 and ending on August 2025. Profit on the instrument shall be payable semi-annually in arrears on the outstanding balance and the first such profit payment shall fall due 6 months from the issue date and subsequently every six months thereafter. Profit rate shall be the average six months KIBOR + 1.85% per annum. The instrument will be structured to redeem 0.14% of the issue amount during the first 7 years and remaining 99.86% in the last two semi annual instalments of 49.93% each. The instrument is unsecured and subordinated to all other indebtedness of the Bank. The rating of the instrument is BBB+.

7.3.1.1 The Securities & Exchange Commission of Pakistan vide circular No. 16 of 2010 dated July 7, 2010, prescribed specific disclosures for the scheme holding investments that are non-compliant either with the minimum investment specified for the category assigned to such schemes or with investment requirements of their constitutive documents.

Name of Non Compliant Investment	Non-Compliance	Type of Instrument	Value of investment before Provision	Total Provision held	Value of investment after Provision	% of Net Assets	% of gross assets
Silk Bank Ltd- PPTFC - 08 years (Face value of Rs. 5,000 each)	Rating is below investment grade as prescribed in clause No. 2.4 of the offering document	Term finance certificates	71,314,182	-	71,314,182	1.60%	1.58%

7.3.2 This represent unlisted term finance certificates and carry rate of mark-up equal to the base rate of 6 months Karachi Inter Bank Offer Rate (KIBOR) per annum (plus margin of 1.40%) receivable semi-annually in arrears with no floor or cap and will mature in July 2022. The principal shall be redeemed in 8 equal semi annually installments. These term finance certificates are secured. The rating of the instrument is AA.

7.3.3 This represent unlisted term finance certificates and carry rate of mark-up equal to the base rate of 6 months Karachi Inter Bank Offer Rate (KIBOR) per annum (plus margin of 1.40%) receivable semi-annually in arrears with no floor or cap and will mature in July 2022. The principal shall be redeemed in 8 equal semi annually installments. These term finance certificates are secured. The rating of the instrument is AA+.



Commercial Papers	Number of Commercial Papers				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	
	Note	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	Carrying value	Market value			Unrealized appreciation
MUGHAL-1Y-27072021-CP	-	130	-	130	120,871,344	120,871,344	-	8.05%	8.05%	
KE-6M-10022021-ICP14	-	250	-	250	-	-	-	0.00%	0.00%	
KE-6M-26082021-CP2	-	370	-	370	358,752,000	358,752,000	-	2.71%	2.71%	
Total as at September 30, 2021					479,623,344	479,623,344	-	10.76%	10.76%	
Total as at June 30, 2021					-	-	-	0.00%	0.00%	

7.4 Listed Equity Securities (Spread Transactions)

Shares of listed companies - fully paid up ordinary shares of Rs. 10 each unless stated otherwise

Commercial Banks	Number of shares					Balance as at September 30, 2021			Market value as percentage of net assets of the Fund	Market value as percentage of total investment
	Number of holdings at beginning of the period	Acquired during the period	Bonus shares / letter of right received during the year	Disposed / matured during the period	Number of holdings at the end of the period	Carrying Value	Market value	Unrealized (loss)		
Commercial Banks										
Bank of Punjab	-	80,000.00	-	-	80,000.00	669,600.00	652,800.00	(16,800)	0.34	0.01
Textile Composite										
Nishat (Chunian) Limited	-	25,000.00	-	-	25,000.00	1,305,000.00	1,238,000.00	(67,000)	0.64	0.03
OIL AND GAS MKTG. COMPANIES										
Sul Northern Gas Pipelines Limited	-	544,000.00	-	-	544,000.00	992,680.00	1,046,040.00	53,360	0.54	0.02
OIL AND GAS EXPLORATION COMPANIES										
Oil & Gas Development Company Limite	-	80,000.00	-	-	80,000.00	2,800,205.00	2,555,900.00	(244,305)	1.33	0.06
Engineering										
Agha Steel Ind.Ltd	-	80,000.00	-	-	80,000.00	778,750.00	687,250.00	(91,500)	0.36	0.02
PHARMACEUTICALS										
The Searle Company Limited	-	115,000.00	-	-	115,000.00	23,369,932.56	23,173,650.00	(196,283)	12.04	0.52
Technology and Communications										
TRG Pakistan Limited	1,835,000.00	2,994,500.00	-	-	4,829,500.00	52,564,199.90	52,138,575.00	(425,625)	27.09	1.17
FERTILIZERS										
Fauji Fertilizer Company Limited	100,000.00	335,500.00	-	-	435,500.00	6,408,647.15	6,174,630.00	(234,017)	3.21	0.14
FOOD AND PERSONAL CARE PRODUCTS										
The Organic Meat Company Limited	-	807,000.00	-	-	807,000.00	796,142.26	718,600.00	(77,542)	0.37	0.02
Unity Foods Limited	269,500.00	3,773,500.00	-	-	4,043,000.00	111,072,486.32	104,056,260.00	(7,016,226)	54.07	2.33
Total as at September 30, 2021						200,757,643	192,441,705	(8,315,938)	100	4.32
Total as at June 30, 2021						397,487,956	398,189,620	701,664	-	-
Gain on future contracts (derivative contracts)										6,810,470

7.5 Term deposit receipts

Note	September 30, 2021	June 30, 2021
	(Unaudited)	(Audited)
	(Rupees)	
- Mobilink Microfinance Bank Limited	-	-
- U-Microfinance Bank Limited	200,000,000	200,000,000
	<u>200,000,000</u>	<u>200,000,000</u>

7.5.1 This Term deposit has been deposited at a coupon of 14.25% having maturity on 21 October 2021.



		September 30, 2021 (Unaudited)	June 30, 2021 (Audited)
		(Rupees)	
8.	PAYABLE TO THE MANAGEMENT COMPANY	Note	
	Remuneration payable	8.1	4,717,986
	Sindh Sales Tax on remuneration to Management Company	8.2	5,114,377
	Federal Excise Duty on remuneration to Management Company	8.3	2,995,390
	Sale Load Payable to Management Company		685,403
			18,545,360
			<u>2,651</u>
			<u>23,899,868</u>
			<u>24,347,791</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 1.5% per annum of the average annual net assets of the Fund. However, The Management Company is currently charging a fee at the rate of 1.14% of the average daily net assets of the fund. Remuneration is paid to management company in arrears on a monthly basis.

8.2 As per the requirements of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective from June 13, 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 04 September 2013.

While disposing the above petition through order dated July 16, 2016, the SHC declared the said provisions to be ultra vires and as a result no FED is payable with effect from July 1, 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 June 30, 2016 aggregating to Rs. 18.55 million. Had the provision not been retained, net asset value per unit of the Fund as at Sep 30, 2021 would have been higher by Re. 0.363 (2020: Re. 0.06) per unit.

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 June 13, 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 High Court of Sindh (SHC) on September 4, 2013.

While disposing the above petition through order dated July 16, 2016, the SHC declared the said provisions to be ultra vires and as a result no FED is payable with effect from July 1, 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 June 30, 2016 aggregating to Rs. 18.55 million. Had the provision not been retained, net asset value per unit of the Fund as at June 30, 2021 would have been higher by Re. 0.368 (2021: Re. 0.368) per unit.



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.

9. ACCRUED EXPENSES AND OTHER LIABILITIES	Note	September 30,	June 30,
		2021 (Unaudited)	2021 (Audited)
		(Rupees)	
Auditors' remuneration		126,840	325,632
Sindh Workers' Welfare Fund	9.1	-	25,648,166
Brokerage payable		647,583	142,343
NCCPL payable		924,498	1,023,147
Printing and stationery payable		-	20,550
Withholding tax payable		922,591	21,546,922
PACRA rating fee payable		-	-
Others		8,561,777	3,954,364
		<u>11,183,289</u>	<u>52,661,124</u>

9.1 Sindh Workers' Welfare Fund

The Government of Sindh also introduced levy of the Sindh Workers' Welfare Fund (SWWF) through the Sindh Workers' Welfare Act, 2014. The Mutual Fund Association of Pakistan, in the previous years based on opinion obtained from the tax consultants, concluded that SWWF is not applicable on mutual funds. MUFAP also wrote to the Sindh Revenue Board (SRB) that mutual funds are not establishments and are pass through vehicles; therefore, they do not have any worker and, as a result, no SWWF is payable by them. SRB responded back that as mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001, and thus SWWF is payable by them. MUFAP has taken up the matter with the concerned ministry [Sindh Finance Ministry] for appropriate resolution of the matter.

However, during the period, the SRB through its letter dated August 12, 2021 (received on August 13, 2021) to Mutual Funds Association of Pakistan (MUFAP) has clarified that Asset Management Company's (AMCs) are covered under the term "financial institutions" as per the Sindh WWF Act 2014 and are therefore subject to SWWF charge whereas as the Mutual Funds/Pension Funds managed by those AMCs do not qualify as "financial institutions" as per SWWF Act 2014.

In the wake of the aforesaid clarification of SRB, the MUFAP called its Extraordinary General Meeting (EOGM) on August 13, 2021, wherein the MUFAP recommended to its members that effective from August 13, 2021, SWWF recognised earlier should be reversed in light of the clarification issued by SRB.

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

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

	September 30,	June 30,
	2021 (Unaudited)	2021 (Audited)
	(Rupees)	
Margin trading system transactions entered into by the Fund in respect of which purchase transactions have not been settled	<u>12,448,781</u>	<u>10,499,975</u>



11 TAXATION

The Fund is exempt from taxation under clause 99 of the Part I of the Second Schedule of the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The management has distributed at least 90% of the income earned during the year by the Fund to the unit holders.

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, 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 of September 30, 2021.

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:

	September 30, 2021 (Unaudited)	June 30, 2021 (Audited)
	(Rupees)	
12.1 Balance as at period / year end		
Lakson Investments Limited - Management Company		
Remuneration payable	<u>4,717,986</u>	<u>5,114,377</u>
Sindh Sales Tax and Federal Excise Duty on Remuneration to Management Company	<u>19,179,232</u>	<u>19,230,763</u>
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	<u>347,718</u>	<u>351,056</u>
Security deposit	<u>100,000</u>	<u>100,000</u>

	Quarter ended September 30, 2021									
	Number of Units					Rupees				
	Number of Units as at July 01, 2021	Units issued during the period	Refund / Adjustment of Units as element of income	Units redeemed during the period	Number of holdings at the end of the period	Balance as at July 01, 2021	Units issued during the period	Bonus Units as element of income	Units redeemed during the period	Balance at the end of the period (Investment at current NAV)
Lakson Investments Limited - Management Company Directors, Chief Executive and their spouse and minors Other key management personnel	4,209,313 20,990,683	147,105 639,851	- -	2,234,800	4,356,419 19,395,734	425,677,331 2,122,735,327	- -	- -	110,501,150	450,979,063 2,007,858,028
Associated companies										
Accuray Surgical Limited Employees Contributory Provident Fund	79,613 26,855	5,916	-	20,711	64,818 26,855	8,051,045 2,715,757	- -	- -	- -	6,710,043 2,780,023
Alan Private Limited	127,516	468,610	-	411,909	127,516 165,855	12,895,425 11,036,561	- -	- -	- -	13,200,585 17,169,456
Century Insurance Co. Ltd., GF Century Insurance Company Limited Century Insurance Company Limited Employees Contributory Provident Fund Trust	109,155 166,338 1,521,896 1,410,191	77,405 66,312	- -	277,053 244,099	166,338 1,322,248 1,232,403	16,821,348 153,905,496 142,609,051	- -	- -	- -	17,219,412 136,879,885 127,579,112
Clover Pakistan Limited Employees Contributory Provident Fund Trust	-	122,521	-	-	2,109,423	200,930,419	-	-	-	218,368,694
Colgate Palmolive Pakistan Limited Colgate Palmolive Pakistan Limited ECPF Colgate Palmolive Pakistan Limited EGF	1,258,189 1,593,955 862,307	88,745 90,470	- -	434,395 324,781	912,538 1,359,644 862,307	127,237,465 161,197,640 87,202,975	- -	- -	- -	94,466,460 140,751,179 89,266,563
Cyber Internet Services (Pvt.) Ltd. Empl. CPFT Gain Corporation Private Limited Employees Contributory Provident Fund	562,630 624,734 25,440	147,665	-	167,417	562,630 604,983 25,440	56,897,375 63,177,622 2,572,686	- -	- -	- -	58,243,806 62,628,170 2,633,567
Hasanali & Gulbanoo Lakhani Foundation Lakson Business Solutions Limited Employees Contributory Provident Fund Trust Lakson Investments Limited ECPF Lakson Power Limited	5,311 97,745	-	-	-	5,311 97,745	537,044 9,884,728	- -	- -	- -	549,752 10,118,642
Merit Packaging Limited Employees Contributory Provident Fund Trust	56,775	29,582	-	56,775	56,775	5,741,538	-	-	-	11,941,525
Merit Packaging Limited Employees Gratuity Fund Premier Fashions Private Limited Princeton Travels Private Limited Employees Contributory Provident Fund Trust	88,374	-	-	2,601	115,354	8,936,992	-	-	-	-
Siza Commodities Private Limited Siza Foods Private Limited Employees Contributory Provident Fund Trust	485,455	-	-	7,697	477,759	49,092,874	-	-	-	49,457,860
Siza Private Limited Siza Services Private Limited Siza Services Private Limited Employees Contributory Provident Fund Trust	99,438	4,930	-	511	98,928	10,055,961	-	-	-	10,241,038
Sybird (Private) Limited ECPF Sybird Private Limited	1,78,758 636	-	-	26,608	157,080 636	18,077,338 64,284	- -	- -	- -	16,261,041 65,805
Connected person due to holding more than 10% units English Biscuit Manufacturers (Private) Limited	4,520,481	-	-	-	4,520,481	457,144,977	-	-	-	467,962,941

*Holding increased above 10% due to investment of Unit holder / divestment from other Unit holders.

	Number of Units					Rupees				
	Number of Units as at July 01, 2020	Units issued during the period	Refund / Adjustment of Units as element of income	Units redeemed during the period	Number of holdings at the end of the period	Balance as at July 01, 2020	Units issued during the period	Bonus Units as element of income	Units redeemed during the period	Balance at the end of the period (Investment at current NAV)
Lakson Investments Limited - Management Company	1,297,806	-	-	-	1,297,806	130,895,564	-	-	-	132,629,433.50
Directors, Chief Executive and their spouse and minors	15,525,959	-	-	1,091,231	14,434,728	1,565,934,252	-	-	110,501,150	1,475,158,497.89
Associated companies										
Alan (Private) Limited	25,365	-	-	-	25,365	2,558,341	-	-	-	2,592,229.60
Colgate Palmolive (Pakistan) Limited	4,214,489	-	-	-	4,214,489	425,069,600	-	-	-	430,700,157.28
Hasanali & Gulbano Lakhani Foundation	45,974	-	-	-	45,974	4,636,918	-	-	-	4,698,339.54
Lakson Business Solution Limited-ECPFT	5,066	-	-	-	5,066	510,915	-	-	-	517,682.23
Sybird (Private) Limited	600	-	-	-	600	60,558	-	-	-	61,359.80
Connected party holding missing										
English Biscuit Manufacturers (Private) Limited	4,269,789	-	-	-	4,269,789	430,647,086	-	-	-	436,351,513.83

*Holding increased above 10% due to investment of Unit holder / divestment from other Unit holders.

	September 30,	
	2021	2020
	(Unaudited)	
	(Rupees)	
12.3 Other transactions during the period		
Lakson Investments Limited - Management Company of the Fund		
Remuneration to the Management Company	<u>15,219,575</u>	<u>7,748,187</u>
Sindh Sales Tax on remuneration to Management Company	<u>2,039,848</u>	<u>1,007,264</u>
Central Depository Company of Pakistan Limited- Trustee of the Fund		
Remuneration to the Trustee	<u>1,033,866</u>	<u>646,418</u>
Settlement charges	<u>46,287</u>	<u>127,070</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 1.64% (September 30, 2020: 1.41%) which includes 0.21% (September 30, 2020: 0.27%) representing government levies (comprising of Government Levies and SECP fee, etc.). As per NBFC Regulation the total expense ratio of the Income Scheme shall be capped up to 2.5% (Sep 30, 2020: 2.5%).

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 (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); and
- Inputs for the assets or liability that are not based on observable market data (that is, unobservable inputs) (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.

As at September 30, 2021			
----- Un-audited -----			
Level 1	Level 2	Level 3	Total
----- Rupees -----			
Financial assets measured at fair value			
Government securities	- 744,862,625	-	744,862,625
- Market Treasury Bills	- 149,818,800	-	149,818,800
- Pakistan Investment Bonds	-	-	-
Term Finance Certificates - Listed	- 713,260,604	-	713,260,604
Term Finance Certificates - Unlisted	-	-	-
Sukuk Certificates - Listed	-	-	-
Listed Equity Securities (Spread Transactions)	192,441,705	-	192,441,705
192,441,705	1,607,942,029	-	1,800,383,734

As at June 30, 2021			
----- Audited -----			
Level 1	Level 2	Level 3	Total
----- Rupees -----			
Financial assets measured at fair value			
Government securities	- 149,589,150	-	149,589,150
- Market Treasury Bills	- 743,969,375	-	743,969,375
- Pakistan Investment Bonds	-	-	-
Term Finance Certificates - Listed	- 537,969,002	-	537,969,002
Term Finance Certificates - Unlisted	-	-	-
Sukuk Certificates - Listed	-	-	-
Listed Equity Securities (Spread Transactions)	398,189,620	-	398,189,620
398,189,620	1,431,527,527	-	1,829,717,147

15. Date of Authorization for Issue

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

16 GENERAL

Figures have been rounded off to the nearest rupee.

For Lakson Investments Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director



A Lakson Group Company

Lakson Investments Limited
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