

LAKSON INCOME FUND

Annual Report 2022



LAKSON INVESTMENTS

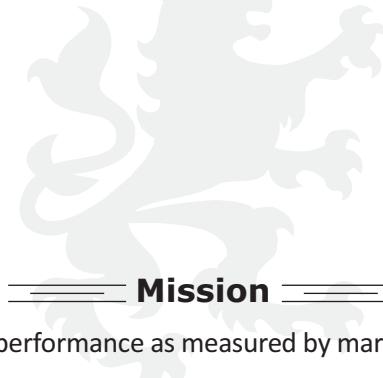
WE MANAGE YOUR MONEY, AS WE MANAGE OUR OWN

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Vision

To be a top quartile provider of investment solutions to both individuals and institutions. Through the success of our clients and employees we seek to build sustainable and long-term shareholder value, and to be an employer of choice in the asset management industry.



Mission

To deliver superior performance as measured by market share parameters, high-quality service and a portfolio of innovative yet tailored products across a range of investment disciplines and distribution channels.

To provide a fulfilling, stimulating and supportive environment for our employees that fosters their personal growth and facilitates our productivity as a team.

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

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

Mr. Junaid Arshad

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 Shahra-e-Faisal,
Karachi, Pakistan.

Auditors

Yousuf Adil Chartered Accountants
Cavish Court, A-35 Shahrah-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

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2022

The Board of Directors of Lakson Investments Limited, the Management Company of the Lakson Income Fund ('LIF' or 'Fund') is pleased to submit its report together with Audited Financial Statements for the year ended June 30, 2022.

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.

Development and Performance Review

The LIF yielded an annualized return of 8.90% in the FY22 compared to the Benchmark return of 10.83% p.a. The LIF posted underperformance. As of June 30, 2022, the LIF portfolio was invested 27% in cash, 24% in PIBs, 34% in TFCs, and 5% in Commercial paper while the weighted average maturity of the LIF portfolio stood at 1444 days. The fund size of the LIF as of June 30, 2022, is PKR 2,618 million.

Earnings Per Unit (EPU)

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

Income Distribution

The Chief Executive Officer under the authority from Board of Directors of the Management Company declared the interim payout of PKR 8.7114 per unit (8.7114% of face value of PKR 100/-) amounting to PKR 108.5158 million in cash during the year ended June 30, 2022.

Principal Risk and Uncertainties

The economic instability, rising current account deficit, declining FX reserves, higher than expected inflation, PKR devaluation, lower than expected financial aid by both unilateral/bilateral donor agencies, further monetary tightening and worsening of external relations remains a risk for all business sectors in Pakistan.

Asset Manager and Fund Rating

The Pakistan Credit Rating Agency Limited ('PACRA') has maintained the asset manager rating of the Management Company and the Fund Stability Rating of LIF at "AM2+" at "A+(f)" respectively.

Additional Matters:

1. The detail of Directors of the Management Company is disclosed in this Annual Report.
2. The financial statements prepared by the Management Company present fairly the state of affairs of the Fund, the results of its operations, cash flows and movement in unit holders' fund.

3. Proper books of accounts of the Fund have been maintained.
4. Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
5. Relevant International Financial Reporting Standards, as applicable in Pakistan, provisions of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, Non-Banking Finance Companies and Notified Entities Regulations, 2008 ('NBFC Regulations), directives issued by the Securities & Exchange Commission of Pakistan and requirements of the constitutive documents of the Fund have been followed in the preparation of financial statements and any departure there from has been adequately disclosed.
6. The system of internal control is adequate and sound in design and has been effectively implemented and monitored.
7. There are no significant doubts upon the Fund's ability to continue as a going concern.
8. Key financial data has been summarized in this Annual Report.
9. Outstanding statutory payments on account of taxes, duties, levies and charges have been fully disclosed in these financial statements.
10. The statement as to the value of investments of provident fund is not applicable in the case of the Fund as such expenses are borne by the Management Company.
11. The pattern of unit holding as at June 30, 2022 is given in this Annual Report.
12. A performance table / key financial data is annexed to this annual report.

External Auditor

The existing auditors M/s. Yousuf Adil., Chartered Accountants being eligible have given their consent for reappointment as auditors for the year ending June 30, 2023. The Board of Directors, on the recommendations of the Audit Committee, has reappointed M/s. M/s. Yousuf Adil., Chartered Accountants for the year ending June 30, 2023.

Economy Review

The SBP increased the Policy Rate by 250bps in April and by another 150bps in May, taking the policy rate to 13.75% amid surge in inflation readings and sharp current account deficit prints. The current account deficit in 2QCY22 clocked in at US\$4.3bn, compared to US\$4.0bn in 1QCY22 and US\$2.5bn in the same period last year. FY22 current account deficit was reported at US\$17.4bn (4.6% of GDP), compared to a deficit of US\$1.8bn in FY21. In 2Q, FX reserves held with the SBP plunged below US\$10bn to US\$9.8bn, from US\$11.4bn at the end of March 2022. Overall fx reserves clocked in at US\$15.5bn at the end of the quarter, compared with US\$17.4bn in March. Exports in 2QCY22 were reported at US\$8.4bn, up 3% QoQ owed to strong textile and food exports, while imports continued to overshadow the strong growth in exports. The country received the highest-ever home remittance inflows of over US\$31bn in FY22, up 6% YoY. All major international credit rating agencies have turned negative on Pakistan's credit-rating outlook, despite being confident on the disbursement of US\$1.2bn IMF tranche. Lastly, on account of higher fuel and utility prices, among others, inflation readings continued to soar during the quarter, with June's inflation print clocking in at 21.3% (13yr high reading for June).

Fixed income markets review

In 4QFY22, the State Bank of Pakistan increased interest rates by a cumulative by 400bps to 13.75% amid surge in inflation prints and to tame fiscal pressures owed to burgeoning current account readings. With that, the rates on subsidized borrowings for exporters increased to 7/7.5% for the LTFF and EFS schemes, respectively (from about 3%), further linking the rates with the policy rate. During the quarter, Kibor rates surged by c.3ppt QoQ to 15.16%, 15.35% and 15.73% for 3M, 6M and 12M rates. T-bill yields also increased by c.3% QoQ with 3M/6M/12M rates clocking in at 14.98%/15.15%/15.30%. On the flip side, PIB yields increased by a softer c.1% QoQ.

Future Outlook

The State Bank has announced a status quo decision in the latest MPC meeting. Inflation is currently at 25% and the Discount Rate is at 16%. Due to the highly uncertain nature of economic developments, we believe further monetary tightening can not be ruled out. The 12M - 5Y spread is at negative 300 bps as opposed to the normal 200 bps due to yield curve inversion. Given this, fixed income funds may return lower than money market funds for the moment due to yield curve inversion and the longer dated maturity profile of the fixed income fund. Re-pricing of the various floating rate instruments positively impacts yield with a lag which is expected to improve returns going forward. Monetary easing would be contingent on dissipating signs of inflation and improvement in the balance of payments. Eventual decline in interest rates would benefit fixed income funds vis-à-vis money market funds due to the higher WAM of the former fund.

Acknowledgment

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

Babar Ali Lakhani

Chief Executive Officer

Dated: September 22, 2022

لیکن اکم فنڈ

30 جون 2022 کو ختم ہونے والے سال کے لیے
میجنت کمپنی کے ڈائریکٹرز کی رپورٹ

لیکن انویسٹمنٹس لیکنڈ کا بورڈ آف ڈائریکٹرز، لیکن اکم فنڈ ("LIF" یا فنڈ) کی میجنت کمپنی 30 جون 2022 کو ختم ہونے والے سال کے لیے اپنے رپورٹ میں آٹھ شدہ مالیاتی گوشوار سے پیش کرتے ہوئے خوشی محسوس کرتا ہے۔

فنڈ کا مقصد

اس اسکیم کی انویسٹمنٹ کا مقصد فائدہ اکم سکیوریٹیز کے متعدد پورٹ فولیو میں انویسٹمنٹ کے ذریعے مالیاتی جوہری منافع جات فراہم کرنا ہے۔ یہ اسکیم میجنت کمپنی کی طرف سے ائر سریٹ ریٹریٹریٹریز اور مکمل منافع جات کے حوالے سے میجنت کمپنی کی تائپیں کے لحاظ میں مختصر مدتی، وسط مدتی اور طویل مدتی پیچوری میں کے اختلاف فائدہ اکم سکیوریٹیز میں سرمایہ کاری کرے گی۔

فنڈ کا تعارف

LIF ایک اوپن ایئنڈ اکم فنڈ ہے جو انویسٹر گریڈ ڈیمکٹ سکیوریٹیز، گورنمنٹ سکیوریٹیز، برٹلکلیٹس، آف انویسٹمنٹس، Clean Placements، ہر ٹرم فی پائزر ریسٹمپس اور دیگر فائدہ اکم انسٹریومنٹس میں سرمایہ کاری کرتا ہے۔ پورٹ فولیو کا جوہری دورانی 4 سال سے کم رکھا جاتا ہے اور خاص اٹاؤں کا میں اسکیم 25% کیش یا زیادہ سے زیادہ 90 دن کی پیچوری والے لڑیزی بذریعہ کی ٹکل میں رکھا جاتا ہے۔ LIF کا اکٹھم ونچ ٹھم کے میں پیش قدمی کرنے والی، اور پر سے یونیک شعبوں کی تواتر سے استعمال کے میں کو استعمال کرنے والی دو رائے اور پیداوار میں تو اون پر یقین رکھنے والی میجنت چلاتی ہے۔ ائر سریٹ میں تہذیبیوں کی پیشگوئی کے لیے معاشری صورت حال کی مسلسل تبدیلی کی جاتی ہے۔ LIF کی قدر و تجتی میں اصل اضافہ مختلف پیچوری میں اور مختلف انسٹریومنٹس کے درمیان انویسٹمنٹس کی متعلقی کے موقع کی شناخت سے آتا ہے۔ LIF کو ریٹیئرنمنٹی میکل کے لیے خاص اٹاؤں 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 پیشوار کے 10.83% میں میں مالی سال 2022 میں 8.90% میں سالانہ منافع پیش کیا۔ LIF نے کم تر کارکردگی کا مظاہرہ کیا۔ 30 جون 2022 کے مطابق LIF پورٹ فولیو کے 27% کی کیش میں، 24% کی PIBs میں، 34% کی TFCs میں اور 5% کی کمرش پیچوری میں سرمایہ کاری کی گئی، جبکہ LIF پورٹ فولیو کی تغییر نہ شدہ اوسط پیچوری 1,444 دن ہے۔ 30 جون 2022 کے مطابق LIF کے فنڈ کا جم 2,618 ملین روپے ہے۔

فی شیئر آمدی (EPU)

فی شیئر آمدی (EPU) ظاہر نہیں کی گئی ہے کیوں کہ تم محسوس کرتے ہیں کہ EPU شاہرا نے کے لیے موزوں اوسٹ یونیٹس کا قیمتیں اپنے ایڈن فنڈز کے لیے

قابل عمل نہیں ہے۔

آمدنی کی تقسیم

چینی ایگزکٹیو افسر نے میجنت کمپنی کے بورڈ آف ڈائریکٹر کی طرف سے اختیار کے تحت 30 جون 2022 کو فتح ہونے والے سال کے لیے فی یونٹ 8.7114 روپے کی فیس ویلودکا 8.7114% (100 روپے کی فیس ویلودکا 8.7114%) کی عبوری کیش ادائیگی کا اعلان کیا ہے جس کی مایت 108.5158 ملین روپے ہے۔

اہم خطرات و خدشات

اتصالی عدم استکام، بڑھتا ہوا کریٹ اکاؤنٹ خسارہ، زرہ مالدہ کے کم ہوتے ذخیرہ تو قع سے زیادہ افزایا جائز، روپے کی قدر میں کمی، یک طرفہ ادو طرفہ قرض فراہم کننہ ایجنیز، دونوں کی طرف سے تو قع کے مالی امداد، مزید مالیاتی ختمی اور گذتے خارجہ تعاقدات پاکستان میں تمام کاروباری شعبوں کے لیے ایک خطرہ بنتے ہوئے ہیں۔

مذکورہ بالا خطرات غیر ملکی اور ملکی سرمایہ کاروبار، دونوں کو اپنی سرمایہ کاریاں تحلیل کرنے پر مجبور کر سکتے ہیں جس کے مالیاتی ارکیٹ پر مخفی اثرات پر مسکتے ہیں اور فتنہ کی منافع کمانے کی صلاحیت بھی متاثر ہو سکتی ہے۔

لیسیٹ میجر ایڈ فنڈ رینگ

پاکستان کریڈٹ رینگ ایجنٹی لائینڈ (PACRA) نے میجنت کمپنی کی لیسیٹ میجر رینگ اور LIF کی فنڈ اسٹیبلیشن رینگ بالتریپ+AM2 اور "A+" پر برقرار رکھی ہے۔

اضافی معاملات

1- میجنت کمپنی کے ڈائریکٹر کی تفصیل اس سالا مر پورٹ میں ظاہر کی گئی ہے۔

2- میجنت کمپنی کی طرف سے تیار کردہ مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے تناگ کیش فاؤنڈر یونٹ، ہولڈرز کے فنڈ میں اقش و ہر کسٹ کی منصافتہ عکاسی کرتے ہیں۔

3- فنڈ کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔

4- مالیاتی گوشواروں کی تیاری میں اکاؤنٹ کی تیاری میں مالیات پالیسیوں کی مسلسل پیروی کی گئی ہے اور شماریاتی تجھیسے مناسب اور معقول نظریات پر مبنی ہیں۔

5- ان مالیاتی گوشواروں کی تیاری میں مالیاتی پورنگ کے مبنی الاقوامی معیاروں، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، ہمان بینکنگ فاؤنڈر کمپنیز (اسٹیبلیشن ایڈریگیشن) روپر 2003 کے تھاموں، نان بینکنگ فاؤنڈر کمپنیز نوٹھیا ایڈریگیشن ریگیشن، 2008 (NBFC) (NBFC ریگیشن)، ہیکچر ریٹریٹ ایڈریگیشن کمپنی آف پاکستان کے چاری کردار ڈائریکٹریز اور فنڈ کی دستوری دستاپر اس کے تھاموں کی پیروی کی گئی ہے اور ان سے کسی بھی انحراف کی مناسب انداز میں نشان دہی کی گئی ہے۔

6- انٹرل کنٹرول کا نظام مضمون اور مذکور طریقے سے نافذ ہے اور اس کی مسلسل گمراہی کی جاتی ہے۔

7- فنڈ کی رو اور دواں رہنے کی صلاحیت کے بارے میں کوئی ٹکوک و شہادت نہیں ہیں۔

- 8- اہم مالیاتی ذیثا کا خلاصہ اس سالانہ پورٹ میں شامل ہے۔
- 9- میکسز، ذیور پر، محصولات اور چارہز کی مدد میں واجب الادا سرکاری اداگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کردی گئی ہیں۔
- 10- پروپریٹ فنڈ کی سرمایہ کاری کی مالیت سے متعلق گوشوارہ فنڈ پر قابل اطلاق نہیں ہے جیسا کہ ایسے اخراجات میخفہ کپنی کی طرف سے برداشت کے جاتے ہیں۔
- 11- 30 جون 2022 کے مطابق یونٹ ہولڈنگ کا پہنچان اس سالانہ پورٹ میں دیا گیا ہے۔
- 12- کارکردگی کی جدول/ اہم مالیاتی ذیثا اس سالانہ پورٹ کے ساتھ مشکل ہے۔

بیرونی آڈیٹ

موجودہ آڈیٹر زمیسر یوسف عاول، چارہز کا ٹنٹس نے اہل ہونے کی بنیاد پر 30 جون 2023 کو ختم ہونے والے سال کے لیے دوبارہ تقری کے لیے اپنی رضامندی ظاہر کر دی ہے۔ آڈٹ کمپنی کی سفارش پر بورڈ آف ڈائریکٹرز نے 30 جون 2023 کو ختم ہونے والے سال کے لیے زمیسر یوسف عاول، چارہز کا ٹنٹس کی دوبارہ تقری کر دی ہے۔

معاشی جائزہ

اسٹیٹ بیک آف پاکستان نے اپریل میں پالیسی ریٹ میں 250 بنیادی پاؤٹس اور ٹی میں ہر یوں 150 بنیادی پاؤٹس کا اضافہ کیا، جو افریاطرکی ریٹنگ میں اضافے اور کریٹ اکاؤنٹ خارے کے گھرے اڑات کے درمیان پالیسی ریٹ کو 13.75% تک لے گیا۔ مالی سال 2022 کی دوسری سماں میں کریٹ اکاؤنٹ خارہ 4.3 ارب امریکی ڈالر ہو گیا، جو کہ مالی سال 2022 کی بھلی سے مالی میں 4.0 ارب امریکی ڈالر اور پچھلے سال کی ای مدت میں 2.5 ارب امریکی ڈالر تھا۔ مالی سال 2022 میں کریٹ اکاؤنٹ خارہ 4.17 ارب امریکی ڈالر (GDP کا 4.6%) رپورٹ کیا گیا، جبکہ مالی سال 2021 میں خارہ 1.8 ارب امریکی ڈالر تھا۔ دوسری سماں میں، اسٹیٹ بیک آف پاکستان کے پاس موجودہ ربادل کے ذخیرہ مارچ 2022 کے آخر میں 11 ارب امریکی ڈالر سے کم ہو گی۔ ارب امریکی ڈالر آگے۔ مالی سال 2022 کی دوسری سماں میں 8.4 ارب امریکی ڈالر کی برآمدات رپورٹ کی گئی، یعنی سائل اور خوارک کی مضبوط برآمدات کی وجہ سے مالی کی بنیاد پر 3% اضافہ ہوا، جب کہ برآمدات نے پرآمدات میں مضبوط نہ مونڈ کرنے کا سلسلہ جاری رکھا۔

ملک کو مالی سال 2022 میں اب تک کی سب سے زیادہ گلوبل سیالات زر موصول ہوئیں جو کہ مالی سال 2022 میں 6% اضافہ ہے۔ تمام بڑی میں آئی ایف کی 1.2 ارب امریکی ڈالر کی قسط کی ادائیگی پر اعتماد کے باوجود الاقوامی کریٹریٹنگ ایجنٹیوں نے پاکستان کی کریٹریٹنگ آڈٹ لک مخفی کر دی ہے۔ آخر میں، ایندھن اور یونیکی بلند قیمتوں کی وجہ سے دوسروں کے علاوہ، جون کے نتیجہن پر ٹک کا ک 21.3% (جون کے لیے 13 سال کی بلندترین ریٹنگ) کے ساتھ سماں کے دوران افریاطرکی ریٹنگ میں مسلسل اضافہ ہوتا رہا۔

فائدہ اکم کریں کا جائزہ

ماہی سال 2022 کی پچھی سے ماہی میں، اسٹیٹ بینک آف پاکستان نے انقلیشن پنس میں اضافے اور کرنٹ کا ڈنٹ کی بڑھتی ہوئی بیوگ کی وجہ سے ماہی دباؤ کرنے کے لیے شرح سود مجموعی طور پر 400 نیمادی پاؤنس بڑھا کر 13.75% کر دی۔ اس کے ساتھ، مزید شرخوں کو پالیسی کی شرح سے جوڑتے ہوئے برآمد کنندگان کے لیے ETS اور LTFF اسکیوں کے لیے رعایتی قرخموں پر شریں بالترتیب 7/7.5% تک بڑھ گئیں (تقریباً 3%) اضافہ۔ سماں کے دوران، 3 ماہ اور 12 ماہ کی میعادوں کے لیے Kibor کی شرح گزشتہ سال اسی سماں کے مقابلے میں 3% اضافے کے ساتھ بالترتیب 15.35% / 15.16% اور 15.73% / 15.30% تک بڑھ گئی۔ 6M / 12M شرخوں کے ساتھ T-Bill کی پیداوار میں بھی 0.3% QoQ کا اضافہ ہوا ہے جو 14.98% / 15.15% / 15.30% کا تکمیل ہے۔ دوسری طرف، PIB کے منافع جات میں سماں نیاد پر 1% کا ایک معتدل اضافہ ہوا۔

مستقبل کی توقعات

اسٹیٹ بینک نے MPC کے تازہ اجلاس میں صورتی حال جوں کی توں رکھنے کے قابلہ کا اعلان کیا ہے۔ افراط از راس وقت 25% پر ہے اور ڈکاؤنٹ ریٹ 16% پر ہے۔ اقتصادی بیش رفت کی انتہائی غیر یقینی نویت کی وجہ سے، ہم سمجھتے ہیں کہ مزید مالیاتی تخفی سے انکاؤنٹری کیا جاسکتا۔ 5 سال 12 سال کے لیے قیمت خرید اور قیمت فروخت کا فرق yield curve of the last جانے کی وجہ سے عام 200 نیمادی پاؤنس کے برکس منفی 300 نیمادی پاؤنس پر ہے۔ اس کے پیش نظر yield curve of the last جانے اور فائدہ اکم فنڈز کی نسبتاً طویل مدتی پیچوئی پر وفاکل کی وجہ سے ممکن ہے کہ فائدہ اکم فنڈز رہنمی مارکیٹ فنڈز کے مقابلے میں کم منافع جات کا کریں۔ مختلف فلوجن ریٹ انسٹریومنٹس کی روی پر اونگ ایک اونچے کے ساتھ پیداوار پر بہت اڑاٹی ہے جس سے امید کی جاتی ہے کہ آگے بڑھ کر منافع میں بہتری آئے گی۔ مالیاتی نرمی مہنگائی کی علامات کو ختم کرنے اور ادائیگیوں کے توکان میں بہتری پر مصروف ہوگی۔ سائبہ WAM کی وجہ سے فائدہ اکم فنڈز کے مقابلے میں ممکن ہے کہ اس کی فنڈز کو سودی شرح میں حتیٰ کی کافائدہ ہوگا۔

اتہمہر تشرکر

یہ بورڈ اپنے قابل قدر انویسٹر، سیکیورٹیز ایڈنڈا، پیچ کیش کیش آف پاکستان، اسٹیٹ بینک آف پاکستان، فنڈز کے بڑی سیسیل ڈپارٹمنٹ، پاکستان ایمیڈ، اور پاکستان اسٹاک اسٹچیج لمبیڈ کا، ان کے مسلسل اتفاقوں اور دوسرے ٹکرائیوں اسے ملکیت کمپنی کے ڈائریکٹرز فنڈز کی ترقی اور داشمندان انتظام و انضمام کے لیے ملکیت کمپنی کی ٹہم کی محنت اور کاوشوں کا بھی اعتراف کرتے ہیں۔

برائے و مجانب بورڈ

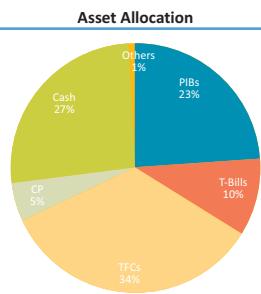
بابر علی لاکھانی

چیف ایگریکلیئر آفیسر

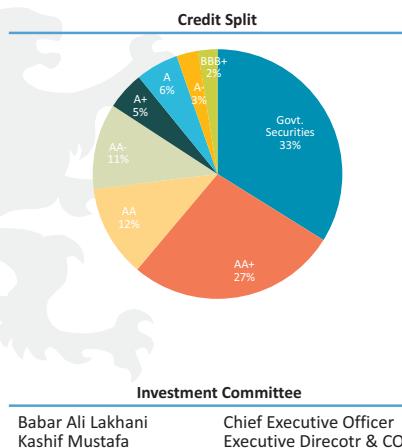
تاریخ: 22 ستمبر 2022

**REPORT OF THE FUND MANAGER
FOR THE YEAR ENDED JUNE 30, 2022**

Fund Facts	
Fund Type	Open-End
Category	Income Fund
Net Assets (PKR Mil.)	2,618
NAV (30.06.2022)	101.3972
Pricing Mechanism	Forward Day
Trustee	CDC Pakistan Limited
Auditor	Yousuf Adil Saleem & Co.
Management Fee	Upto 1.5%
Front End Load	1.50%
Back End Load	None
Launch Date	November 13, 2009
Benchmark	Average daily rate of 6M KIBOR (Ask)
Dealing Days	Mon - Fri
Cut-Off Time	04:00 PM (Mon-Fri)
Fund Rating	'A+ (f)' by PACRA (09.Mar.2021)
Asset Manager Rating	AM2+ by PACRA (27.Aug.2021)



Morningstar	LIF	Benchmark
FY22 - YTD	8.90%	10.83%
June-22	14.22%	11.85%
2 Months	2.68%	16.17%
3 Months	6.41%	15.39%
6 Months	8.84%	13.35%
12 Months	8.90%	10.83%
CY22 - YTD	8.84%	13.35%
Simple Annualized	LIF	Benchmark
FY22 - YTD	8.90%	10.83%
June-22	13.36%	15.38%
2 Months	2.65%	15.18%
3 Months	6.27%	14.57%
6 Months	8.65%	12.93%
12 Months	8.90%	10.83%
CY22 - YTD	8.65%	12.93%
3 Years	10.89%	11.23%
5 Years	10.06%	11.28%
Since Inception	16.98%	15.73%



Investment Committee

Babar Ali Lakhani	Chief Executive Officer
Kashif Mustafa	Executive Director & COO
Mustafa O. Pasha, CFA	Chief Investment Officer
Syavash Pahore	
Abdul Samad Khanani	
Hassan Bin Nasir	
Umair Bin Hassan	
Nada Uzair, FCCA	

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.

Investment Strategy

The LIF focused on the constructing a liquid, diverse and high credit quality portfolio in accordance with its Investment Objective. Exposure of the LIF in T-Bills, TDRs, TFCs and other money market placements was managed based on the relative yield analysis of these instruments and the yield curve management. The LIF maintained an average exposure of 9.8% in risk free T-Bills and 26.7% in cash in order to maintain liquidity. During the period under review, the LIF built and maintained a significant

exposure to cash in order to benefit from the projected reversal in interest rate cycle. Average exposure towards TFCs and Sukuks was 33.7%. As of June 30, 2022, the LIF portfolio was invested 27% in cash, 24% in PIBs, 34% in TFCs, and 5% in Commercial paper while the weighted average maturity of the LIF portfolio stood at 1444 days.

Fund Profile

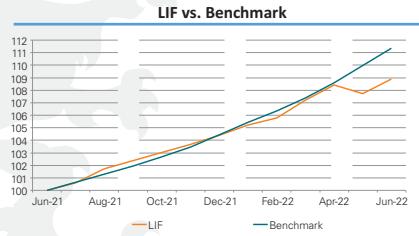
The Fund is an open-end income fund and is listed on Pakistan Stock Exchange Limited. LIF invests in Investment-grade Debt Securities, Government Securities, Certificate of Investments, Clean Placements, Term Deposit Receipts, and other fixed income instruments. The overall duration of the portfolio 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 8.90% in the FY22 compared to the Benchmark return of 10.83% p.a. The LIF posted underperformance. As of June 30, 2022, the LIF portfolio was invested 27% in cash, 24% in PIBs, 34% in TFCs, and 5% in Commercial paper while the weighted average maturity of the LIF portfolio stood at 1444 days. The fund size of the LIF as of June 30, 2022, is PKR 2,618 million.

Performance Table

	FY22	FY21
Net Assets - Beginning (PKR Mil.)	5,100	3,061
Net Assets - Ending (PKR Mil.)	2,618	5,100
Highest Offer Price (PKR)	111.4865	109.6882
Lowest Offer Price (PKR)	102.6911	102.5166
Highest Redemption Price (PKR)	109.8389	108.0671
Lowest Redemption Price (PKR)	101.1735	101.0015
Beginning NAV - Ex-Div. (PKR)	101.1275	100.8591
Interim Distributions (PKR)	8.7114	6.9833
Final Distribution (PKR)	Nil	Nil
Ending NAV - Ex-Div. (PKR)	101.3972	101.1275
Return	8.90%	7.19%
Net Income (PKR Mil.)	115	169



Fixed Income Market Review

In 4QFY22, the State Bank of Pakistan increased interest rates by a cumulative by 400bps to 13.75% amid surge in inflation prints and to tame fiscal pressures owed to burgeoning current account readings. With that, the rates on subsidized borrowings for exporters increased to 7/7.5% for the LTFF and EFS schemes, respectively (from about 3%), further linking the rates with the policy rate. During the quarter, Kibor rates surged by c.3ppt QoQ to 15.16%, 15.35% and 15.73% for 3M, 6M and 12M rates. T-bill yields also increased by c.3% QoQ with 3M/6M/12M rates clocking in at 14.98%/15.15%/15.30%. On the flip side, PIB yields increased by a softer c.1% QoQ.

Income Distribution

The Chief Executive Officer under the authority from Board of Directors of the Management Company declared the interim payout of PKR 8.7114 per unit (8.7114% of face value of PKR 100/-) amounting to PKR 108.5158 million in cash during the year ended June 30, 2022.

Circumstances Materially Affecting Interests of Unit Holders

The Pakistan Credit Rating Agency Limited ('PACRA') has maintained the asset manager rating of the Management Company and the Fund Stability Rating of LIF at "AM2+" at "A+(f)" respectively.

During the current year, 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.

On August 13, 2021 the Fund ceased to charge further provision for SWWF and has reversed full provision for SWWF amounting to Rs. 25.64 million

Other Disclosures

Lakson Investments Limited or any of its delegates did not receive any soft commission from its broker(s) or dealer(s).

There was no unit split undertaken during the year.

As of June 30, 2022, the LIF does not employ any leverage.

Breakdown of Unit Holding by Size

Units Range	No. of Clients	Units Held
Holding upto 100	14	180
101 - 500	3	609
501 - 1,000	3	1,781
1,001 - 5,000	9	21,124
5,001 - 10,000	5	27,785
10,001 - 50,000	14	367,878
50,001 - 100,000	6	470,675
100,001 - 500,000	16	4,307,218
500,001 - 1,000,000	5	3,200,744
1,000,001 - 5,000,000	6	11,153,133
5,000,001 - above	1	6,271,532
	82	25,822,658

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

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URL: www.cdcPakistan.com
Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

LAKSON INCOME FUND

**Report of the Trustee pursuant to Regulation 41(h) and clause 9 of Schedule V of
the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We, Central Depository Company of Pakistan Limited, being the Trustee of Lakson Income Fund (the Fund) are of the opinion that Lakson Investments Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2022 in accordance with the provisions of the following:

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


Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 23 2022



YOUSUF ADIL

Yousuf Adil
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To The Unit Holders of Lakson Income Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Lakson Income Fund** (the Fund), which comprise the statement of assets and liabilities as at June 30, 2022, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2022, and of its financial performance and its cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund and Management Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* as adopted by the Institute of Chartered Accountants of Pakistan together with the ethical requirements that are relevant to our audit of the financial statements in Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

S. No.	Key audit matter	How the matter was addressed in our audit
1.	Valuation and existence of investments As disclosed in note 6.1 - 6.4 to the financial statements, investments held at fair value through profit or loss (FVTPL) amounted to Rs. 1,753.32 million consisting of market treasury bills, Pakistan investment bonds, term finance certificate and listed equity securities (Spread transactions) and in note 6.5 investments held at amortized cost amounted to Rs. 129.38 million consisting of commercial papers which represent significant item on the statement of assets and liabilities of the Fund.	<p>We performed the following procedures during our audit of investments:</p> <ul style="list-style-type: none"> independently tested valuations to ensure that the investments are valued as per the valuation methodology disclosed in the accounting policies; independently matched securities held by the Fund with the securities appearing in the CDC account statement and Investor Portfolio Securities account statement;

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Deloitte Touche Tohmatsu Limited

YOUSUF ADIL

Yousuf Adil
Chartered Accountants

S. No.	Key audit matter	How the matter was addressed in our audit
	We have identified the existence and valuation as significant areas during our audit of investment due to which we have considered this as a Key Audit Matter.	<ul style="list-style-type: none"> • tested purchases and sales on a sample basis to obtain evidence regarding movement of the securities.

Information Other than the Financial Statements and Auditor's Report Thereon

Management Company is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work we have performed, we concluded that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management Company and Those Charged with Governance for the Financial Statements

Management Company is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as the Management Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management Company is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management Company either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance of the Management Company are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



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YOUSUF ADIL

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Chartered Accountants

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Management Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Company.
- Conclude on the appropriateness of Management Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Those Charged with Governance of the Management Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Those Charged with Governance of the Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Those Charged with Governance of the Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Other matter

The annual financial statements of the Fund for the year ended June 30, 2021 were audited by another firm of Chartered accountants, whose audit report dated October 09, 2021, expressed an unmodified opinion.

The engagement partner on the audit resulting in this independent auditor's report is Hena Sadiq.


Chartered Accountants

Place: Karachi
Date: September 28, 2022

UDIN: AR2022100576phHgkIB0

Independent Correspondent Firm to
Deloitte Touche Tohmatsu Limited

Statement of Assets and Liabilities
As at 30 June 2022

	Note	2022	2021
		(Rupees)	
ASSETS			
Bank balances	5	698,062,481	2,962,897,726
Investments	6	1,882,696,942	2,054,507,346
Receivable against Margin Trading System	7	-	83,186,083
Profit / mark-up receivable	8	61,398,680	33,197,952
Advances, deposits and other receivables	9	26,490,862	196,794,121
Total assets		2,668,648,965	5,330,583,228
LIABILITIES			
Payable to the Management Company	10	21,454,226	24,347,791
Remuneration payable to the Trustee	11	224,169	351,056
Annual fee payable to Securities and Exchange Commission of Pakistan	12	799,510	729,584
Payable against purchase of investments		-	152,218,844
Accrued expenses and other liabilities	13	27,824,423	52,661,124
TOTAL LIABILITIES		50,302,328	230,308,399
NET ASSETS		2,618,346,637	5,100,274,829
UNIT HOLDERS' FUND (AS PER STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND)			
		2,618,346,637	5,100,274,829
CONTIGENCIES AND COMMITMENTS			
Number of units in issue	16	25,822,658	50,434,103
Net assets value per unit		101.3972	101.1275

The annexed notes from 1 to 24 form an integral part of these financial statements.

For Lakson Investments Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

Income Statement
For the year ended 30 June 2022

	Note	2022 (Rupees)	2021
Income			
Profit / mark-up income		369,422,851	276,240,565
Income from Margin Trading System		1,878,021	27,864,472
Dividend income on equity securities		10,649,050	14,181,650
Loss on sale of investments - net		(3,568,558)	(535,721)
Unrealised gain on re-measurement of investments classified as at fair value through profit or loss -net		1,166,006	5,369,216
		379,547,370	323,120,182
Expenses			
Remuneration to the Management Company		47,907,693	41,555,476
Sindh Sales tax on remuneration to the Management Company		6,289,363	5,399,105
Remuneration to the Trustee	11	3,388,029	3,091,717
Annual fee to the Securities and Exchange Commission of Pakistan	12	799,535	729,609
SECP Supervisory Fee		2,500	2,500
Auditors' remuneration	17	433,053	474,655
Fees and subscription		325,743	573,409
Legal and Professional Charges		991,847	737,500
Printing charges		-	8,475
Brokerage, custody, settlement and bank charges		5,623,067	9,482,061
Total Expenses		65,760,830	62,054,507
Net income from operating activities		313,786,540	261,065,675
Reversal / (provision) for Sindh Workers' Welfare Fund		25,648,166	(5,221,313)
Net income for the year before taxation		339,434,706	255,844,362
Taxation	18	-	-
Net income for the year after taxation		339,434,706	255,844,362
Allocation of net income for the year after taxation			
Net income for the year after taxation		339,434,706	255,844,361
Income already paid on units redeemed		(223,785,166)	(86,446,121)
		115,649,539	169,398,240
Accounting income available for distribution			
- Relating to capital gains - net		-	2,285,734
- Excluding capital gains		115,649,539	167,112,506
Accounting income available for distribution		115,649,539	169,398,240
Earnings per unit		4.15	

The annexed notes from 1 to 24 form an integral part of these financial statements.

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

Chief Executive Officer

Chief Financial Officer

Director

**Statement of Comprehensive Income
For the year ended 30 June 2022**

	2022	2021
	(Rupees)	(Rupees)
Net income for the year	339,434,706	255,844,361
Other comprehensive income	-	-
Total comprehensive income for the year	<u>339,434,706</u>	<u>255,844,361</u>

The annexed notes from 1 to 24 form an integral part of these financial statements.



For Lakson Investments Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

**Statement Of Movement in Unit Holders' Fund
For the year ended June 30, 2022**

	2022			2021		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	(Rupees)					
Net assets at beginning of the year	5,064,663.876	35,630,953	5,100,274,829	3,031,746,212	28,87,675	3,060,533,888
- Capital value	9,226,605,718	-	9,226,605,718	9,142,617,542	-	9,142,617,542
- Element of income	567,125,933	-	567,125,933	327,102,715	-	327,102,715
- Redemption of 6,116,836,277 units (2021: 70,557,388 units)	9,793,731,110	-	9,793,731,110	9,459,720,257	-	9,459,720,257
- Capital value	(11,815,360,572)	(467,432,440)	(11,815,360,572)	(7,116,354,648)	(7,116,354,648)	(7,116,354,648)
- Element of loss	(12,282,793,012)	(223,785,166)	(12,506,578,178)	(7,303,979,483)	(86,346,121)	(7,390,425,604)
Total comprehensive income for the year	-	333,434,706	339,434,706	-	255,844,361	255,844,361
Distribution during the period:						
- Interim Distribution June 28, 2022 @ 8.7114 per unit (2021: Rs 6.883 per unit)	(108,515,830)	(108,515,830)	(108,515,830)	(132,823,110)	(162,74,962)	(295,398,072)
Net income for the year (less distribution	-	230,918,875	230,918,876	(132,823,110)	93,680,399	(39,553,711)
Net assets as end of the year	2,575,601.975	42,744,662	2,618,346,637	5,054,663,876	35,610,953	5,100,274,829
Undistributed income brought forward						
- Realised gain	30,241,737				21,064,401	
- Unrealised gain		5,369,216			6,822,274	
Accounting income available for distribution						
- Relating to capital gains		35,610,953			28,781,675	
- Including capital gains						
- Excluding capital gains						
Net income for the year after taxation		115,649,539			2,285,734	
		115,649,539			167,112,506	
					169,398,240	
- Interim Distribution June 28, 2022 at 8.7114 per unit (2021: Rs 6.883 per unit)	(108,515,830)				(162,74,962)	
Undistributed income carried forward						
- Represented by	42,744,662				35,610,953	
- Realised income	41,578,656				30,241,737	
- Unrealised gain	1,166,006				5,869,216	
Undistributed income at end of the year	42,744,662				35,610,953	
Net assets value per unit at beginning of the period				101,1275		100,8991
Net assets value per unit at end of the period				101,3972		101,1275

The annexed notes from 1 to 24 form an integral part of these financial statements.

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

Chief Executive Officer

Chief Financial Officer

Director

Statement of Cash Flows
For the year ended 30 June 2022

	2022	2021
	(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year	339,434,706	255,844,361
Adjustments for non-cash charges and other items:		
Mark-up income	(369,422,851)	(276,240,565)
Income from Margin Trading System	(1,878,021)	(27,864,472)
Gain / (loss) on sale of investments - net	3,568,558	535,721
Unrealised gain / (loss) on re-measurement of investments classified as financial asset at fair value through profit or loss'-net	(1,166,006)	(5,369,216)
Provision for Sindh Workers' Welfare Fund	(25,648,166)	5,221,313
	(55,111,780)	(47,872,858)
Decrease / (increase) in assets		
Investments - net	17,189,008	137,552,585
Deposits, prepayments and other receivables	170,303,259	(179,167,212)
	187,492,267	(41,614,627)
Increase / (decrease) in liabilities		
Payable to the Management Company	(2,893,565)	5,228,395
Payable to the Trustee	(126,887)	(19,200)
Annual fee payable to Securities and Exchange Commission of Pakistan	69,926	235,202
Accrued expenses and other liabilities	811,465	23,864,600
	(2,139,061)	29,308,997
Profit received on bank balances and investments	341,222,123	328,098,126
Receipts under Margin Trading System including income	85,064,104	27,864,470
Net cash generated from / (used in) operating activities	556,527,653	295,784,108
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from issue of units	9,793,731,110	9,469,720,257
Cash paid on redemption of units	(12,506,578,178)	(7,390,425,604)
Cash dividend paid	(108,515,830)	(295,398,072)
Net cash generated from / (used in) financing activities	(2,821,362,898)	1,783,896,581
Net (decrease) / increase in cash and cash equivalents	(2,264,835,245)	2,079,680,689
Cash and cash equivalent at the beginning of the year	2,962,897,726	883,217,037
Cash and cash equivalent at the end of the year	698,062,481	2,962,897,726

The annexed notes from 1 to 24 form an integral part of these financial statements.

For Lakson Investments Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

Notes to the Financial Statements For the year ended 30 June 2022

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Lakson Income Fund (the "Fund") was established under the Trust Deed executed on August 18, 2009 between 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, while the headoffice of the Fund is in the Lakson Square Building No.2, Karachi.
- 1.2 The Fund is an open end mutual fund and is listed on Pakistan Stock Exchange Limited. 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.
- 1.3 The Pakistan Credit Rating Agency Limited (PACRA) has maintained A+(f) (Fund Stability Rating) to the Fund on March 9, 2022 based on the stability reviews for the year ended 30 June 2022 and has also maintained asset manager rating of the Company to AM2+ (stable outlook), on 27 August 2021 (2021: AM2+ as on 28 August 2020).
- 1.4 The Trust Act, 1882 was repealed due to promulgation of Provincial Trust Act "Sindh Trust Act, 2020" as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Trusts including Collective Investment Scheme, private funds etc, being Specialized Trusts are required to be registered with the Assistant Director of Industries and Commerce (Trust Wing), Government of Sindh under Section 12A of the Sindh Trusts Act, 2020. Accordingly, on January 31, 2022 the above mentioned Trust Deed has been registered under the Sindh Trust Act.

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 VIIA 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 VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirement of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations and requirement of the Trust Deed have been followed.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the fund's functional and presentation currency. All amount have been rounded off to the nearest of rupees, unless otherwise indicated.

2.4 Critical accounting estimates and judgments

In preparing these financial statements, management has made judgement, estimates and assumptions that affect the application of the Fund's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognized prospectively. Information about judgements made in applying accounting policies that have the most significant effects on the amount recognized in the financial statements to the carrying amount of the assets and liabilities and assumptions and estimation uncertainties that have a significant risk resulting in a material adjustment in the subsequent year relates to;

- a) classification of financial assets (Note 4.1.1.1)
- b) impairment of financial assets (Note 4.1.1.3)
- c) provisions (Note 4.12)
- d) taxation (note 4.11)

3. CHANGES IN ACCOUNTING STANDARDS, INTERPRETATION AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2022

The following standards, amendments and interpretations are effective for the year ended June 30, 2022. These standards, amendments and interpretations are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021	April 01, 2021

3.2 New accounting standards, amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 01, 2022
Annual Improvements to IFRS Standards 2018-2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41)	January 01, 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023

Amendments to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised in the Fund's statement of assets and liabilities when the Fund becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities,

as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the income statement.

4.1.1 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

4.1.1.1 Classification and measurement of financial assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the entity's business model for managing them.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. For purposes of subsequent measurement, financial assets are classified in following categories:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in the income statement when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt instruments at fair value through other comprehensive income (OCI), interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the income statement and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is reclassified to the income statement.

Financial assets at fair value through profit or loss (debt instruments)

Debt instruments that do not meet the amortised cost criteria or the fair value through other comprehensive income criteria are classified as at fair value through profit or loss. In addition, debt instruments that meet either the amortised cost criteria or the fair value through other comprehensive income criteria may be designated as at fair value through profit or loss upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

4.1.1.2 Fair value measurement principles

The fair value of financial instruments is determined as follows:

Basis of valuation of government debt securities:

The government securities not listed on a stock exchange and traded in the interbank market are valued at the average rates quoted on a widely used electronic quotation system (PKRV / PKISRV rates) which are based on the remaining tenor of the securities.

Basis of valuation of debt securities:

The fair value of debt securities (other than government securities) is based on the value determined and announced by Mutual Funds Association of Pakistan (MUFAP) in accordance with the criteria laid down in Circular No. 1 of 2009 and Circular No. 33 of 2012 issued by Securities and Exchange Commission of Pakistan (SECP). In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The aforementioned circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

4.1.1.3 Impairment of financial assets

Management Company assesses at each reporting date whether there is objective evidence that the Fund's financial assets or a group of financial assets are impaired. If any such indication exists, the recoverable amount of such assets is estimated. An impairment loss is recognised whenever the carrying value of an asset exceeds its recoverable amount.

The SECP / Commission through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Therefore, the Fund will not be subject to the impairment provisions of IFRS 9 until further instruction.

For financial assets other than debt securities measured at amortised cost, IFRS 9 requires recognition of impairment based on expected credit loss (ECL) model. Under IFRS 9, the Fund is required to measure loss allowance equal to an amount equal to lifetime ECL or 12 months ECL based on credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information.

However, majority of the assets of the Fund exposed to credit risk pertain to counter parties which have high credit rating or where credit risk has not been increased since initial recognition. Therefore, management believes that the impact of ECL would be very minimal and hence, the same has not been accounted for in these financial statements.

4.1.1.4 Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Fund's statement of assets and liabilities) when:

- the rights to receive cash flows from the asset have expired; or
- the Fund has transferred its rights to receive cash flows from the asset and substantially all the risks and rewards of the asset;

4.1.2 Financial liabilities

4.1.2.1 Classification and measurement of financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at fair value through profit or loss.

Financial liabilities are measured at amortised cost, unless they are required to be measured at fair value through profit or loss (such as instruments held for trading or derivatives) or the Fund has opted to measure them at fair value through profit or loss.

4.1.2.2 Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

4.1.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4.2 Cash and cash equivalents

Cash and cash equivalents comprise of balance in profit and loss and current accounts maintained with banks. Cash equivalents are short term (ranging from one month to three months) highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

4.3 Trade date accounting

All regular way purchases and sales of investments are recognised on the trade date, i.e. the date on which commitment to purchase / sale is made by the Fund. Regular way purchases or sales of investment require delivery of securities within two days after transaction date as required by Pakistan Stock Exchange Limited Regulations.

4.4 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Assets and Liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

4.5 Receivable against Margin Trading System (MTS)

Securities purchased under Margin Trading System are entered into contracted rates for specified rates for specified period of time. Amount paid under these agreements are recognised as receivable in respect of MTS. Cash releases are adjusted against the receivable as reduction in the amount of receivable. The maximum maturity of a MTS contract is 60 days out of which 25% exposure will be automatically released at expiry of every 15th day from the date of contract.

4.6 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the Income Statement.

4.7 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors / Management Company during business hours on that day. The offer price represents the net assets value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable. The sales load is payable to the investment facilitators, distributors and the Management Company.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net assets value per unit as of the close of the business day less any back-end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

4.8 Net assets value per unit

Net assets value per unit disclosed in the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

4.9 Revenue recognition

- Realised gains / (losses) arising on sale of investments are included in the Income Statement on the date at which transactions take place.
- Unrealised gain / (loss) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss' are included in the Income Statement in the period in which they arise.
- Profit on bank deposits, term deposit receipts, mark-up / return on investments in debt securities, income from government securities and income from margin trading system are recognised on a time proportion basis using the effective yield method.

4.10 Element of income / loss and capital gains / losses in prices of units sold less those in units redeemed

Element of Income represents the difference between net assets value on the issuance or redemption date, as the case may be, of units and the Net asset Value (NAV) at the beginning of the relevant accounting period.

Element of Income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund; however, to maintain same ex-dividend net asset value of all units outstanding on accounting date, net element of income contributed on the issue of units lying in unit holders fund is refunded on units (refund of capital) in the same proportion as dividend bears to accounting income available for distribution. As per the guidelines provided by MUFAP (MUFAP Guidelines consented upon by SECP) the refund of capital is made in the form of additional units at zero price. Income already paid on redemption of units during the year are taken separately in the statement of movement in unitholders' fund.

MUFAP, in consultation with the SECP, has specified methodology for determination of income paid on units redeemed (income already paid) during the year under which such income is paid on gross element received and is calculated from the latest date at which the Fund achieved net profitability during the year. The income already paid (Element of Income) on redemption of units during the year are taken separately in Statement of Movement in Unitholders' Fund.

4.11 Taxation

The income of the Fund is exempt from income tax under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed among 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.

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.

4.12 Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and reliable estimate of the amount can be made. Provision are reviewed at each reporting date and are adjusted to reflect the current best estimate.

4.13 Dividend distribution

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared.

The distribution per unit is announced based on units that were held for the entire period. The rate of distribution is adjusted for the effect of refund of capital if any based on the period of investment made during the year. Resultantly, the rate of distribution per unit may vary depending on the period of investment.

4.14 Other assets

Other assets comprise of deposits and other receivables, receivable against Margin Trading System which are stated at cost less impairment losses, if any.

4.15 Earnings per unit (EPU)

Earnings Per Unit (EPU) has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

		Note	June 30, 2022	June 30, 2021
			(Rupees)	
5.	BANK BALANCES			
	In profit and loss sharing accounts	5.1	698,055,008	2,962,890,252
	In current accounts		7,473	7,474
			698,062,481	2,962,897,726

5.1 These represent profit and loss account maintained with banks carrying profit rates ranging from 10.75% to 16.26% (June 30, 2021: 5.50% to 11.10%) per annum.

6 INVESTMENTS Note (Rupees)

June 30,
2022

June 30,
2021

**Financial assets classified as at fair value
through profit or loss**

Government securities

- Market Treasury Bills	6.1	256,935,650	149,589,150
- Pakistan Investment Bonds	6.2	614,480,000	743,969,375
Term finance certificates - Unlisted	6.3	881,904,408	537,969,002
Listed equity securities (Spread transactions)	6.4	-	398,189,620
		1,753,320,058	1,829,717,147

**Financial assets classified as at
amortized cost**

Commercial papers	6.5	129,376,884	24,790,199
Term deposit receipts	6.6	-	200,000,000
		129,376,884	224,790,199
		1,882,696,942	2,054,507,346

6.1 Market Treasury Bills

Date of Issue	Date of Maturity	Cost	Number of holdings at the beginning of the year	Acquired during the year	Disposed of / matured during the year	Number of holdings at the end of the year	Carrying value	Market value	Unrealized (diminution)	Market value as a percentage of net assets of Fund	Market value as a percentage of total investments	
						(Number of Treasury Bills)	----- (Rupees) -----					
Treasury Bills - 03 months	7-Apr-22	18-Feb-22	66,246,450	-	750,000	750,000	-	-	-	0.00%	0.00%	
Treasury Bills - 03 months	10-Feb-22	10-May-22	34,917,225	-	350,000	350,000	-	-	-	0.00%	0.00%	
Treasury Bills - 03 months	27-Jan-22	27-Apr-22	286,844,832	-	28,800,000	28,800,000	-	-	-	0.00%	0.00%	
Treasury Bills - 03 months	13-Jan-22	13-Apr-22	521,783,701	-	5,230,000	5,230,000	-	-	-	0.00%	0.00%	
Treasury Bills - 03 months	30-Dec-21	31-Mar-22	447,163,950	-	4,500,000	4,500,000	-	-	-	0.00%	0.00%	
Treasury Bills - 03 months	16-Dec-21	16-Mar-22	199,367,470	-	2,000,000	2,000,000	-	-	-	0.00%	0.00%	
Treasury Bills - 03 months	2-Dec-21	2-Mar-22	436,559,200	-	4,400,000	4,400,000	-	-	-	0.00%	0.00%	
Treasury Bills - 03 months	15-Jul-21	15-Oct-21	149,498,700	-	1,500,000	1,500,000	-	-	-	0.00%	0.00%	
Treasury Bills - 03 months	2-Jul-21	2-Oct-21	1,468,886,265	-	14,850,000	14,850,000	-	-	-	0.00%	0.00%	
Treasury Bills - 03 months	17-Jun-21	17-Sep-21	268,994,310	-	27,000,000	27,000,000	-	-	-	0.00%	0.00%	
Treasury Bills - 03 months	6-May-21	6-Aug-21	1,794,384,900	-	18,000,000	18,000,000	-	-	-	0.00%	0.00%	
Treasury Bills - 03 months	22-Apr-21	22-Jul-21	149,941,200	1,500,000	-	1,500,000	-	-	-	0.00%	0.00%	
Treasury Bills - 03 months	20-Apr-21	20-Aug-21	453,419,015	-	4,550,000	4,550,000	-	-	-	0.00%	0.00%	
Treasury Bills - 06 months	21-Apr-22	21-Oct-22	67,064,912	-	715,000	715,000	-	-	-	0.00%	0.00%	
Treasury Bills - 06 months	27-Jan-22	27-Jun-22	474,781,000	-	5,000,000	5,000,000	-	-	-	0.00%	0.00%	
Treasury Bills - 06 months	17-Jun-21	17-Dec-21	1,504,856,940	-	15,100,000	15,100,000	-	-	-	0.00%	0.00%	
Treasury Bills - 06 months	3-Jun-21	3-Dec-21	1,672,355,920	-	16,900,000	16,900,000	-	-	-	0.00%	0.00%	
Treasury Bills - 06 months	20-May-21	2-Nov-21	648,142,950	-	65,000,000	65,000,000	-	-	-	0.00%	0.00%	
Treasury Bills - 06 months	6-Apr-21	6-Dec-21	487,667,510	-	4,900,000	4,900,000	-	-	-	0.00%	0.00%	
Treasury Bills - 06 months	25-Mar-21	25-Oct-21	397,849,990	-	4,000,000	4,000,000	-	-	-	0.00%	0.00%	
Treasury Bills - 01 year	8-Jul-22	7-Apr-23	66,246,450	-	750,000	750,000	-	-	-	0.00%	0.00%	
Treasury Bills - 01 year	28-Apr-22	28-Apr-23	259,435,617	-	3,200,000	300,000	2,900,000	259,534,852	256,935,650	(2,599,202)	9.81%	13.65%
Treasury Bills - 01 year	21-Apr-22	21-Apr-23	127,560,049	-	1,448,000	1,448,000	-	-	-	0.00%	0.00%	
Total as at 30 June 2022			11,983,968,556				259,534,852	256,935,650	(2,599,202)	9.81%	13.65%	

Total as at 30 June 2021

149,588,276 149,589,150 874 3% 7%

6.2 Pakistan Investment Bond

At fair value through profit or loss	Rate (%)	Date of Issue	Tenure	Cost	Number of holdings at the beginning of the year	Acquired during the year	Disposed / matured during the period	Number of holdings at the end of the year	Carrying value	Market value	Unrealized (diminution) appreciation	Market value as a percentage of net assets of Fund	Market value as a percentage of total investments
												Number of certificates	(Rupees)
3 years Pakistan Investment Bond	7.62	22-Oct-20	3 years	64,519,660	650	-	-	650	64,519,660	64,480,000	(39,660)	2.46%	3.42%
3 years Pakistan Investment Bond	7.00	20-Aug-20	3 years	100,698,850	-	17,980	17,980	-	-	-	-	0.00%	0.00%
3 years Pakistan Investment Bond	8.11	19-Sep-18	10 years	126,587,200	1,250	-	1,250	-	-	-	-	0.00%	0.00%
10 years Pakistan Investment Bond	7.89	22-Aug-19	10 years	349,660,350	3,500	-	-	3,500	352,030,000	350,000,000	(2,030,000)	13.37%	18.59%
10 years Pakistan Investment Bond	7.94	25-Jul-19	10 years	199,758,000	2,000	-	-	2,000	208,868,357	200,000,000	(868,357)	7.64%	10.62%
Total as at June 30, 2022									617,418,017	614,480,000	(2,938,017)	23.47%	32.64%
Total as at June 30, 2021									744,852,665	743,969,375	(883,290)	14.59%	36.21%

6.2.1 Profit is receivable on these Pakistan Investments Bonds (PIB) on semi annual basis. Face value of PIB is Rs 100,000 each.

6.3 Term Finance Certificates - Un-listed

Date of Issue	Rate (%)	Number of holdings at the beginning of the year	Acquired during the year	Disposed / matured during the year	Number of holdings at the end of the year	Carrying value	Market value	Unrealized (diminution) / appreciation	Market value as a percentage of net assets of Fund	Market value as a percentage of total investments	Face value as percentage of size of the issue	
				Number of certificate					(Rupees)			
Commercial Bank												
Bank Al Habib Limited Tier-II TFCs 10 years (face value of Rs. 5000 each)	8.7	38,000	20,000	-	58,000	292,396,155	302,336,136	9,939,981	11.55%	16.06%	3.50%	
Samba Bank Limited TFC (face value of Rs. 100,000 each)	12.38	2,400	500	-	2,900	290,594,590	291,032,520	437,930	11%	15%	4.8%	
Jahangir Siddiqui Bank Limited (face value of Rs. 100,000 each)	12.97	-	1,250	-	1,250	124,975,000	127,524,115	2,549,115	5%	7%		
NRSP Micro Finance Bank (face value of Rs. 100,000 each)	10.5	-	700	-	700	70,000,000	70,000,000	-	3%	4%		
Soneri Bank Limited (face value of Rs. 4,988 each)	9	-	24,000	24,000	-	-	-	-	0%	0%		
Investment Company												
Jahangir Siddiqui Company Limited PPTFC (face value of Rs. 5,000 each)	8.75	15,000	-	-	15,000	26,386,942	27,069,237	682,295	1.03%	1.44%	3.13%	
Total as at 30 June, 2022						804,352,687	817,962,008	13,609,321	34%	46.84%	15.42%	
Total as at 30 June 2021						461,166,332	467,125,347	5,959,016	11.00%	26.18%	15.42%	
Date of Issue	Rate (%)	Note	Number of holdings at the beginning of the year	Acquired during the year	Disposed / matured during the year	Number of holdings at the end of the year	Carrying value	Market value	Unrealized (diminution) / appreciation	Market value as a percentage of net assets of Fund	Market value as a percentage of total investments	Face value as percentage of size of the issue
				Number of certificate					(Rupees)			
Non-performing												
Silk Bank Limited PPTFC - 08 years (face value of Rs. 5,000 each)	9.41	6.3.1	16,000	-	-	16,000	70,827,654	(6,885,254)	-	-	-	
Total as at 30 June, 2022							70,827,654	(6,885,254)				
Total as at 30 June 2021							71,754,657	- 70,843,655	11.00%	26.18%	15.42%	

6.3.1 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 is receivable on semi-annually basis in arrears on the outstanding balance and the first such profit payment is due at the expiry of 6 months from the issue date and subsequently every six months thereafter. Profit rate on this term finance certificate is six months average KIBOR + 1.85% per annum. The instrument is 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 latest available rating of the instrument is BBB+ rated on December 23, 2021.

During the year, the issuer defaulted the coupon payment which was due on February 10, 2022, as a result the investment was classified as non-performing asset on February 25, 2022 and the markup income / coupon was suspended accordingly. As per the requirements of Circular No. 33 of 2012 issued by the SECP on October 24, 2012, the profit accrued until February 10, 2022 was reversed and an unrealised loss of Rs. 15.98 million, which is 20% of outstanding principal amount of Rs. 79.93 million was recorded as an unrealised loss.

- 6.3.1.1 The Securities and Exchange Commission of Pakistan (SECP), vide its circular No. 16 date July 07, 2010 prescribed certain disclosures for the schemes holding investments that were non-compliant either with the minimum investment criteria specified for category assigned to such schemes or with the investment requirement of their consecutive documents. The Securities and Exchange Commission of Pakistan vide circular 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorization criteria laid down in the circular. Lakson Asset Management Limited (the Management Company) classified Lakson Income Fund (the Fund) as an 'Income Scheme' in accordance with the said circular. As at June 30, 2022, the Fund is compliant with all the requirements of the said circular except for clause 9 (v) which requires the rating of any security in the portfolio shall not be lower than the investment grade. The following are the details of non-compliant investments held by the Fund:

Name of non-compliant investment	Note	Type of investment	Value of investment before provision	Provision held, if any	Value of investment after provision	Investment as percentage of Net Assets	Investment as percentage of Gross Assets
Silk Bank Ltd. - PPTFC - 08 years (face value of Rs. 5,000 each)	6.3.1	Term finance certificates	70,827,654	(6,885,254)	63,942,400	2.44%	2.40%

- 6.3.2 Significant terms and conditions of term finance certificates outstanding as at June 30, 2022 are as follows:

Name of the Issuer	Mark-up rate (per annum)	Maturity date	Rating
Commercial Bank			
Bank Al Habib Limited	6 months KIBOR + 1%	06-Dec-28	AA+
Samba Bank Limited	6 months KIBOR + 1.35%	01-Mar-31	AA+
Jahangir Siddiqui Bank Limited	6 months KIBOR + 1.4%	28-Dec-28	AA+
NRSP Micro Finance Bank	6 months KIBOR + 3%	9-Jul-28	AA+
Soneri Bank Limited	6 months KIBOR + 1.35%	8-Jul-23	AA+
Investment Company			
Jahangir Siddiqui Company Limited	6 months KIBOR + 1.4%	28-Dec-28	AA

- 6.3.2.1 The rating of the term finance certificates have been obtained from Pakistan Credit Rating Agency (PACRA). Markup on above term finance certificate is receivable on semi annually basis in arrears with no floor or cap.

6.4 Listed Equity Securities (Spread Transactions)
Shares of listed companies - fully paid up ordinary shares of Rs. 10 each unless stated otherwise

Name of the investee company	Number of holdings at the beginning of the year	Acquired during the year	Bonus shares/letter of right received during the year	Number of holdings at the end of the year	Disposed during the year	Carrying value (Rupees)	Market value (Rupees)	Unrealised (loss)	Market value as percentage of total investments	Market value as percentage of net assets (%)
Cement										
Pioneer Cement Limited	-	36,500	-	(36,500)	-	-	-	-	-	-
D.G Khan Cement Limited	-	20,000	-	(20,000)	-	-	-	-	-	-
Lucky Cement Limited	-	4,500	-	(4,500)	-	-	-	-	-	-
Chemicals										
Engro Polymer & Chemicals Limited	-	203,000	-	(203,000)	-	-	-	-	-	-
Ghani Global Holdings Limited	-	347,500	1,488,500	(1,836,000)	-	-	-	-	-	-
Commercial Banks										
Bank Of Punjab	-	10,000	-	(10,000)	-	-	-	-	-	-
United Bank Limited	-	25,50	-	(25,50)	-	-	-	-	-	-
Engineering										
International Steels Limited	-	45,000	-	(45,000)	-	-	-	-	-	-
Agha Steel Industries Limited	-	55,000	-	(55,000)	-	-	-	-	-	-
International Industries Limited	-	185,000	-	(185,000)	-	-	-	-	-	-
Fertilizers										
Fauji Fertilizer Company Limited	100,000	385,500	-	(485,500)	-	-	-	-	-	-
Engro Fertilizer Limited	-	380,000	-	(380,000)	-	-	-	-	-	-
Food & Personal Care Products										
The Organic Meet Company	-	80,700	-	(80,700)	-	-	-	-	-	-
Unity Foods Limited	269,500	3,773,500	-	(4,043,000)	-	-	-	-	-	-
Oil & Gas Marketing Companies										
Oil And Gas Company Limited	-	304,000	-	(304,000)	-	-	-	-	-	-
Pakistan Petroleum Limited	-	120,000	-	(120,000,00)	-	-	-	-	-	-
Pharmaceuticals										
The Searle Company Limited	-	115,000	-	(115,000)	-	-	-	-	-	-

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Name of the investee company	Number of holdings at the beginning of the year	Acquired during the year	Bonus shares / letter of right received during the year	Disposed during the year	Number of holdings at the end of the year	Carrying value	Market value	Unrealised (loss)	Market value as percentage of total investments	Market value as percentage of net assets (%)
									(Rupees)	(%)
Power Generation & Distribution										
Kot Addu Power Company Limited	-	50,000	-	-	(50,000)	-	-	-	-	-
The Hub Power Company Limited	-	460,000	-	-	(460,000)	-	-	-	-	-
K-Electric Limited	2,800,000	440,000	-	-	(3,240,000)	-	-	-	-	-
Refinery										
Cinegyco PK Limited	-	1,746,000	100,000	1,20,000	(1,846,000)	-	-	-	-	-
National Refinery Limited	-	-	-	-	(120,000)	-	-	-	-	-
Technology & Communication										
TRG Pakistan Limited	1,835,000	3,083,500	-	-	(4,918,500)	-	-	-	-	-
Hum Network Limited	2,224,500	-	-	-	(2,224,500)	-	-	-	-	-
Avanceon Limited	36,000	115,000	-	-	(151,000)	-	-	-	-	-
Textile Composite										
-	15,000.00	-	-	-	(15,000)	-	-	-	-	-
Azgard Nine Limited	-	301,000.00	-	-	(301,000)	-	-	-	-	-
-	300,000.00	-	-	-	(300,000)	-	-	-	-	-
Total as at 30 June 2022										
Total as at 30 June 2021										
Gain on future contracts (derivative contracts)										
						397,487,956	398,189,620	701,664	8%	19%
								111,050		

6.5 Commercial Papers

Name of Security Note	Date of Issue	Mark-up rate	Date of Maturity	Number of holdings at the beginning of the year	Acquired during the year	Disposed / matured during the year	Number of holdings at the end of the year	Carrying value	Market value	Unrealised appreciation	Market value as a percentage of net assets of Fund	Market value as a percentage of total investments
	Number				(Rupees)							
K-Electric Limited CP-2 (6 Months)	10-Feb-21	8.0%	10-Aug-21	-	370	370	-	-	-	-	-	-
Mughal Iron and Steel Industries Limited CP (1 Year)	6.5.1	9.4%	21-Jul-22	-	130	-	130	129,376,884	129,376,884	-	4.94%	6.87%
K-Electric Limited ICP-14 (6 Months)	22-Sep-21	8.0%	22-Mar-22	250	-	250	-	-	-	-	-	-
Total as at 30 June 2022								129,376,884	129,376,884	-	4.94%	6.87%
Total as at 30 June 2021								24,790,199	24,790,199	-	8%	19.38%

- 6.5.1 This represents investment in commercial paper of Mughal CP (1 Year) having coupon rate 9.4% and will be matured after 6 months i.e 21 July 2022. The paper is unsecured. Face value and cost of these commercial papers are Rs.130,00,000 and 118,815,060 respectively.

6.6	Term deposit receipts	Note	June 30,	June 30,
			2022	2021
	- Mobilink Microfinance Bank Limited		-	-
	- U-Microfinance Bank Limited	6.8.1	-	200,000,000
			-	200,000,000

- 6.6.1 This term deposit carried a coupon rate of 14.25% and have matured during the year.

7. RECEIVABLE AGAINST MARGIN TRADING SYSTEM

This represented the securities purchased under Margin Trading System (MTS) and are recognised as receivable in respect of MTS. These carries average markup rate of nil (2021: 13%).The maximum maturity of a MTS contract is 60 days.

8. PROFIT / MARK-UP RECEIVABLE

Profit / return receivable on:

Term deposit receipts	-	14,616,994
Profit and loss sharing accounts	11,817,198	10,394,582
Term finance certificates	23,255,037	7,206,310
Commercial papers	26,326,445	-
Government securities - Pakistan		
Investment Bonds	-	758,404
Margin trading system	-	221,663
	61,398,680	33,197,953

9. ADVANCES, DEPOSITS AND OTHER RECEIVABLES

	Note	June 30, 2022	June 30, 2021
		(Rupees)	
Security deposits:			
-Central Depository Company of Pakistan Limited	9.1	100,000	100,000
-National Clearing Company of Pakistan Limited		2,750,000	2,750,000
Cash margins:			
-National Clearing Company of Pakistan Limited	9.2	10,000,000	151,934,843
Advance tax	9.3	13,625,583	9,922,574
Receivable against redemption of investments		15,279	31,882,360
Other receivables		-	204,344
		26,490,862	196,794,121

- 9.1 This represents deposit with NCCPL in respect of the trading of listed securities.
- 9.2 This includes margin deposits maintained with National Clearing Company of Pakistan Limited (NCCPL) against MTS losses for the regular exposure margin by the Fund in addition to Treasury Bills pledged as security as mentioned in note 6.1.
- 9.3 As per Clause 47(B) of Part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax. The amount of withholding tax deducted on markup on bank deposits has been shown as advance tax as at June 30, 2022, as in the opinion of the management, the amount of tax deducted at source will be refunded.

10. REMUNERATION PAYABLE TO THE MANAGEMENT COMPANY

	Note	June 30, 2022	June 30, 2021
		(Rupees)	
Payable to the Management Company	10.1	2,553,971	5,114,377
Sindh Sales Tax on remuneration to Management Company		352,610	685,403
Federal Excise Duty on remuneration to Management Company	10.2	18,545,360	18,545,360
Sale Load Payable to Management Company		2,285	2,651
		21,454,226	24,347,791

- 10.1 As per Regulation 61 of the NBFC Regulations the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of the management fee as disclosed in the Offering Document subject to the total expense ratio limit. As per offereing document, the Management Company can charge management fee up to 2% of the average annual net assets of the fund, calculated on daily basis. The remuneration is payable to the Management Company monthly in arrears.

During the year, with effect from January 07, 2022, the minimum fee of 0.25% had been removed through supplement to the offering document dated December 20, 2021 and the

management can now charge upto 1.5% of the average annual net assets. The Management Company has charged management fee at the rate of 0.96% of the net assets.

- 10.2 Sindh Sales Tax on management fee has been charged at 13% (2021: 13%) on Management Company's remuneration through Sindh Sales Tax, 2011. This includes Sindh Sales Tax charged on Federal Excise Duty which is not paid due to the case pending for adjudication in Supreme Court of Pakistan as disclosed in note 10.3.
- 10.2 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016. During the year ended June 30, 2017, SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 01, 2016. However, being prudent the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 18.54 million (2021: 18.54 million) is being retained in these financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been made, the net asset value of the Fund as at June 30, 2022 would have been higher by Rs. 0.72 (June 30, 2021: Rs.0.37) per unit.

11. REMUNERATION PAYABLE TO THE TRUSTEE

The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provision of Trust Deed. Effective from 01 July 2019 the Trustee has revised the trustee fee which is 0.075% per annum of the net assets.

The remuneration is paid to the trustee in arrears on monthly basis.

12. ANNUAL FEE PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

This represents annual fee payable to SECP in accordance with the NBFC Regulations. Effective from 01 July 2019 the SECP has revised the Annual SECP fee. Currently the fund is required to pay SECP an amount at the rate of 0.02% per annum of the average daily net assets of the Fund.

13. ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	2022 (Rupees)	2021 (Rupees)
Auditors' remuneration		311,079	325,632
Payable to Sindh Workers' Welfare Fund	13.1	-	25,648,166
Brokerage payable		25,310	142,343
Payable to National Clearing Company of Pakistan Limited		869,290	1,023,147
Printing and stationary payable		-	20,550
Withholding tax payable		16,753,305	21,546,922
Others	13.2	9,865,438	3,954,364
		27,824,423	52,661,124

13.1 The Government of Sindh introduced levy of the Sindh Workers' Welfare Fund (SWWF) through the Sindh Workers' Welfare Act, 2014. The MUFAP, 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.

During the current year, SRB through its letter to 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. Subsequently, MUFAP approached SECP and obtained the clarification with respect to this matter as well.

The Fund ceased to charge further provision for SWWF and has reversed full provision for SWWF amounting to Rs. 25.65 million charged till June 30, 2021.

13.2 This amount includes excess profit credited by the a bank. During the year, bank credited an amount of Rs. 4.27 million. The Management Company is of the view after recomputing the profit due from the bank that excess profit was not due to the Fund. The matter was raised with the bank and is yet to finalised. Management Company, being prudent, has not recorded any income against the amount received and has recorded an accrued liability.

14. TOTAL EXPENSE RATIO

As per the SECP circular vide direction no. 23 dated July 20, 2016 and as referred in Regulations 60 (5) of Non- Banking Finance Companies and Notified Entities Regulations, 2008 (the "Regulations"), the Total Expense Ratio of the Fund is 0.77% (2021: 1.7%) which includes 0.04% (2021: 0.32%) representing Government Levy, Sindh Workers' Welfare Fund, and the SECP fee. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as a income scheme.

15. CONTINGENCIES AND COMMITMENTS

15.1 Contigencies

The Fund had no contingency at the period end except as those mentioned elsewhere in this financial statements.

	June 30, 2022	June 30, 2021
	(Rupees)	
15.2 Commitments		
Margin trading system transactions entered into by the Fund in respect of which release transactions have not been settled	- - -----	10,499,975 10,499,975 -----

16. NUMBER OF UNITS IN ISSUE

	June 30, 2022	June 30, 2021
	(Number)	
Total outstanding as of 1 July	50,434,103	30,344,640
Issued during the year	92,224,832	90,646,851
Redeemed during the year	(116,836,277)	(70,557,388)
Total units in issue as of 30 June	25,822,658	50,434,103

17. AUDITORS' REMUNERATION

	June 30, 2022	June 30, 2021
	(Rupees)	
Annual audit fee	314,253	306,440
Fee for the review of half yearly financial statements	108,800	120,000
Out of pocket and sales tax expenses	10,000	48,216
	433,053	474,656

18. TAXATION

The Fund is exempt from taxation under Clause 99 of the Part I of the 2nd Schedule of the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders. The Fund is also exempt from the provisions of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

19. TRANSACTIONS AND BALANCES WITH RELATED PARTIES / CONNECTED PERSONS

Connected persons / related parties include Lakson Investments Limited being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the trustee and the custodian, SIZA services Private Limited being holding company of the management company, SIZA Services Private Limited being holding company of the Management Company, associated companies of the Management Company, key management personnel and other funds being managed by the Management Company, staff retirement benefits of related parties and other entities having more than 10% holding in the units of the Fund as at June 30, 2022.

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

19.1 Details of balances with related parties / connected persons for the year

	June 30, 2022	June 30, 2021
Lakson Investments Limited - Management Company of the Fund		(Rupees)
Remuneration payable	<u>2,553,971</u>	5,114,377
Sindh Sales Tax on Management Company's remuneration*	<u>352,610</u>	685,403
Federal Excise Duty		
Management Company's remuneration*	<u>18,545,360</u>	18,545,360
Sales load payable to the Management Company*	<u>2,285</u>	2,651

* Sales tax is paid / payable to the Management Company for onwards payment to the Government.

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

Remuneration for the year	<u>224,169</u>	351,056
Security Deposit	<u>100,000</u>	100,000

19.2 Details of transactions with related parties / connected persons during the year

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

Remuneration for the period	<u>47,907,693</u>	41,555,476
Sindh sales tax and Federal Excise Duty on remuneration of Management Company*	<u>6,289,363</u>	5,399,105

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

Remuneration for the period	<u>3,388,029</u>	3,091,717
Settlement charges	<u>-</u>	27,053

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



LAKSON INCOME FUND

Year ended June 30, 2022										
Number of Units			Rupees							
Number of Units at July 01, 2021	Units issued during the year	Refund / Adjustment of units as element of income	Units redeemed during the year	Number of units as at June 30, 2022	Dividend Paid during the year	Balance as at July 01, 2021	Issuance during the year	Redemptions during the year	Balance at the year end 30 on June 2022	
79,613	136,412	5,278	154,695	66,608	-	8,051,064	14,288,079	14,621,442	6,753,877	
26,854	1,965	-	28,819	233,943	2,715,678	198,851	-	-	2,922,117	
122,516	308,700	10,311	309,437	137,690	-	12,989,374	33,574,604	33,631,784	13,961,342	
103,155	1,991,125	54,616	1,471,675	689,221	-	11,038,572	163,645,006	114,220,342	69,885,035	
166,337	337,787	12,152	362,929	153,346	-	16,821,245	36,925,909	39,677,909	15,548,905	
1,523,895	2,681,138	98,133	3,062,784	1,238,382	-	153,905,137	284,257,486	303,379,143	125,568,502	
1,410,190	2,638,442	97,293	2,918,143	1,227,782	-	142,603,989	280,701,506	291,118,038	124,433,681	
1,986,901	-	122,21	2,109,422	-	-	200,839,331	-	224,746,333	-	
1,258,187	1,102,717	36,381	1,938,176	459,109	-	127,237,306	110,874,295	162,643,936	46,552,417	
1,593,954	1,534,147	53,874	2,502,114	679,862	-	161,195,583	157,882,114	235,667,926	68,936,136	
863,306	1,800,035	60,773	1,956,200	766,913	-	87,202,850	195,514,722	211,712,777	77,762,801	
562,630	1,187,755	43,688	1,242,758	551,315	-	56,897,365	129,280,765	134,992,265	55,901,782	
615,600	168,714	27	641,501	140,840	1,140,539	62,051,834	1,000,626	51,795,399	14,280,775	
36,571	49,854	2,145	61,499	27,072	-	3,698,334	6,391,840	6,441,840	2,745,016	
244	5,387	-	-	5,631	46,262	24,675	32,384	-	570,960	
97,744	205,604	8,427	205,432	106,344	-	9,884,606	22,517,324	22,498,324	10,782,960	
56,775	336,814	6,523	317,799	82,313	-	5,741,514	36,536,887	28,490,424	8,346,273	
88,373	190,198	2,022	255,080	25,513	-	8,936,041	17,414,817	27,259,563	2,565,904	
-	987,791	-	987,791	-	-	-	102,500,000	102,828,539	-	
-	2,775,937	-	2,775,937	-	-	-	181,228,449	182,206,757	275,364,607	-
-	1,746,341	237	1,743,330	3,248	-	2,070	-	270,080,183	-	
-	2,602,717	-	2,602,717	-	-	-	-	-	329,301	
485,455	1,048,561	37,093	1,103,020	468,089	-	49,092,851	114,068,820	118,766,477	47,462,942	
98,437	212,989	7,515	225,111	94,830	-	10,055,815	23,168,611	24,393,611	9,615,458	
63,719	576,435	15,825	456,281	199,698	5,538	6,443,743	49,694,687	46,791,214	20,248,768	
115,673	47	-	115,037	682	-	11,697,721	4,707	-	69,170	

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LAKSON INCOME FUND

	Year ended June 30, 2021							Rupees		
	Number of Units as at July 01, 2020	Units issued during the year	Refund / Adjustment of units as element of income	Units redeemed during the year	Number of units as at June 30, 2021	Dividend Paid during the year	Balance as at July 01, 2020	Issue during the year	Redemptions during the year	Balance at 30th June 2021
Lakson Investments Limited - Management Company Directors, Chief Executive and their spouse and minors Other key management personnel	1,297,806 15,525,959	6,577,513 15,829,789	3,937,423 10,873,770	3,937,422 10,873,770	7,875,320 31,355,748	12,632,792 85,347,756	130,895,564 1,565,934,452	700,553,713 1,057,442,810	425,505,854 43,981,313	796,411,423 3,170,928,406
Associated companies / undertakings of the Management Company		4,815	-	4,815	-	-	-	-	50,000	50,150
Accuracy Surgical Limited Employees Contributory Provident Fund	-	148,950	5,133	74,470	79,613	1,065	-	15,878,076	8,047,802	8,051,064
Alan Private Limited	25,385	1,489	-	-	26,854	177,135	2,558,341	150,565	-	271,678
Century Insurance Company Limited - Gratuity Fund	-	122,718	4,798	-	127,516	347,876	-	12,879,809	-	12,895,374
Century Insurance Company Limited Employees	-	301,754	2,797	195,396	109,155	10,304	-	31,683,859	20,731,104	11,038,572
Century Provident Fund Trust	-	160,732	5,605	-	166,337	463,282	-	16,800,535	-	16,821,245
Century Paper & Board Mills Limited Employees	-	1,463,704	58,191	-	1,521,895	4,058,086	-	153,722,332	-	153,905,437
Century Paper & Board Mills Limited - Employees Gratuity Fund	4,214,488	1,357,931	52,259	-	1,410,190	3,409,864	-	142,450,265	-	142,608,989
Colgate Palmolive Pakistan Limited Employees	-	1,868,196	118,705	4,214,489	1,986,901	987,233	425,069,600	200,839,148	437,279,328	200,930,331
Contributory Provident Fund Trust	-	1,212,319	45,868	-	1,258,187	3,581,325	-	127,078,279	-	127,237,306
Colgate Palmolive Pakistan Limited - Employees Gratuity Fund	-	1,535,395	58,559	-	1,593,954	4,491,611	-	160,992,532	-	161,192,533
Cyber Internet Services (Pvt) Limited Employees	-	833,969	28,337	-	862,306	2,606,199	-	87,088,342	-	87,202,850
Contributory Provident Fund Trust	-	1,052,630	36,277	52,277	562,630	7,526	-	111,744,928	56,873,327	56,897,365
Gam Corporation Private Limited Employees	-	578,103	35,197	-	613,600	496,876	4,636,918	62,127,038	-	62,051,334
Hasan Ali Karabhai Foundation Employees Contributory Provident Fund Trust	45,557	26,859	1,640	37,902	36,571	340	4,594,838	2,891,331	4,063,701	3,598,334
Lakson Business Solutions Limited Employees	5,065	244	-	-	5,309	297,550	510,851	24,762	-	536,886
Contributory Investments Limited Employees Contributory Provident Fund Trust	-	94,344	3,400	-	97,744	35,375	-	9,871,699	-	9,884,606
Merit Packaging Limited Employees Contributory Provident Fund Trust	-	238,354	3,661	185,240	56,775	1,941	-	25,160,196	15,764,225	5,741,514
Merit Packaging Limited Employees Gratuity Fund	-	174,143	5,698	91,468	88,373	-	-	18,517,783	8,988,392	8,936,941
Siza Foods Private Limited Employees Contributory Provident Fund Trust	-	897,051	30,472	442,068	485,455	6,322	-	95,172,298	47,773,075	49,092,851
Siza Services Private Limited Employees Contributory Provident Fund Trust	-	195,642	6,411	102,616	99,437	1,330	-	20,775,060	11,076,911	10,055,815
Subrid (Private) Limited Employees Contributory Provident Fund Trust	-	196,513	9,831	142,625	63,719	2,040	60,558	21,022,269	15,413,090	6,443,743
Syndra Private Limited	600	115,073	-	-	115,673	4,193	-	12,025,446	-	11,697,721

19.4 Remuneration payable to the Management Company and the Trustee has been determined in accordance with the provisions of NBFC Regulations and the Trust Deed respectively.

19.5 Purchase and redemption of the Fund's unit by related parties / connected persons are recorded at the applicable net asset value per unit. Dividend income is recorded at the amounts these are declared by the investee company. Other transactions are at agreed rates.

20. FINANCIAL RISK MANAGEMENT

Introduction and overview

The Fund has exposure to the following risks from financial instruments:

- credit risk (refer note 20.1)
- liquidity risk (refer note 20.2)
- market risk (refer note 20.3)
- operational risk (refer note 20.5)
- unit holders' fund risk (refer note 20.6)

Risk management framework

The Management Company's Board of Directors has overall responsibility for the establishment and oversight of the Fund's risk management framework.

Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily setup based on limits established by the Management Company, Fund's Trust Deed and the rules, regulations and directives of the SECP. The policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk exposure limits and set up controls and to monitor risks and adherence to exposure limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

The Audit Committee oversees how management monitors compliance with the Fund's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Fund. The internal audit functions assists the audit committee by undertaking regular reviews of risk management controls and procedures, the results of which are reported to the audit committee.

Asset purchases and sales are determined by the Fund's Investment Manager, who has been authorised to manage the distribution of the assets to achieve the Fund's investment objectives. Compliance with the target asset allocations and the composition of the portfolio is monitored by the Investment Committee. In instances where the portfolio has diverged from target asset allocations, the Fund's Investment Manager is obliged to take actions to rebalance the portfolio in line with the established targets, within prescribed time limits.

20.1 Credit risk

Credit risk is the risk of financial loss to the Fund if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from bank balances, deposits and other receivables, receivable against Margin Trading System, term finance certificates, commercial papers and receivable against sale of marketable securities and security deposits.

Management of credit risk

The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed and the requirements of NBFC rules and regulations. Before making investment decisions, the credit rating and

credit worthiness of the issuer is taken into account along with the financial background so as to minimize the risk of default.

Credit risk is managed and controlled by the Management Company of the Fund in the following manner:

- Where the investment committee makes an investment decision, the credit rating and credit worthiness of the issuer is considered along with the financial background so as to minimize the risk of default.
- Analysing of credit ratings and obtaining adequate collaterals wherever appropriate / relevant.
- The risk of counterparty exposure due to failed trades causing a loss to the Fund is mitigated by a periodic review of the credit ratings and financial statements on a regular basis.
- Cash is held only with reputable banks with high quality external credit enhancements.
- Investment transactions are carried out with a large number of brokers, whose credit worthiness is considered so as to minimize the risk of default and transactions are settled or paid for only upon delivery.

Exposure to credit risk

The maximum exposure to credit risk as at June 30, 2022 was as follows:

Note	June 30, 2022		June 30, 2021	
	Balance as per the Statement of Assets and Liabilities	Maximum exposure	Balance as per the Statement of Assets and Liabilities	Maximum exposure
Bank balances (including profit due)	709,879,679	709,879,679	2,973,292,308	2,973,292,308
Investments (including markup receivable)	1,932,278,424	1,060,862,774	2,077,089,054	784,582,505
Receivable from Margin Trading System	-	-	83,186,083	83,186,083
Deposits and other receivable	12,865,279	12,865,279	186,667,203	186,667,203
	2,655,023,382	1,783,607,732	5,320,234,648	4,027,728,099

Difference in the balance as per the statement of assets and liabilities and maximum exposure in investments is due to the fact that investment in government securities, investment in equity securities (spread transactions) and TDRs of Rs. 1,492 million (2020: Rs.1,064 million) which are not considered to carry credit risk.

Bank balances

The Fund held cash and cash equivalents at reporting date with banks had following credit ratings:


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Rating	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	----- (Rupees) -----		----- (%) -----	
AAA	689,558,978	4,341,370	97.14	0.15
AA+	1,009,633	2,764,068,651	0.14	92.96
AA-	2,653,017	368,475	0.37	0.01
A+	79,999	125,926,257	0.01	4.24
A	76,496	78,544,195	0.01	2.64
A-	16,501,555	43,360	2.32	0.00
Total balance including profit due	709,879,678	2,973,292,308	100	100

Above rates are on the basis of available ratings assigned by PACRA and JCR-VIS.

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure.

Details of Fund's concentration of credit risk of financial instruments by industrial distribution are as follows:

	June 30, 2022		June 30, 2021	
	(Rupees)	(%)	(Rupees)	(%)
Commercial banks (including profit due)	709,720,488	83.29	3,639,803,752	90.36
Micro Finance Bank	159,190	0.02	125,367,566	3.11
Power generation and distribution - commercial papers	129,376,884	15.18	24,585,855	0.61
National Clearing Company of Pakistan Limited- Deposit and cash margin	12,750,000	1.50	238,092,589	5.91
Central Depository Company of Pakistan Limited - Deposit	100,000	0.01	100,000	-
	852,106,562	100	4,027,949,762	100.00

Past due and impaired assets and collaterals held

None of the financial assets of the Fund are past due or impaired as at June 30, 2022 other than investments mentioned in note 6.4.1.

Settlement risk

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed on sale.

For the majority of transactions the Fund mitigates this risk by conducting settlements through a broker with good credit worthiness to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

20.2 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Fund's approach to managing liquidity risk is to ensure, as far as possible, that it has sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation.

The Fund aims to maintain the level of cash and cash equivalents and other highly marketable securities at an amount in excess of expected cash outflows on financial liabilities. The Fund is exposed to risk of cash outflow on redemptions of its units on a regular basis. Units are redeemable at the holder's option based on the Fund's applicable redemption rate per unit at the time of redemption calculated in accordance with the Fund's constitutive document and guidelines laid down by Securities and Exchange Commission of Pakistan (SECP).

Management of liquidity risk

The Fund's policy is to manage this risk by investing majority of its assets in investments that are traded in an active market and can be readily disposed. Other than placing funds in profit and loss accounts maintained with the banks, the Fund invests primarily in marketable securities and other financial instruments, which under normal market conditions are readily convertible to cash. As a result, the Fund may be able to liquidate quickly its investments in these instruments at an amount close to their fair value to meet its liquidity requirement. The present settlement system is a T+2 system, which means that proceeds from sales (to pay off redemptions) of holdings will be received on the second day after the sale, while redemptions have to be paid within a period of six working days from the date of the redemption request.

In addition, in accordance with 58(1) (k) of NBFC Regulation, 2008, the Fund is entitled to borrow, with prior approval of trustee, for meeting redemptions. The maximum amount available to the Fund from borrowings is limited to the extent of 15% of net assets at the time of borrowing with repayment within 90 days of such borrowings. No such borrowings were made during the year.

In order to manage the Fund's overall liquidity, the Fund is also allowed in accordance with regulation 57(10) of NBFC Regulations, 2008, to withhold daily redemption request in excess of ten percent of the units in issue and such requests would be treated as redemption request qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. However, during the period no such option was exercised or considered necessary.

Units of Fund are redeemable on demand, however, the Fund does not anticipate significant redemptions of units.

Maturity analysis for financial liabilities

Following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

	2022	
	Contractual cash flows	
	Carrying amount	Less than 3 month
Non-derivative financial liabilities (excluding unit holders' fund)		
Payable to the Management Company *	2,553,971	2,553,971
Remuneration payable to the Trustee *	224,169	224,169
Accrued expenses and other liabilities *	11,071,118	11,071,118
Payable against purchase of investments	-	-
	<u>13,849,257</u>	<u>13,849,257</u>

	2021	
	Contractual cash flows	
	Carrying amount	Less than 3 month
Non-derivative financial liabilities (excluding unit holders' fund)		
Payable to the Management Company *	5,114,377	5,114,377
Remuneration payable to the Trustee *	351,056	351,056
Accrued expenses and other liabilities *	5,466,036	5,466,036
Payable against purchase of securities	152,218,844	152,218,844
Federal Excise Duty on Management Company remuneration*	18,545,360	18,545,360
Sindh Sales Tax payable to Management Company and Trustee *	378,399	725,790
	<u>163,150,313</u>	<u>163,150,313</u>

*excluding provision for workers' welfare fund and Annual fee payable to the Securities and Exchange Commission of Pakistan.

Above financial liabilities do not carry any mark-up.

20.3 Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices - will affect the Fund's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Management of market risks

The Fund manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan. The aggregate risk resulting from financial instruments equals their fair values. The Fund, in general, is exposed to currency risk, interest rate risk and equity price risk.

20.3.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund, at present, is not exposed to currency risk as all transactions are carried out in Pakistan Rupees.

20.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates. Risk management procedures are the same as those mentioned in the credit risk management.

Exposure to interest rate risk

The interest rate profile of the Fund's interest-bearing financial instruments is as follows:

Variable-rate instrument	June 30, 2022	June 30, 2021
	(Rupees)	
Bank balances	698,055,008	2,962,890,252
Term finance certificates	881,904,408	537,969,002
	1,579,959,416	3,500,859,254

Sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / decreased unit holder fund and income statement by Rs. 28.09 million (2021: Rs. 43.94 million). The analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Above bank balances are repriced by the bank after changes in the State Bank of Pakistan's policy rate and do not have any contractual maturity.

None of the other assets and Fund's liabilities are exposed to interest rate risk.

Fixed rate instruments	June 30, 2022	June 30, 2021
	(Rupees)	
Pakistan Investment Bonds	614,480,000	743,969,375
Market treasury bills	256,935,650	149,589,150
Commercial papers	129,376,884	24,790,199
Term deposit receipts	-	200,000,000
	1,000,792,534	1,118,348,724

Financial liabilities exposed to interest rate risk include payable against purchase of investments.

Cash flow sensitivity analysis for fixed rate instruments

The Fund does not account for fixed rate financial asset at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect net assets of the fund.

A summary of the Fund's interest rate gap position, categorised by the earlier of contractual re-pricing or maturity date is as follows:

----- June 30, 2022 -----						
	Note	Interest rate %	Exposed to interest rate risk			Total
			No later than one month	Between two months	Not exposed to interest rate risk	
----- ----- ----- ----- ----- ----- -----						
Financial assets			Rupees			
Investments			Rupees			
- Term finance certificates	6.3	8.7 - 12.97	-	881,904,408	23,255,037	905,159,445
- Government securities	6.2	9 - 12.38	-	614,480,000	758,404	615,238,404
- Commercial papers	6.7	8 - 9.4%	-	-	24,790,199	24,790,199
- Term deposit receipts	6.8	-	-	-	214,616,994	214,616,994
Bank Balances	5.1	5.5 - 16.26	698,062,481	-	-	698,062,481
Deposits and other receivable	9	-	-	-	12,865,279	12,865,279
			<u>698,062,481</u>	<u>1,496,384,408</u>	<u>276,285,913</u>	<u>2,470,732,802</u>

----- June 30, 2021 -----						
	Note	Interest rate %	Exposed to interest rate risk			Total
			No later than one month	Between two months	Not exposed to interest rate risk	
----- ----- ----- ----- ----- ----- -----						
Financial assets			Rupees			
Investments			Rupees			
- Term Finance Certificates	6.3	7.42 - 8.7	-	537,969,002	23,255,037	561,224,039
- Sukuk certificates	6.5	-	-	-	-	-
- Government Securities	6.2	7.62 - 8.11	-	743,969,375	26,326,445	770,295,820
- Commercial Paper	6.7	7.96 - 8	-	-	24,790,199	24,790,199
- Term deposit receipt	6.8	14.25	-	-	200,000,000	200,000,000
Listed Equity Securities (Spread Transactions)		-	-	-	-	-
Bank Balances	5.1	5.5 - 11.1	709,872,205	-	11,824,671	721,696,876
Receivable from Margin Trading System		-	-	-	-	-
Deposits and other receivable	9	-	-	-	26,567,367	26,567,367
			<u>709,872,205</u>	<u>1,281,938,377</u>	<u>312,763,719</u>	<u>2,304,574,301</u>

20.4 Price risk

The Fund was exposed to equity price risk i.e. the risk of unfavourable changes in the fair value of equity securities as a result changes in the levels of Pakistan Stock Exchange Index and the value of individual shares, which arises from investments measured at fair value through profit or loss.

The management of the Fund monitors the proportion of equity securities in its investment portfolio based on market indices. The Fund policy is to manage price risk through diversification and selection of securities within specified limits set by internal risk management guidelines and the requirements of NBFC regulations. The Fund manages those risk by limiting exposure to any single investee company to the extent of 10% of issued capital of that investee company and the net assets of the Fund with overall limit of 30% or index weight whichever is higher subject to maximum of 35% to a single industry sector of the net assets of the Fund (the limit set by NBFC regulations).

The Fund also manages its exposure to price risk by reviewing portfolio allocation as frequently as necessary and at least once a quarter from the aspect of allocation within industry and individual stock within that allocation. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Investment Committee. The primary goal of the Fund's investment strategy is to maximise investment returns.

As at year end, the fund holds no equity instrument and as such is not exposed to any price risk.

Sensitivity Analysis- Price risk

A change of 5 percent in the fair values of investments classified as at fair value through profit or loss will affect income statement and statement of unit holder fund by Rs. 87.67 million (2021: 91.48 million).

20.5 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Fund's operations either internally within the Fund or externally at the Fund's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risks arise from all of the Fund's activities.

The Fund's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the Board of Directors of the Management Company. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

20.6 Unit holder's fund risk management

The Fund's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to continue as a going concern so that it can continue to provide returns to its unit holders. Management monitors the return on capital as well as the level of dividends to unit holders and makes adjustments to it in the light of changes in markets' conditions.

Under the NBFC regulations 2008, the minimum size of an open end scheme shall be one hundred million rupees at all the times during the life of the scheme. The Fund size depends on the issuance and redemption of units.

21. Fair value of financial instruments

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such

measurements are required as permitted by other IFRSs. It defines fair value as 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 (i.e. an exit price).

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the close of trading i.e. period end date. The estimated fair value of all other financial assets and financial liabilities is considered not significantly different from book value as these are short term in nature.

The following table shows financial instruments recognised at fair value, based on:

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.

Level 1: quoted prices in active markets for identical assets or liabilities;

Level 2: those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: those with inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

On-balance sheet financial instruments	June 2022							
	Carrying amount				Fair Value			
	Fair value through profit and loss investments	Amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Note ----- (Rupees) -----								
Financial assets measured at fair value								
Government securities								
- Market treasury bills	256,935,650	-	-	256,935,650	-	256,935,650	-	256,935,650
- Pakistan Investment Bonds	614,480,000	-	-	614,480,000	-	614,480,000	-	614,480,000
Term finance certificates - Unlisted	881,904,408	-	-	881,904,408	-	881,904,408	-	881,904,408
	1,753,320,058	-	-	1,753,320,058	-	1,753,320,058	-	1,753,320,058
Financial assets not measured at fair value	21.1							
Commercial Paper	6	-	129,376,884	-	129,376,884	-	-	-
Bank balances	5	-	698,055,008	-	698,055,008	-	-	-
Profit / mark-up receivable	8	-	61,398,680	-	61,398,680	-	-	-
Deposits and other receivables	9	-	12,865,279	-	12,865,279	-	-	-
		-	901,695,851	-	901,695,851	-	-	-
Financial liabilities not measured at fair value	21.1							
Payable to the Management Company	9	-	-	21,454,226	21,454,226	-	-	-
Remuneration payable to the Trustee	10	-	-	224,169	224,169	-	-	-
Payable against purchase of investments		-	-	-	-	-	-	-
Accrued expenses and other liabilities	12	-	-	11,071,118	11,071,118	-	-	-
		-	32,749,512	32,749,512	-	-	-	-

On-balance sheet financial instruments	Note	June 2021						
		Carrying amount				Fair Value		
		Fair value through profit and loss investments	Amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
----- (Rupees) -----								
Financial assets measured at fair value								
Government securities	6	149,589,150	-	-	149,589,150	-	149,589,150	-
- Market Treasury Bills	6	743,969,375	-	-	743,969,375	-	743,969,375	-
- Pakistan Investment Bonds	6	537,969,002	-	-	537,969,002	-	537,969,002	-
Term Finance Certificates - Listed								
Term Finance Certificates - Unlisted	6	-	-	-	-	-	-	-
Listed Equity Securities (Spread Transactions)								
		398,189,620	-	-	398,189,620	-	-	-
		1,431,527,527	-	-	1,829,717,147	-	1,431,527,527	-
								893,558,525
Financial assets not measured at fair value	21.1							
Bank balances - Held at amortized cost	5	-	2,973,292,308	-	2,973,292,308	-	-	-
Commercial Papers	6	-	24,790,199	-	24,790,199	-	-	-
Term Deposit Receipts	6	-	200,000,000	-	200,000,000	-	-	-
Markup Accrued	8	-	22,803,371	-	22,803,371	-	-	-
Receivable from Margin Trading System								
Deposits and other receivables	9	-	83,186,083	-	83,186,083	-	-	-
		-	186,667,203	-	186,667,203	-	-	-
		-	3,490,739,164	-	3,407,555,081	-	-	-
Financial liabilities not measured at fair value	21.1							
Remuneration payable to the Management Company	9	-	-	5,114,377	5,114,377	-	-	-
Remuneration payable to the Trustee	10	-	-	279,466	279,466	-	-	-
Payable against purchase of investments								
Accrued expenses and other liabilities	12	-	-	152,218,844	152,218,844	-	-	-
		-	-	5,466,036	5,466,036	-	-	-
		-	163,078,723	163,078,723	-	-	-	-

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

22. RECONCILIATION OF LIABILITIES ARISING OUT OF FINANCING ACTIVITIES

	Redemption of units	Dividend	Total
	----- (Rupees) -----		
Opening balance as at 1 July 2021			
Payable against redemption of units	12,506,578,178	-	12,506,578,178
Payable against dividend	-	108,515,830	108,515,830
	12,506,578,178	108,515,830	12,615,094,009
Amount paid on redemption of units	(12,506,578,178)	-	(12,506,578,178)
Dividend paid	-	(108,515,830)	(108,515,830)
	(12,506,578,178)	(108,515,830)	(12,615,094,009)
Closing balance as at 30 June 2022			
	-	-	-

23. SUPPLEMENTARY NON FINANCIAL INFORMATION

The information regarding unit holding pattern, top brokers, members of the Investment Committee, Fund manager, meetings of the Board of Directors of the management company and rating of the Fund and the management company are as follows:

23.1 Unit holding pattern of the Fund

Category	June 30, 2022		
	No. of Investors	Investment amount (Rupees)	% of total net assets
Individuals	34	62,837,104	2.40%
Associated Companies and Directors	32	1,867,497,204	71.32%
Management Company	3	479,745,098	18.32%
Retirement funds	4	44,227,946	1.69%
Insurance	1	4,784	0.00%
Others	8	164,034,502	6.26%
Total	<u>82</u>	<u>2,618,346,638</u>	<u>100.00%</u>

Category	June 30, 2021		
	No. of Investors	Investment amount (Rupees)	% of total net assets
Individuals	30	70,406,732	1.38%
Associated Companies and Directors	42	3,272,374,094	64.16%
NBFC's (Management Company)	1	425,677,331	8.35%
Retirement funds	2	6,627,564	0.13%
Insurance	1	32,141,870	0.63%
Others	5	1,293,047,239	25.35%
Total	<u>81</u>	<u>5,100,274,829</u>	<u>100.00%</u>

23.2 List of top ten brokers by percentage of commission paid

Broker Name	2022	2021	Commission paid (Percentage)
Topline Securities Private Limited	47.9%	7%	
JS Global Capital Limited	18.8%	5.10%	
Arif Habib Securities (Pvt) Limited	11.5%	0%	
Next Capital Private Limited	9.8%	9.80%	
Continental Exchange Private Limited	5.6%	7.70%	
Alfalal Securities Private Limited	3.7%	10.80%	
EFG Hermes Pakistan	1.9%	12.80%	
Magenta Securities Private Limited	0.6%	3.80%	
Vector Capital Private Limited	0%	27.10%	
Invest One Market Private Limited	0%	10.50%	
Optimus Capital Management Private Limited	0%	3.40%	

23.3 Particulars of the Investment Committee and Fund manager

Following are the members of the investment committee of the Fund:

- Mr. Babar Ali Lakhani (Chairman Investment Committee)
- Mr. Kashif Mustafa (Executive Director and COO)
- Mr. Mustafa O. Pasha (Chief Investment Officer)
- Mr. Syavash Pahore
- Mr. Hassan Bin Nasir
- Mr. Abdul Samad Khanani
- Ms. Nada Uzair
- Mr. Umair Bin Hassan

Mr. Babar Ali Lakhani - Chief Executive Officer

Mr. Lakhani has over twenty one years of investment and portfolio management experience in domestic and international equity and fixed income markets. Mr. Lakhani most recently served as the Chief Investment Officer of Century Insurance, a Public Limited Company listed on the Karachi and Lahore Stock Exchanges of Pakistan. He was an Investment Associate at High Street Advisors and a Research Analyst at Credit Suisse Equity Group (formerly Credit Suisse First Boston). Mr. Lakhani brings extensive investment experience, globally practiced portfolio management discipline, and a comprehensive understanding of the global asset management industry to Lakson Investments Limited.

Mr. Lakhani received his BA in Finance from Bentley College, and his MBA from Brandeis University.

Mr. Lakhani is a member of the Global Association of Risk Professionals (GARP), the Society of Financial Service Professionals and the Young Presidents' Organization (YPO). Mr. Lakhani is a member of the Alumni Trustee Committee of Brandeis University and is the school's representative in Pakistan. Mr. Lakhani was looking after Lakson Asset Allocation Emerging Market Fund and Lakson Asset Allocation Global Commodities Fund. Subsequently, Mr. Umair and Mr. Pasha have designated to manage the Lakson Asset Allocation Emerging Market Fund and Lakson Asset Allocation Global Commodities Fund respectively.

Mr. Kashif Mustafa – Executive Director and COO

Mr. Mustafa has more than thirteen years of experience working in the financial markets of Pakistan with local & international brokerage houses, and leading Asset Management Companies. Mr. Mustafa's experience includes; Financial Analysis, Equity Research, Investment Advisory and Business Development.

Before Lakson Investments, Mr. Mustafa worked for Askari Investments and Crosby Securities Pakistan Limited as Vice President and Head of Sales & Business Development respectively. He frequently appears on the media and has been featured on Express, Business Plus, CNBC, GEO, PTV, Aaj TV, Sindh TV & KTN. Mr. Mustafa did his graduation in Mathematics and Masters in Economics.

Mr. Mustafa O. Pasha, CFA – Chief Investment Officer

Mr. Pasha has over thirteen years of experience in the asset management and investment advisory industry. He did his Bachelors in Economics from McGill University (Montreal, Canada) in 2006 and obtained his CFA charter in 2012.

At Lakson Investments he is responsible for driving out performance of all fixed income portfolios against their respective benchmarks by formulating the investment outlook and implementing strategy through asset allocation. As a member of the Investment Committee he is a key member of the team that develops and executes the investment strategy for both fixed income and equity portfolios.

He was previously associated with BMA where he initially served as a fixed income analyst and later became the inhouse economist for the entire BMA group. Between 2009 - 2012 he supervised fixed income/money marketinvestments across all mutual funds and institutional/HNW accounts advised by BMA.

Mr. Syavash Pahore

Syavash is currently working in the capacity of Head of Research at Lakson Investments. He has over five years of experience in Research. He was previously associated with organizations such as Optimus Capital, Elixir Securities and JS Investments. Syavash has completed his Bachelor of Arts in Finance, Accounting and Management from the University of Nottingham, and has also cleared CFA Level II

Mr. Hassan Bin Nasir - Fund Manager

Mr. Hassan Bin Nasir has over twelve years of experience and currently holds positions of Vice President – Fixed Income in Lakson Investments Limited. He completed his Masters in Business Administration in Finance major from Bahria University, Pakistan. He has immense experience in managing portfolios across Collective Investment Schemes, Separate Managed Accounts with Strong Fixed Income background, investment strategy and trading experience in instruments including, Government Securities, Corporate Debt Securities, Banking Products and Shariah Compliant Corporate Debt Securities. He is also managing the following funds:

- Lakson Money Market Fund
- Lakson Asset Allocation Developed Markets Fund
- Lakson Income Fund

Mr. Mr. Abdul Samad Khanani

Mr. Khanani has over six years of experience in equity research. He did his Bachelors in Finance from IoBM in 2014 and is also perusing CFA. Before joining Li, Mr. Khanani was heading the research team at KASB Securities. He also worked at InterMarket Securities (local partner of Tellimer Research) and Fortune Securities.

At Lakson, he is responsible for deriving the overall equity strategy of equity portfolios by working closely with the research team and ensure smooth execution. He is managing:

- Lakson Equity Fund
- Lakson Islamic Tactical Fund
- Lakson Islamic Tactical Fund

Ms. Nada Uzair

Ms. Uzair is an ACCA Member, with over eight years of experience in asset management and investment advisory industry. She has knowledge base in NBFC Rules & Regulations, AML Regulations, corporate governance, formulation of internal policies/mechanisms, development and execution of multi-faceted compliance and audit programs.

She started her career with Deloitte Yusuf Adil, specializing in Internal Audit and performed outsourced assignments for PSX, Alfalah GHP, BMA and Askari Investment Management Limited. Prior to joining the Compliance department at Lakson Investments, she was associated with Pak Oman AMC managing the Internal Audit department and subsequently the Compliance department.

Ms. Umair Bin Hassan

Mr. Hassan has a Bachelors degree in Computational Finance from NED, and is pursuing MS in Economics from IBA. He was previously associated with MCB Arif Habib as Deputy Manager Risk. Mr Umair brings an overall work experience of three years and currently looking after the risk department of Lakson Investments.

23.4 Directors meeting attendance

2022

Name of directors	Designation	Meeting Attended	31 Aug 21	26 Oct 21	17 Feb 22	29 Apr 22
- Mr. Iqbal Ali Lakhani	Chairman	3	✓	✓	✓	✓
- Mr. Babar Ali Lakhani	CEO	4	✓	✓	✓	✓
- Mr. Jacques John Vesser	Director	4	✓	✓	✓	✓
- Mr. Amin Mohammed Lakhani	Director	3	✓	✓	✓	✓
- Mr. Jamil Ahmed Mughal	Director	4	✓	✓	✓	✓
- Ms. Kathleen Kennedy Townsend	Director	2	✓	✓	X	X
- Ms. Roxanne Davies	Director	4	✓	✓	✓	✓
		7	7	6	6	

* Ms. Kathleen Kennedy Townsend resigned in the month of November 2021

24. GENERAL

These financial statements were authorized for issue by the Board of Directors of the Management Company on September 22, 2022.

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

Chief Executive Officer

Chief Financial Officer

Director


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

LAKSON INCOME FUND

Performance Table	FY22	FY21	FY20	FY19	FY18
Net Assets - Beginning (PKR Mil.)	5,100	3,061	2,251	4,693	3,624
Net Assets - Ending (PKR Mil.)	2,618	5,100	3,061	2,251	4,693
Net Asset value per share	101.3972	101.1275	100.8591	101.0159	105.9420
Selling Price for units	102.9182	102.6445	102.3720	102.5312	107.5312
Repurchase Price for units	101.3972	101.1275	100.8591	101.0159	105.9420
Highest Offer Price (PKR)	111.4865	109.6882	116.7829	110.1992	107.5154
Lowest Offer Price (PKR)	102.6911	102.5166	102.3720	102.4701	100.4407
Highest Redemption Price (PKR)	109.8389	108.0671	115.0570	108.5706	105.9265
Lowest Redemption Price (PKR)	101.1735	101.0015	100.8591	100.9557	98.9563
Beginning NAV - Ex-Div. (PKR)	101.1275	100.8591	101.0159	100.9393	100.6760
Interim Distributions (PKR)	8.7114	6.9833	14.0411	7.6313	Nil
Final Distribution (PKR)		Nil	Nil	Nil	5.0027
Ending NAV - Ex-Div. (PKR)	101.3972	101.1275	100.8591	101.0159	100.9393
Return	8.90%	7.19%	13.65%	7.64%	5.23%
Net Income (PKR Mil.)	115	169	243	142	158
Total Distribution	109	163	249	141	150
Accumulated Capital Growth	42	36	29	34	32
WAM (Days)	1444	697	880	782	294
Average Annual return of the Fund					
One Year	8.90%	7.19%	13.69%	7.64%	5.23%
Two year	8.37%	10.94%	8.31%	6.64%	6.26%
Three year	10.72%	10.40%	9.60%	7.04%	7.39%
Since inception	16.70%	16.20%	15.90%	14.19%	13.89%

Distributions	FY22	FY21	FY20	FY19	FY18
1st Interim Distribution	8.7114	6.9833	14.0411	7.6313	NIL
NAV before Distribution	109.8389	108.0819	115.057	108.5706	NIL
NAV after Distribution	101.1275	101.0986	101.0159	100.9393	NIL
Distribution Date	28-Jun-22	26-Jun-21	27-Jun-20	27-Jun-19	NIL
2nd Interim Distribution					
NAV before Distribution					
NAV after Distribution					
Distribution Date					
3rd Interim Distribution					
NAV before Distribution					
NAV after Distribution					
Distribution Date					
4th Interim Distribution					
NAV before Distribution					
NAV after Distribution					
Distribution Date					
5th Interim Distribution					
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Distribution Date					
10th Interim Distribution					
NAV before Distribution					
NAV after Distribution					
Distribution Date					
11th Interim Distribution					
NAV before Distribution					
NAV after Distribution					
Distribution Date					
12th Interim Distribution					
NAV before Distribution					
NAV after Distribution					
Distribution Date					
Final Distribution	NIL	NIL	NIL	5.0027	
NAV before Distribution	NIL	NIL	NIL	105.9420	
NAV after Distribution	NIL	NIL	NIL	100.9393	
Distribution Date	NIL	NIL	NIL	03-Jul-18	



Disclaimer

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.



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