

LAKSON ISLAMIC TACTICAL 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](http://www.li.com.pk)  
 E-mail: [info@li.com.pk](mailto: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

BDO Ebrahim & Co.  
 Chartered Accountants  
 2nd Floor, Block C,  
 Lakson Square, Building No. 1,  
 Sarwar Shaheed Road,  
 Karachi - 74200.

### Bankers to the Fund

Habib Bank AG Zurich  
 Habib Metropolitan Islamic Bank Limited  
 Bank Islami Pakistan Limited  
 Al Baraka Bank (Pakistan) Limited  
 Dubai Islamic Bank Pakistan Limited

### Legal Adviser

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

**Shari'ah Adviser**

Al Hilal Shariah Advisors

**Registrar**

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

**Distributor**

Rabia Fida  
BMA Capital Management Limited

**Rating**

1 Year ranking : 2-Star  
3 Year ranking : 3-Star  
5 Year ranking : 3-Star  
AM2+ : Asset Manager Rating by PACRA



## **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 Islamic Tactical Fund ('LITF' 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 LITF is to provide long-term capital appreciation by exclusively investing in Shari'ah Compliant avenues including equities, fixed income instruments and emerging market securities.

### **Principal activities**

LITF is an open-end asset allocation fund and is listed on Pakistan Stock Exchange Limited. The Fund is managed using an active investment management style which focuses on an analysis of the macro factors such as government policies, global economic data, commodities prices and supply/demand dynamics. The Fund switches exposure between equities and fixed income based on the outlook of the investments team. Exposure of the Scheme in fixed income securities is managed through duration and yield curve management.

### **Development and Performance Review**

Lakson Islamic Tactical Fund provided return of for -11.60% FY22 against the Benchmark return of 4.24%. As of June 30, 2022, the Fund had 62% exposure in equities, 19% in cash, and 16% in Fixed income on a total asset basis.

### **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.

### **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.

### **Asset Manager and Fund Rating**

The Pakistan Credit Rating Agency Limited ('PACRA') has maintained the asset manager rating of the Management Company at "AM2+". The VIS Credit Rating Company Limited has given the one-year, three-years & five-years performance ranking of "3-Star" to the LITF.

### **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. BDO Ebrahim & Co., 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. BDO Ebrahim & Co., 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 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.

#### **Emerging Market Review**

The MSCI Emerging Markets index declined by 12.4% during the quarter ended Jun-22. This brings the cumulative index decline to 18.8% in CYTD. The global stock markets fell this quarter due to ongoing concerns about the war situation between Russia and Ukraine and other geopolitical concerns, as well as the potential supply chain disruptions and the Fed's hawkish attitude. U.S., Chinese blockades and monetary tightening are the main deterrents. Further, the investors pulled money out of the stock market in Emerging Markets in light of global recession fears, though this may have been due to Central Banks' increasing tightening of monetary policy across the globe.

Emerging Markets: i.e., Russia, Columbia, Brazil and Poland were down 18.4%, 18.1%, 17.9% and 17.5%, respectively.



### **Future Outlook**

Equity market returns are dependent on the future course of inflation, interest rates, external account performance and to a lesser extent sentiment & politics. We believe, on balance, conditions are not conducive for optimal returns in the equity markets despite deeply discounted valuations in almost all sectors. However, we believe, clarity will emerge in the medium term, especially regarding the direction of inflation and the wider implication for interest rates. Clarity on the sustainability of the current account deficit and confidence in Pakistan's ability to shore up external reserves is needed drive equity asset class returns. On the flip side, due to the discounted valuations, we believe positive developments will have an outsized impact on equity market performance.

### **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**





## لیکسن اسلامک ٹیکٹیکل فنڈ 30 جون 2022 کو ختم ہونے والے سال کے لیے منجمنٹ کمپنی کے ڈائریکٹرز کی رپورٹ

لیکسن انویسٹمنٹس لمیٹڈ کا بورڈ آف ڈائریکٹرز، لیکسن اسلامک ٹیکٹیکل فنڈ ("LITF" یا "فنڈ") کی منجمنٹ کمپنی 30 جون 2022 کو ختم ہونے والے سال کے لیے اپنی رپورٹ مع آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتا ہے۔

### فنڈ کا مقصد

لیکسن اسلامک ٹیکٹیکل فنڈ کی سرمایہ کاری کا مقصد، خاص طور پر شریعہ سے مطابقت رکھنے والے ذرائع بشمول ایکویٹیز، فکسڈ انکم انسٹرومنٹس اور ایمرجنگ مارکیٹس سیکرٹیز میں سرمایہ کاری کرتے ہوئے سرمائے کی قدر میں طویل مدتی اضافہ کرنا ہے۔

### نمایاں سرگرمیاں

LITF ایک اوپن اینڈ لیسٹ ایلیکشن اسکیم ہے اور پاکستان اسٹاک ایکسچینج لمیٹڈ میں لسٹڈ ہے۔ اس اسکیم کا انتظام و انصرام ایک ایکٹیو انویسٹمنٹ منجمنٹ اسٹاک استعمال کرتے ہوئے کیا جاتا ہے جو اقتصادی ماحول کے تجزیے پر توجہ مرکوز رکھتا ہے مثلاً حکومتی پالیسیز، عالمی اقتصادی ڈیٹا، کموڈٹیز کی قیمتیں اور رسد/طلب کا تحریک شامل ہے۔ اسکیم انویسٹمنٹ ٹیم کی توقعات کی بنیاد پر ایکویٹیز اور فکسڈ انکم میں سرمایہ کاری تبدیل کرتی ہے۔ فکسڈ انکم سیکورٹیز میں اسکیم کی سرمایہ کاری کا انتظام و انصرام دور ایسے اور مختلف میچورٹیز کے درمیان سرمایہ کاری کے تبادلے اور yield curve منجمنٹ کو مد نظر رکھ کر کیا جاتا ہے۔

### فنڈ کی کارکردگی

لیکسن اسلامک ٹیکٹیکل فنڈ نے مالی سال 2022 میں بیچ مارک منافع %4.24 کے مقابلے میں %11.60 منافع فراہم کیا۔ 30 جون 2022 کے مطابق فنڈ نے مجموعی اثاثہ جات کی بنیاد پر ایکویٹیز میں %62، کمیشن میں %19 اور فکسڈ انکم میں %16 سرمایہ کاری کی۔

### اہم خطرات و ضدشات

اقتصادی عدم استحکام، بڑھتا ہوا کرنٹ اکاؤنٹ خسارہ، زرمبادلہ کے کم ہوتے ذخائر، توقع سے زیادہ افراط زر، روپے کی قدر میں کمی، یک طرفہ ادو طرفہ قرض فراہم کنندہ ایجنسیز، دونوں کی طرف سے توقع سے کم مالی امداد، مزید مالیاتی سختی اور گھڑتے خارج تعلقات پاکستان میں تمام کاروباری شعبوں کے لیے ایک خطرہ بنے ہوئے ہیں۔

### فی شیئر آمدنی (EPU)

فی شیئر آمدنی (EPU) ظاہر نہیں کی گئی ہے کیوں کہ ہم محسوس کرتے ہیں کہ EPU شمار کرنے کے لیے موزوں اوسط پینٹس کا تعین اوپن اینڈ فنڈز کے لیے

قابل عمل نہیں ہے۔

لیسیٹ منیجر اینڈ فنڈ ریٹنگ

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے منجمنٹ کمپنی کی لیسیٹ منیجر ریٹنگ اور LEF کی فنڈ اسٹیبلشمنٹ ریٹنگ "AM2+" پر برقرار رکھی ہے۔ VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے LITF کو ایک سال، تین سال اور پانچ سال کی "13 اسٹار" کی پرفارمنس ریٹنگ دی ہے۔

اضافی معاملات

- 1- منجمنٹ کمپنی کے ڈائریکٹرز کی تفصیل اس سالانہ رپورٹ میں ظاہر کی گئی ہے۔
- 2- منجمنٹ کمپنی کی طرف سے تیار کردہ مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلو اور یونٹ ہولڈرز کے فنڈ میں نقل و حرکت کی منصفانہ عکاسی کرتے ہیں۔
- 3- فنڈ کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔
- 4- مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی گئی ہے اور شریاتی تحفظ مناسب اور معقول نظریات پر مبنی ہیں۔
- 5- ان مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی معیاروں، جہاں تک پاکستان میں قابل اطلاق ہیں، نان بینکنگ فنانس کمپنیز (اسٹیبلشمنٹ اینڈ ریگولیشن) (روز 2003 کے تقاضوں، نان بینکنگ فنانس کمپنیز اینڈ نوٹیفائیڈ اسٹیبلشمنٹ ریگولیشنز، 2008 (NBFC) ریگولیشنز)، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ ڈائریکٹریز اور فنڈ کی دستوری دستاویزات کے تقاضوں کی پیروی کی گئی ہے اور ان سے کسی بھی انحراف کی مناسب انداز میں نشان دہی کی گئی ہے۔
- 6- انٹرئل کنٹرول کا نظام مستحکم اور مؤثر طریقے سے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔
- 7- فنڈ کی رواں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔
- 8- اہم مالیاتی ڈیٹا کا خلاصہ اس سالانہ رپورٹ میں شامل ہے۔
- 9- میکسر، ڈیویڈز، محصولات اور چارجز کی مدد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
- 10- پروڈیونٹ فنڈ کی سرمایہ کاری کی مالیت سے متعلق گوشوارہ فنڈ پر قابل اطلاق نہیں ہے جیسا کہ ایسے اخراجات منجمنٹ کمپنی کی طرف سے برداشت کیے جاتے ہیں۔
- 11- 30 جون 2022 کے مطابق یونٹ ہولڈنگ کا پتہ اس سالانہ رپورٹ میں دیا گیا ہے۔
- 12- کارکردگی کی جدول / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ کے ساتھ منسلک ہے۔

بیرونی آڈیٹر

موجودہ آڈیٹر میسرز BDO ابراہیم اینڈ کو، چارٹرڈ اکاؤنٹنٹس نے اہل ہونے کی بنیاد پر 30 جون 2023 کو ختم ہونے والے سال کے لیے دوبارہ تفری کے لیے اپنی رضامندی ظاہر کر دی ہے۔ آڈٹ کمیٹی کی سفارش پر بورڈ آف ڈائریکٹرز نے 30 جون 2023 کو ختم ہونے والے سال کے لیے میسرز BDO ابراہیم اینڈ کو کی دوبارہ تفری کر دی ہے۔



### معاشی جائزہ

اسٹیٹ بینک آف پاکستان نے اپریل میں پالیسی ریٹ میں 250 بنیادی پوائنٹس اور مئی میں مزید 150 بنیادی پوائنٹس کا اضافہ کیا، جو افراط زر کی ریڈنگ میں اضافے اور کرنٹ اکاؤنٹ خسارے کے گہرے اثرات کے درمیان پالیسی ریٹ کو 13.75% تک لے گیا۔ مالی سال 2022 کی دوسری سہ ماہی میں کرنٹ اکاؤنٹ خسارہ 4.3 ارب امریکی ڈالر ہو گیا، جو کہ مالی سال 2022 کی پہلی سہ ماہی میں 4.0 ارب امریکی ڈالر اور پچھلے سال کی اسی مدت میں 2.5 ارب امریکی ڈالر تھا۔ مالی سال 2022 میں کرنٹ اکاؤنٹ خسارہ 17.4 ارب امریکی ڈالر (GDP کا 4.6%) رپورٹ کیا گیا، جبکہ مالی سال 2021 میں خسارہ 1.8 ارب امریکی ڈالر تھا۔ دوسری سہ ماہی میں، اسٹیٹ بینک آف پاکستان کے پاس موجود زرمبادلہ کے ذخائر مارچ 2022 کے آخر میں 11.4 ارب امریکی ڈالر سے کم ہو کر 9.8 ارب امریکی ڈالر پر آ گئے۔ مالی سال 2022 کی دوسری سہ ماہی میں 8.4 ارب امریکی ڈالر کی برآمدات رپورٹ کی گئیں، ٹیکسٹائل اور خوراک کی مضبوط برآمدات کی وجہ سے سہ ماہی کی بنیاد پر 3% اضافہ ہوا، جب کہ درآمدات نے برآمدات میں مضبوطی نہ دیکھنے کا سلسلہ جاری رکھا۔

ملک کو مالی سال 2022 میں اب تک کی سب سے زیادہ گھریلو ترسیلات زرموصول ہوئیں جو کہ مالی سال 2022 میں 6% اضافہ ہے۔ تمام بڑی بین الاقوامی ایف 1.2 ارب امریکی ڈالر کی قسط کی ادائیگی پر اعتماد کے باوجود الاقوامی کریڈٹ ریٹنگ ایجنسیوں نے پاکستان کی کریڈٹ ریٹنگ آؤٹ لک منفی کر دی ہے۔ آخر میں، ایندھن اور یوٹیلٹی کی بلند قیمتوں کی وجہ سے، دوسروں کے علاوہ، جون کے انفلیشن پر پٹ کا 21.3 فیصد (جون کے لیے 13 سال کی بلند ترین ریڈنگ) کے ساتھ سہ ماہی کے دوران افراط زر کی ریڈنگ میں مسلسل اضافہ ہوتا رہا۔

### فلسفہ انکم مارکیٹس کا جائزہ

مالی سال 2022 کی چوتھی سہ ماہی میں، اسٹیٹ بینک آف پاکستان نے انفلیشن پریس میں اضافے اور کرنٹ اکاؤنٹ کی بڑھتی ہوئی ریڈنگ کی وجہ سے مالی دباؤ کم کرنے کے لیے شرح سود مجموعی طور پر 400 بنیادی پوائنٹس بڑھا کر 13.75% کر دی۔ اس کے ساتھ، مزید شرحوں کو پالیسی کی شرح سے جوڑے ہوئے برآمد کنندگان کے لیے LTFF اور EFS آئٹموں کے لیے رعایتی قرضوں پر شرحیں بالترتیب 7/7.5% تک بڑھ گئیں (تقریباً 3% اضافہ)۔ سہ ماہی کے دوران، 3، 6، 12 ماہ کی ميعادوں کے لیے Kibor کی شرح گزشتہ سال اسی سہ ماہی کے مقابلے میں 3% اضافے کے ساتھ بالترتیب 15.16%، 15.35% اور 15.73% تک بڑھ گئی۔ 3M/6M/12M شرحوں کے ساتھ Bill-T کی پیدوار میں بھی 3.3% c. QoQ کا اضافہ ہوا ہے جو 14.98% / 15.15% / 15.30% تک پہنچ گیا ہے۔ دوسری طرف، PIB کے منافع جات میں سہ ماہی بنیاد پر 1% کا ایک معتدل اضافہ ہوا۔

### ایمرجنگ مارکیٹس کا جائزہ

MSCI ایمرجنگ مارکیٹس انڈیکس میں جون 2022 کو ختم ہونے والی سہ ماہی کے دوران 12.4% کمی واقع ہوئی۔ اس سے موجودہ سال تا حال انڈیکس کی مجموعی گراؤ 18.8% تک پہنچ جاتی ہے۔ روس اور یوکرین کے درمیان جنگ کی صورتحال اور دیگر جغرافیائی سیاسی خدشات کے ساتھ ساتھ سپلائی چین میں مکملہ کارٹوں اور FED کے عاقبت نااندیش رویے کی وجہ سے اس سہ ماہی میں عالمی اسٹاک مارکیٹس گر گئیں۔ امریکہ چینی تانہ بندی اور مالیاتی سختی اہم کارٹوں میں۔ مزید برآں، سرمایہ کاروں نے عالمی کساد بازاری کے خدشات کی روشنی میں ایمرجنگ مارکیٹس میں اسٹاک مارکیٹ سے پیسہ نکالا، حالانکہ یہ مرکزی بینکوں کی جانب سے پوری دنیا میں مائیکرو پالیسی کو سخت کرنے کی وجہ سے ہو سکتا ہے۔



اُبھرتی ہوئی مارکیٹس: یعنی روس، کولمبیا، برازیل اور پولینڈ بالترتیب 18.4%، 18.1%، 17.9% اور 17.5% نیچے تھے۔

#### مستقبل کی توقعات

اسٹیٹ بینک نے MPC کے تازہ اجلاس میں صورت حال جوں کی توں رکھنے کے فیصلے کا اعلان کیا ہے۔ افراط زر اس وقت 25% پر ہے اور ڈسکاونٹ ریٹ 16% پر ہے۔ اقتصادی پیش رفت کی انتہائی غیر یقینی نوعیت کی وجہ سے، ہم سمجھتے ہیں کہ مزید مالیاتی سختی سے انکار نہیں کیا جاسکتا۔ 5 سال 12 سال کے لیے قیمت خرید اور قیمت فروخت کا فرق yield curve الٹ جانے کی وجہ سے عام 200 بنیادی پوائنٹس کے برعکس منفی 300 بنیادی پوائنٹس پر ہے۔ اس کو دیکھتے ہوئے ہمیں یقین ہے کہ مئی مارکیٹ فنڈز کی مقبولیت برقرار رہ سکتی ہے، جیسا شرح سود بدستور بلند ہے اور یہ وسیع تر مقررہ آمدنی والے اثاثوں کے حامل طبقے میں ترجیحی انتخاب ہو سکتا ہے۔

#### اظہار تشکر

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

برائے و منجانب بورڈ

باری علی لاکھانی

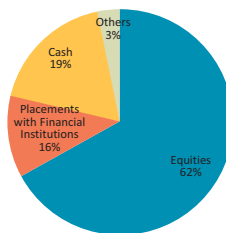
چیف ایگزیکٹو آفیسر

تاریخ: 22 ستمبر 2022

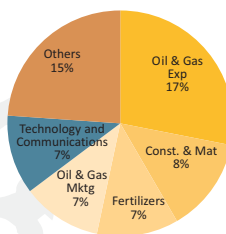
## REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2022

Fund Facts	
Fund Type	Open-End
Category	Shariah Compliant Asset Allocation Fund
Net Assets (PKR Mil.)	330.21
NAV (30.06.2022)	85.8709
Pricing Mechanism	Forward Day
Trustee	CDC Pakistan Limited
Auditor	BDO Ebrahim & Co
Management Fee	Charged fee upto 2.00% of the average annual net assets of the scheme calculated on a daily basis. Effective from Dec 20, 2021. Current 1.43%
Front End Load	2.50%
Back End Load	None
Launch Date	October 11, 2011
Benchmark	Weighted average daily return of KMI- 30 Index, 6M deposit rates of three A rated Islamic Banks or Islamic windows of Conventional Banks and MSCI Emerging Markets Islamic Index based on the Scheme's actual proportion in the equity, debt and emerging market securities
Dealing Days	Mon - Fri
Cut-Off Time	04:00 PM
Asset Manager Rating	AM2+ by PACRA (27.Aug.2021)

### Asset Allocation



### Sectorwise Exposure



Fund Performance	LITF	Benchmark
FY22	-11.60%	-4.24%
June-22	-1.24%	-0.94%
2 Months	-5.61%	-3.87%
3 Months	-5.02%	-1.79%
6 Months	-6.02%	-0.93%
12 Months	-11.60%	-4.24%
CY22TD	-6.27%	-1.28%
3 Years	14.55%	26.02%
5 Years	-7.17%	6.30%
Since Inception	27.61%	53.72%

the benchmark of the fund was changed in September 2016

### 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	

### Investment Objective

The investment objective of the Lakson Islamic Tactical Fund ("LITF") is to provide long-term capital appreciation by investing in a mix of shariah compliant avenues. The LITF achieved its investment objective by investing in a mix of risk-free government securities, corporate bonds, emerging market securities and equity market.

### Investment Strategy

The asset allocation of LITF portfolio was constructed by investing in liquid and risk-free instruments like Shariah Government securities, Shariah compliant equities and high yielding Shariah bonds. The exposure of LITF in risk free options and bonds was managed based on the relative yield analysis of these instruments and our yield curve expectations. Exposure in cash enabled the LITF to benefit from adverse movements in secondary yields, while maintaining liquidity and meeting all its obligations in a timely manner. Equity exposure of the Fund will be determined by carrying out an analysis of the prevalent price to earnings (PE) ratio or multiple of the KSE-30 Index. An increase in the PE ratio will lead to a reduction in equity exposure and vice versa. The balance will remain invested in high quality Shariah compliant fixed income instruments of varying duration.

As of June 30, 2022, the Fund had 62% exposure in equities, 19% in cash, and 16% in Fixed income on a total asset basis.

### Economic 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 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.

### Emerging Markets Review

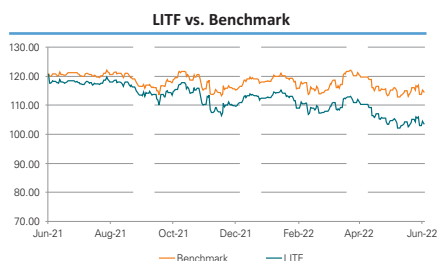
The MSCI Emerging Markets index declined by 12.4% during the quarter ended Jun-22. This brings the cumulative index decline to 18.8% in CYTD. The global stock markets fell this quarter due to ongoing concerns about the war situation between Russia and Ukraine and other geopolitical concerns, as well as the potential supply chain disruptions and the Fed's hawkish attitude. U.S., Chinese blockades and monetary tightening are the main deterrents. Further, the investors pulled money out of the stock market in Emerging Markets in light of global recession fears, though this may have been due to Central Banks' increasing tightening of monetary policy across the globe.

Emerging Markets: i.e., Russia, Columbia, Brazil and Poland were down 18.4%, 18.1%, 17.9% and 17.5%, respectively.

### Fund Performance

Lakson Islamic Tactical Fund provided return of for -11.60% FY22 against the Benchmark return of 4.24%. As of June 30, 2022, the Fund had 62% exposure in equities, 19% in cash, and 16% in Fixed income on a total asset basis.

Performance Table	FY22	FY21
Net Assets - Beginning (PKR Mil.)	489	150.0000
Net Assets - Ending (PKR Mil.)	330	489.0000
Highest Offer Price (PKR)	101.2319	105.6522
Lowest Offer Price (PKR)	86.4325	86.7870
Highest Redemption Price (PKR)	98.7628	103.0753
Lowest Redemption Price (PKR)	84.3243	84.6702
Beginning NAV - Ex-Div. (PKR)	97.1407	83.2873
Interim Distributions (PKR)	-	3.5000
Final Distribution (PKR)	-	-
Ending NAV - Ex-Div. (PKR)	85.8709	97.1407
Return	-11.60%	7.26%
Net Income / (Loss) (PKR Mil.)	(48.00)	53.00





Distributions	FY22	FY21
Interim Distributions (PKR)	-	3.50
Final Distribution	-	-
NAV before Distribution	-	101.2401
NAV after Distribution	-	97.7401
Distribution Date	-	26-Jun-21

### Future Outlook

Equity market returns are dependent on the future course of inflation, interest rates, external account performance and to a lesser extent sentiment & politics. We believe, on balance, conditions are not conducive for optimal returns in the equity markets despite deeply discounted valuations in almost all sectors. However, we believe, clarity will emerge in the medium term, especially regarding the direction of inflation and the wider implication for interest rates. Clarity on the sustainability of the current account deficit and confidence in Pakistan's ability to shore up external reserves is needed drive equity asset class returns. On the flip side, due to the discounted valuations, we believe positive developments will have an outsized impact on equity market performance

### Circumstances Materially Affecting Interests of Unit Holders

PACRA maintained the Asset manager Rating of Lakson Investments to 'AM2+' during FY22.

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. 1.45 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 LITF does not employ any leverage.

### Breakdown of Unit Holding by Size

Units Range	No. of Clients	Units Held
Holding upto 100	4	137
101 - 500	0	-
501 - 1,000	1	956
1,001 - 5,000	2	3,567
5,001 - 10,000	3	19,220
10,001 - 50,000	5	192,161
50,001 - 100,000	3	184,813
100,001 - 500,000	4	692,054
500,001 - 1,000,000	5	2,752,493
1,000,001 - 5,000,000	0	-
5,000,001 - above	0	-
	<b>27</b>	<b>3,845,401</b>

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

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Email: info@cdcpak.com



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**LAKSON ISLAMIC TACTICAL 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 Islamic Tactical 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



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Pakistan

## INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of Lakson Islamic Tactical Fund ("the Fund"), which comprise the statement of assets and liabilities as at June 30, 2022, and the income statement, the statement of comprehensive income, the statement of cash flows and the statement of movement in unit holders' fund 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 present fairly, in all material respects, the financial position of the Fund as at June 30, 2022, and 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 in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

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. These matters were 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 these matters.

Following are the key audit matters:

S.NO	Key audit matter(s)	How the matter was addressed in our audit
1.	<p><b>Investments - Valuation of investments</b></p> <p>Refer notes 4.1 and 6 to the financial statements for accounting policies and details of investments.</p> <p>As at June 30 2022, the Fund has investments classified as "Fair value through profit or loss" amounting to Rs.207 million in aggregate representing 62.82% of the net assets value of the Fund.</p> <p>We identified valuation of investments as a key audit matter because of its significance in relation to the net asset value of the Fund</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>Obtained an understanding of and testing the design and operating effectiveness of the key controls for the valuation of investments; and</li> <li>We have performed substantive audit procedures on the year – end balances of investment portfolio including review of custodian's statement and re-performance of investment valuations on the basis of quoted market prices as at June 30, 2022 and matching the valuation of investment with that appearing in the financial statements.</li> </ul>

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BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.



#### Information other than the financial statements and auditor's report thereon

The 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 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 conclude 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 the Management Company and its Board of Directors

The Management Company ("Lakson Investments Limited") of the Fund is responsible for the preparation and fair presentation of the financial statements in accordance with the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and 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, the 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 the Management Company either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Board of Directors of the Management Company is 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.



- 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 the 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 the Board of Directors 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 the Board of Directors 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 the Board of Directors 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

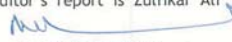
Based on our audit, we further report that in our opinion the financial statements have been prepared in accordance with the relevant provisions of the Trust Deed, NBFC Rules and NBFC Regulations.

#### Other Matter

The financial statements of the Fund for the year ended June 30, 2021 were audited by another firm of chartered accountants who had expressed an unqualified opinion thereon vide their report dated October 09, 2021.

The engagement partner on the audit resulting in this independent auditor's report is Zulfikar Ali Causer.

KARACHI  
 DATED: **29 SEP 2022**  
 UDIN: AR2022100671CGVRzexX

  
**BDO EBRAHIM & CO.**  
 CHARTERED ACCOUNTANTS



September 15, 2022



الحمد لله رب العالمين، والصلاة والسلام على سيد الأنبياء والمرسلين، وعلى آله وصحبه أجمعين، وبعد

The purpose of this report is to provide an opinion on the Shariah Compliance of the Fund's investment and operational activities with respect to Shariah guidelines provided.

It is the core responsibility of the Management Company to operate the Fund and invest the amount of money in such a manner which is in compliance with the Shariah principles as laid out in the Shariah guidelines. In the capacity of the Shariah Advisor, our responsibility lies in providing Shariah guidelines and ensuring compliance with the same by review of activities of the fund. We express our opinion based on the review of the information, provided by the management company, to an extent where compliance with the Shariah guidelines can be objectively verified.

Our review of Fund's activities is limited to enquiries of the personnel of Management Company and various documents prepared and provided by the management company.

Keeping in view the above; we certify that:

We have reviewed all the investment and operational activities of the fund including all transactions and found them to comply with the Shariah guidelines. On the basis of information provided by the management company, all operations of the fund for the year ended June 30, 2022 comply with the provided Shariah guidelines. Therefore, it is resolved that investments in Lakson Islamic Tactical Fund managed by Lakson Investment Limited are halal and in accordance with Shariah principles.

May Allah (SWT) bless us and forgive our mistakes and accept our sincere efforts in accomplishment of cherished tasks and keep us away from sinful acts.

والله أعلم بالصواب، وصلى الله على نبينا محمد وعلى آله وصحبه وبارك وسلم

For and on behalf of Al-Hilal Shariah Advisors (Pvt.) Limited.

Mufti Irshad Ahmad Aljaz  
Member Shariah Council



Faraz Younus Bandukda, CFA  
Chief Executive

**Statement of Assets and Liabilities  
As at June 30, 2022**

	Note	2022 (Rupees)	2021
<b>ASSETS</b>			
Bank balances	5	63,571,229	160,101,532
Investments	6	267,634,800	331,523,365
Markup accrued	7	1,405,548	691,059
Deposits and other receivables	8	2,673,535	4,221,907
<b>TOTAL ASSETS</b>		<b>335,285,112</b>	<b>496,537,863</b>
<b>LIABILITIES</b>			
Payable to the Management Company	9	1,735,652	1,875,202
Payable to the Trustee	10	152,395	100,108
Payable to Securities and Exchange			
Commission of Pakistan	11	85,479	72,488
Accrued expenses and other liabilities	12	2,358,762	3,850,096
Payable against purchase of investments		744,600	1,535,615
<b>TOTAL LIABILITIES</b>		<b>5,076,888</b>	<b>7,433,509</b>
<b>NET ASSETS</b>		<b>330,208,224</b>	<b>489,104,354</b>
<b>UNIT HOLDERS' FUND (AS PER THE STATEMENT ATTACHED)</b>			
		<b>330,208,224</b>	<b>489,104,354</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	14		
		-----Number of units-----	
Number of units in issue	15	3,845,401	5,035,007
		-----Rupees-----	
Net assets value per unit		85.8709	97.1407

The annexed notes from 1 to 22 form an integral part of these financial statements.

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

Chief Executive Officer	Chief Financial Officer	Director
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## Income Statement For the year ended June 30, 2022

		2022	2021
Income	Note	(Rupees)	
(Loss) / income on sale of investment at fair value through profit or loss - net		(48,499,873)	31,334,153
Unrealised (loss) / gain on revaluation of investment at fair value through profit or loss - net	6.1	(18,846,869)	14,228,346
Dividend income on investments at fair value through profit or loss		16,229,543	9,134,102
Profit on:			
Bank balances		7,693,951	5,405,354
Sukuk and musharaka certificate		3,780,646	3,938,851
Commercial paper		1,425,171	123,070
		12,899,768	9,467,275
Exchange loss on foreign currency deposits		-	-1,923
		(38,217,431)	64,161,953
<b>Expenses</b>			
Remuneration of the Management Company	9.1	5,783,851	4,844,767
Sindh Sales Tax on remuneration of the Management Company	9.2	751,901	629,820
Remuneration of the Trustee	10	1,026,214	819,111
Annual fee to Securities and Exchange Commission of Pakistan	11	88,004	72,488
SECP supervisory fee		2,553	2,500
Auditors' remuneration	16	376,585	376,585
Fees and subscription		-	250,736
Legal and Professional Fees		500,048	499,332
Printing charges		13,560	10,170
PSX listing Fee		25,000	-
Brokerage, custody, settlement and bank charges		1,703,679	1,413,216
Shariah advisor fees		509,338	150,854
Charity expense		728,356	660,296
		11,509,089	9,729,875
<b>Net (loss) / income for the year before taxation</b>		(49,726,520)	54,432,078
Reversal of provision / (provision) for Sindh workers' welfare fund	12.1	1,458,203	(1,088,642)
<b>Net (loss) / income for the year before taxation</b>		(48,268,317)	53,343,437
Taxation	17	-	-
<b>Net (loss) / income for the year after taxation</b>		(48,268,317)	53,343,437
<b>Allocation of net income for the year</b>			
Net (loss) / income for the year after taxation		(48,268,317)	53,343,437
Income already paid on units redeemed		-	(6,787,371)
		(48,268,317)	46,556,066
<b>Accounting income available for distribution</b>			
Relating to capital gains		-	39,591,161
Excluding capital gains		-	6,964,904
		-	46,556,066

The annexed notes from 1 to 22 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 June 30, 2022**

	2022	2021
	(Rupees)	
Net (loss) / income for the year after taxation	<b>(48,268,317)</b>	53,343,437
Other comprehensive income for the year	-	-
Total comprehensive (loss) / income for the year	<u><b>(48,268,317)</b></u>	<u>53,343,437</u>

The annexed notes from 1 to 22 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

	Year ended 2022	Year ended 2021	Total	Capital value	Undistributed income	Total
	Capital value	Undistributed income		Capital value	Undistributed income	Total
					----- (Rupees) -----	
<b>Net assets at beginning of the year</b>	482,122,276	6,382,078	488,504,354	380,160,010	(29,908,725)	150,251,285
<b>Issuance of 187,137 units (2021: 3,815,148)</b>						
Capital value	18,178,585	-	18,178,585	317,754,121	-	317,754,121
Element of income	(1,279,939)	-	(1,279,939)	43,881,637	-	43,881,637
Total proceeds on issuance of units	16,898,646	-	16,898,646	361,635,758	-	361,635,758
<b>Redemption of units 1,376,743 (2021: 584,151)</b>						
Capital value	(133,737,870)	-	(133,737,870)	(48,652,368)	-	(48,652,368)
Element of income/(loss)	6,211,411	-	6,211,411	(3,653,778)	(6,787,371)	(10,441,149)
Total payments on redemption of units	(127,526,459)	-	(127,526,459)	(52,306,146)	(6,787,371)	(59,093,517)
Interim cash distribution during the year is Nil per unit on June 30, 2022 (2021: 3.5)						
Total comprehensive (loss) / income for the year	-	(48,268,317)	(48,268,317)	(7,367,346)	(9,665,263)	(17,032,609)
<b>Net assets as at end of the year</b>	371,494,463	(41,286,239)	330,208,224	482,122,276	6,982,077	489,104,354
<b>Undistributed loss brought forward:</b>						
- Realized loss at the beginning of the year	(7,246,268)			(31,165,057)		
- Unrealized income at the beginning of the year	14,228,346			1,256,332		
	6,982,078			(29,908,725)		
<b>Accounting income available for distribution:</b>						
Relating to capital gains	-			39,591,161		
Excluding capital gains	-			6,964,904		
Total comprehensive (loss) / income for the year	(48,268,317)			46,556,066		
Interim cash distribution during the year is nil per unit on June 30, 2022 (2021: 3.5)						
<b>Undistributed (loss) / income at end of the year</b>	(41,286,239)			(9,665,263)		
<b>Undistributed loss brought forward:</b>						
Undistributed income brought forward:				6,982,078		
Realized income / (loss)	(22,439,370)			(7,246,268)		
Unrealized (loss) / income	(18,846,869)			14,228,346		
<b>Undistributed (loss) / income at end of the year</b>	(41,286,239)			6,982,078		
Net assets value per unit at beginning of the year			97.1407			83.2873
Net assets value per unit at end of the year			85.8709			97.1407

The annexed notes from 1 to 22 form an integral part of these financial statements.

Chief Executive Officer

Chief Financial Officer

Director

## Statement of Cash Flow For the year ended June 30, 2022

	2022	2021
	(Rupees)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net (loss) / income for the year	(48,268,317)	53,343,437
<b>Adjustments for:</b>		
Unrealised loss / (gain) on revaluation of investment at fair value through profit or loss - net	18,846,869	(14,228,346)
Dividend income on investment at fair value through profit or loss	(16,229,543)	(9,134,102)
Mark-up on bank balances	(7,693,951)	(5,405,354)
Profit on investment	(5,205,817)	-
	<u>(58,550,759)</u>	<u>24,575,635</u>
<b>Decrease / (increase) in assets</b>		
Investments	45,041,696	(205,172,551)
Deposits and other receivables	1,199,846	(1,056,007)
	46,241,542	(206,228,558)
<b>(Decrease) / increase in liabilities</b>		
Payable to the Management Company	(139,550)	532,126
Payable to the Trustee	52,287	37,518
Payable to Securities and Exchange Commission of Pakistan	12,991	43,276
Payable against purchase of investments	(791,015)	-
Accrued expenses and other liabilities	(1,491,334)	2,757,371
	(2,356,621)	3,370,291
Dividend income on investment at fair value through profit or loss	16,578,069	8,776,222
Profit received on bank balances	12,185,279	5,687,855
Net cash generated from / (used in) operating activities	<u>14,097,510</u>	<u>(163,818,555)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Total proceeds on issuance of units	16,898,646	344,603,14
Total payments on redemption of units	(127,526,459)	(59,093,517)
Net cash (used in) / generated from financing activities	(110,627,813)	285,509,632
Net (decrease) / increase in cash and cash equivalents	<u>(96,530,303)</u>	<u>121,691,077</u>
Cash and cash equivalents at beginning of the year	160,101,532	38,410,455
Cash and cash equivalents at end of the year	<u>63,571,229</u>	<u>160,101,532</u>

The annexed notes from 1 to 22 form an integral part of these financial statements.

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

**Chief Executive Officer**

**Chief Financial Officer**

**Director**

## Notes to and forming part of the Financial Statements For the year ended June 30, 2022

### 1. LEGAL STATUS AND NATURE OF BUSINESS

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

The Fund is categorised as "Shariah Compliant/Islamic Scheme" as per the Circular 07 of 2009 issued by Securities and Exchange Commission of Pakistan (SECP) and is authorised to invest in Shariah compliant investments within the limits prescribed in the offering document so as to ensure a riba-free return on investments. All investments of the Fund are as per the guidelines of the Shariah principles provided by the Shariah Advisor of the Fund and comprise of the investments permissible as 'Authorised Investments' under the Trust Deed.

Further, as allowed by SECP and the State Bank of Pakistan, the Fund can invest abroad up to 30% of the aggregated funds mobilized (including foreign currency funds) subject to a maximum limit of USD 15 million. The investments authorized outside Pakistan include exchange traded funds based on equities / debt with exposure in the commodities, index tracker funds tracking different commodities indices, actively managed commodities based funds, equities and debt securities of companies with exposure in commodities, future contracts of different commodities and foreign currency deposits etc.

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

- 1.4 The Pakistan Credit Rating Company Limited (PACRA) has maintained asset manager rating of the Management Company of the Fund to the scale 'AM2+' (stable outlook) dated August 27, 2021 (AM2+ as on August 28, 2020).

On July 27, 2022, VIS credit rating company limited assigned following rankings to the Fund based on the performance review for the year ended June 30, 2022:

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

- 1.5 Due to the enactment of the Sindh Trusts Act, 2020 (as amended vide Sindh Trusts (Amended) Act, 2021), 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. For this purpose, Re-Stated Trust Deeds of all Funds have been executed between the Management Company and the Trustees and all the relevant Trust Deeds alongwith necessary documents have been submitted with Assistant Director of Industries and Commerce (Trust Wing), Government of Sindh."

## **2. BASIS OF PREPARATION**

The transactions undertaken by the Fund are in accordance with the Shariah guidelines issued by the Shariah advisor and are accounted for on substance rather than the form. This practice is being followed to comply with the requirements of approved accounting standards as applicable in Pakistan.

### **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 VIIIA 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 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 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 Pak 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)
- (b) impairment of financial assets (note 4.1.5)
- (c) provisions (note 4.7)
- (d) element of income (note 4.9)

### **3 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING 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 financial statements other than certain additional disclosures.

	<b>Effective date (annual periods beginning on or after)</b>
Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
Amendments to IFRS 16 'Leases' - Extended practical relief regarding Covid - 19 related rent concessions	April 01, 2021

#### **3.2 New accounting standards, amendments and 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, 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.

Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of Accounting Policies	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 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

Certain annual improvements have also been made to a number of IFRSs.

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1      First Time Adoption of International Financial Reporting Standards

IFRS 17      Insurance Contracts

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **4.1 Financial assets**

##### **4.1.1 Classification**

On initial recognition, a financial asset is classified as measured at: amortised cost or fair value through profit or loss (FVTPL).

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- "it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income (OCI). This election is made on an investment by investment basis.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

##### **Business model assessment**

The Fund makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Fund's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and



- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Fund's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment on debt securities, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Fund considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Fund's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

The Fund has determined that it has two business models.

- Held-to-collect business model: this includes cash and cash equivalents and debt securities. These financial assets are held to collect contractual cash flow.
- Other business model: this includes debt securities. These financial assets are managed and their performances is evaluated, on a fair value basis, with frequent sales taking place.

#### **4.1.2 Reclassifications**

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Fund changes its business model for managing financial assets.

#### **4.1.3 Initial recognition and measurement**

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement.

#### **4.1.4 Subsequent measurement**

The following accounting policies apply to the subsequent measurement of financial assets:

**Financial assets at FVTPL**

These assets are subsequently measured at fair value. Net gains and losses, including any profit / markup or dividend income, are recognised in income statement.

**Financial assets at amortised cost**

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Profit / markup income, foreign exchange gains and losses and impairment are recognised in income statement.

The fair value of financial assets are determined as follows:

**a) Equity securities**

The equity securities are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange.

**b) Debt securities**

The debt securities are valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities vide its Circular No. 33 of 2012 dated October 24, 2012.

**4.1.5 Impairment of financial assets**

**Financial assets at amortised cost**

The Fund assesses at each reporting date whether there is an objective evidence that the financial asset or a group of financial assets is impaired. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model.

The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. However, SECP through its SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 have deferred the applicability of impairment requirements of IFRS 9 in relation to debt securities for mutual funds and have instructed to continue to follow the requirements of Circular No. 33 of 2012 dated October 24, 2012.

The provisioning policy has been duly formulated and approved by the Board of Directors of the Management Company. Provision against non-performing debt securities is made in accordance with the provisioning criteria for non-performing debt securities specified by the SECP. As allowed by the SECP, the management may also make provision against debt securities over and above the minimum provision requirement prescribed in Circular No. 33 of 2012 dated October 24, 2012, in accordance with the provisioning policy duly approved by the Board of Directors of the Management Company.

**4.1.6 Derecognition**

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

**4.1.7 Cash and cash equivalents**

Cash and cash equivalents comprise of deposits and current accounts maintained with banks. Cash equivalents are short term 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.

#### **4.1.8 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 stock exchange regulations.

#### **4.2 Financial liabilities**

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. They are initially recognized at fair value and subsequently stated at amortised cost. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

#### **4.3 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.

#### **4.4 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.

#### **4.5 Net assets value per unit**

The 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.

#### **4.6 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 appreciation / (diminution) 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 is recognised using the effective yield method.
- Dividend income is recognised on an accrual basis when right to receive the same is established



**4.7 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.

**4.8 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 realized or unrealized 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.

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.

**4.9 Provisions**

Provisions are recognised when the Fund has a 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 balance sheet date and are adjusted to reflect the current best estimate.

**4.10 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. Based on MUFAP's guidelines (duly consented upon by SECP) distributions for the year is deemed to comprise of the portion of amount of income already paid on units redeemed and the amount of cash distribution for the year.

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.

**4.11 Other assets**

Other assets are stated at cost less impairment losses, if any.

#### 4.12 Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the conversion of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the period end exchange rates are recognised in the income statement.

#### 4.13 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.

#### 4.14 Expenses

All expenses including NAV based expenses are recognised in the income statement on a time apportionment basis.

#### 4.15 Transactions with related parties / connected persons

Transactions with related parties / connected persons are based at arm's length at normal commercial rates on the same terms and conditions as applicable to third party transactions.

Remuneration to the Management Company and the Trustee is determined in accordance with the provisions of NBFC Regulations and the Trust Deed respectively.

		2022	2021
5.	<b>BANK BALANCES</b>	<b>Note</b>	<b>(Rupees)</b>
	Local currency		
	In profit and loss sharing accounts	5.1	63,569,218
			160,099,521
	Foreign currency		
	In current account	5.2	2,011
			2,011
			<u>63,571,229</u>
			<u>160,101,532</u>

5.1 This includes balance carry profit rates ranging from 5.1% to 8.5% (2021: 3.85% to 7.08%) per annum.

5.2 This represents USD denominated current account maintained in a foreign country amounting to USD 13 (2021: USD 13).

#### 6. INVESTMENTS

At fair value through profit or loss

Listed equity securities	6.1	207,444,046	265,251,622
		<u>207,444,046</u>	<u>265,251,622</u>

At amortized cost

Commercial paper	6.2	14,928,047	24,790,158
Musharakah Certificate	6.4	45,262,707	41,481,585
		<u>267,634,800</u>	<u>331,523,365</u>

## 6.1 Ordinary shares - listed

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

Name of the investee company	Holding as at July 01, 2021	Purchased during the year	Bonus shares / letter of right received during the year	Disposed during the year	Holding as at June 30, 2022	Number of Shares				Carrying value before revaluation as of June 30, 2022	Market value as of 30 June 2022 (after revaluation)	Unrealised gain / (loss) net	Market value as percentage of total investments	Market value as percentage of net assets	Par value of shares held as a percentage of total paid up capital of the investee company
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Name of the investee company	Holding as at July 01, 2021	Purchased during the year	Bonus shares / letter of right received during the year	Disposed during the year	Holding as at June 30, 2022	Number of Shares					Carrying value before revaluation as of June 30, 2022	Market value as of 30 June 2022 (after revaluation)	Unrealised gain / (loss) net	Market value as percentage of total investments	Market value as percentage of net assets	Per value of shares held as a percentage of total paid up capital of the investee company
<b>Oil and Gas Marketing Companies</b>																
Attock Petroleum Limited	4,700	-	-	(4,700)	-	-	-	-	-	-	16,308,366	16,165,161	-	0.00%	0.00%	0.00%
Pakistan State Oil Company Limited	90,471	183,400	-	(179,800)	94,071	-	-	-	-	-	16,308,366	16,165,161	(143,205)	7.79%	4.90%	0.34%
<b>Automobile Assemblers</b>																
Millat Tractors Limited	8526	1,557	-	(10,083)	-	-	-	-	-	-	-	-	-	0.00%	0.00%	0.00%
Pak Suzuki Motor Company Limited	4,760	34,100	-	(38,860)	-	-	-	-	-	-	-	-	-	0.00%	0.00%	0.00%
Automobile Parts and Accessories	6,697	-	-	(6,697)	-	-	-	-	-	-	-	-	-	0.00%	0.00%	0.00%
Agriauto Industries Limited (face value - 5 Rs)	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%	0.00%	0.00%
<b>Engineering</b>																
Mughal Iron and Steel Industries	19,680	115,157	-	(134,837)	-	-	-	-	-	-	-	-	-	0.00%	0.00%	0.00%
Alpha Steel Industries Limited	16,200	193,310	-	(209,510)	-	-	-	-	-	-	-	-	-	0.00%	0.00%	0.00%
Alsha Steel Mills Limited	106,500	101,000	-	(207,500)	-	-	-	-	-	-	-	-	-	0.00%	0.00%	0.00%
International Industries Limited	16,836	25,800	-	(42,636)	-	-	-	-	-	-	-	-	-	0.00%	0.00%	0.00%
International Steels Limited	91,920	117,000	-	(91,920)	117,000	-	-	-	-	-	7,175,317	6,945,120	(230,197)	3.35%	2.10%	0.16%
											7,175,317	6,945,120	(230,197)	3.35%	2.10%	0.16%
<b>Technology and Communication</b>																
TRG Pakistan Limited	4450	75,300	-	(79,750)	-	-	-	-	-	-	-	-	-	0.00%	0.00%	0.00%
System Limited	12,158	73,500	45,257	(68,270)	62,645	-	-	-	-	-	20,747,457	20,663,750	(83,707)	9.96%	6.26%	0.74%
Avanceon Limited	-	233,438	8,861	(208,992)	33,507	-	-	-	-	-	2,733,790	2,594,948	(138,842)	1.25%	0.79%	0.08%
											23,481,247	23,258,698	(222,549)	11.21%	7.04%	
<b>Glass and Ceramics</b>																
Shaboor Tiles & Ceramics Limited	32,500	230,000	-	(165,500)	97,000	-	-	-	-	-	1,533,096	1,419,110	(113,986)	0.68%	0.43%	0.06%
											1,533,096	1,419,110	(113,986)	0.68%	0.43%	
<b>Refinery</b>																
Attock Refinery Limited	17,600	30,200	-	(29,800)	18,000	-	-	-	-	-	3,105,000	3,164,000	59,040	1.53%	0.96%	0.30%
Onnergico Pakistan Limited	-	275,000	-	-	275,000	-	-	-	-	-	1,613,642	1,468,500	(145,142)	0.71%	0.44%	0.00%
Byco Petroleum Pakistan Limited	77,000	-	-	(77,000)	-	-	-	-	-	-	-	-	-	0.00%	0.00%	0.00%
National Refinery Limited	4,700	19,450	-	(12,150)	12,000	-	-	-	-	-	3,083,761	3,030,840	(52,921)	1.46%	0.92%	0.38%
											7,802,403	7,663,380	(139,023)	3.69%	2.32%	
<b>Transport</b>																
Pakistan International Bulk Terminal Limited	100,780	-	-	(100,780)	-	-	-	-	-	-	-	-	-	0.00%	0.00%	0.00%
<b>Food And Personal Care Products</b>																
At-Tahir Limited	-	64,500	7,740	(9,000)	63,240	-	-	-	-	-	1,664,256	1,205,987	(458,269)	0.58%	0.37%	0.06%
Unity Foods Limited	61,448	306,000	-	(280,448)	87,000	-	-	-	-	-	2,062,015	1,746,090	(315,925)	0.84%	0.53%	0.01%
											3,726,271	2,952,077	(774,194)	1.42%	0.89%	
Pak Elektron Limited	34,000	-	-	(34,000)	-	-	-	-	-	-	-	-	-	0.00%	0.00%	0.00%
<b>Total as at June 30, 2022</b>	<b>2,301,331</b>	<b>-</b>	<b>87,819</b>	<b>(4,816,759)</b>	<b>2,240,061</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>226,290,874</b>	<b>207,444,046</b>	<b>(18,846,828)</b>	<b>90.48%</b>	<b>56.84%</b>	<b>8.97%</b>
Total as at June 30, 2021											251,023,276	265,251,622	14,228,346	99.50%	52.33%	



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

	2022 ----- (Number of shares) -----	2021	2022 ----- (Rupees) -----	2021
Oil and Gas Development Company Limited	5,000	5,000	393,350	475,150
Engro Fertilizers Limited	20,000		925,125	
Engro Corporation Limited	22,300	22,300	1,775,749	6,569,803
Lucky Cement Company Limited	10,000	10,000	4,590,400	8,634,400
Nishat Mills Limited		10,000		933,000
Pakistan Petroleum Limited	300	300	20,253	26,049
	<b>57,600</b>	<b>47,600</b>	<b>7,704,876</b>	<b>16,638,402</b>

6.1.2 Finance act, 2014 had introduced tax on bonus shares issued by the companies. Most of the equity funds including the Fund have challenged the applicability of withholding tax provision on bonus shares before Honourable High Court of Sindh ("the Court") on various legal grounds and have sought relief from the Court. In the Fund's case, tax in the shape of 147 shares of Pakistan State Oils Limited (June 30 2021: 147 shares) and 8 shares of The Searle Company Limited (June 30 2021: 6 shares) ave been withheld by CDC. Market value of these shares as at June 30 2022 amounted to Rs. 26,133 (June 30 2021: Rs. 34,420) and are included in the Fund's investments in these financial statements.

**6.2 Commercial papers - at amortized cost**

At fair value through profit or loss	Date of Issue	Date of Maturity	Total Face Value (maturity value)	Term	Mark-up rate	Holding as at 30 June 2021	Purchases during the period	Disposed / matured during the period	Holding as at 30 June 2022	Carrying value before revaluation as of 30 June 2022	Carrying value as a percentage of total investments	Carrying value as a percentage of net assets	Face value as % of size of the issue
Mughal ICP 1	Jul 28, 21	Jul 27, 22	15,000,000	1 year	8.86%	-	15	-	15	14,928,047	5.58%	4.52%	0.82%
K-Electric - ICP 14	Feb 10, 21	Aug 10, 21	25,000,000	6 months	7.96%	25	-	25	-	-	-	-	-

**6.3 Musharaka Certificate - at amortized cost**

At fair value through profit or loss	Date of Issue	Date of Maturity	Total Face Value (maturity value)	Term	Mark-up rate	Holding as at 30 June 2021	Purchases during the year	Disposed / matured during the year	Holding as at 30 June 2022	Carrying value before revaluation as of 30 June 2022	Carrying value as a percentage of total investments	Carrying value as a percentage of net assets
Orix Modaraba	Dec 31, 20	Dec 31, 22	45,863,956	3 years	13.16%	40,000	-	-	40,000	45,262,707	16.91%	13.71%

This Musharaka Certificate is unsecured.

	2022 Note	2021 (Rupees)
<b>7. MARKUP ACCRUED</b>		
Profit receivable on Profit and loss sharing accounts	1,405,548	691,059
	<b>1,405,548</b>	<b>691,059</b>
<b>8. DEPOSITS AND OTHER RECEIVABLES</b>		
Security deposit to:		
Central Depository Company of Pakistan Limited	8.1 100,000	100,000
National Clearing Company of Pakistan Limited	8.2 2,500,000	2,500,000
Advance against book building	8.3 -	1,204,245
Advance tax	8.4 61,335	56,936
Dividend receivable	12,200	360,726
	<b>2,673,535</b>	<b>4,221,907</b>

- 8.1 This represents deposit with CDC on account of initial deposit for opening of investor account for electronic transfer of book-entry securities.
- 8.2 This represents deposit with NCCPL in respect of trading of the listed securities.
- 8.3 In prior year, the margin amount constituting 25% of the total bid amount of Rs 4.81 million for participation in the ordinary shares offered by Pakistan Aluminium Can Beverages Limited through a book building process. Subsequent to the year end on July 13, 2021, 46,435 ordinary shares were allocated to the fund.
- 8.4 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 under section 151 and 150. The amount of withholding tax deducted on markup on bank deposits has been shown as advance tax as at June 30 2022, in the opinion of the management, the amount of tax deducted at source will be refunded.

**9. PAYABLE TO THE MANAGEMENT COMPANY**

Remuneration payable to the			
Management Company	9.1	<b>386,042</b>	505,673
Sindh Sales Tax on Management			
Company's remuneration	9.2	<b>217,046</b>	232,597
Federal Excise Duty on:	9.3		
Management Company's remuneration		<b>1,132,564</b>	1,132,564
Sales load payable to the Management Company		-	4,368
		<u><b>1,735,652</b></u>	<u>1,875,202</u>

- 9.1 The Management Company is entitled to remuneration for services rendered to the Fund under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, of an amount not exceeding 2% per annum of the average annual net assets of the Fund. The fee is subject to a minimum of 1% and a maximum of 2% of the average annual net assets of the Fund. Currently the effective rate of Management Company remuneration for the year ended June 30, 2022 is 1.314 % (2021: 1.36%) of the average net assets. Remuneration is paid to the Management company in arrears on a monthly basis.
- 9.2 The Sindh Provincial Government has levied Sindh Sales Tax (SST) at the rate of 13% (June 30, 2021: 13%) on the remuneration of management company through Sindh Sales Tax on Services Act, 2011.
- 9.3 As per the requirements of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Management Company has been applied effective from June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan with the Sindh High Court (SHC) on September 4, 2013.

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

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

However, since the appeal is pending in the Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period up to June 30, 2016 aggregating to Rs. 1.132 million. Had the provision not been made, NAV per unit of the Fund as at June 30, 2022 would have been higher by Re. 0.29 (2021: Re. 0.22) per unit. The amount is payable to the management company for onwards payment, if any, to the Government.

#### 10. 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 as follows:

<b>Net assets up to 1 billion</b>	0.20% per annum of the daily average net assets of the Fund.
<b>Net assets exceeding Rs 1 billion</b>	Rs 2 million plus 0.10% per annum of the daily average net assets of the Fund exceeding Rs 1 billion.

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

#### 11. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

This represents annual fee payable to SECP in accordance with the NBFC Regulations, whereby the Company is required to pay SECP an amount at the rate of 0.02% per annum of the average daily net assets of the fund in accordance with the regulation 62 of the NBFC Regulation 2008.

	Note	2022	2021
		(Rupees)	
<b>12. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Provision for Sindh Workers' Welfare Fund	12.1	-	1,458,203
Charity payable	12.2	1,492,017	763,661
Auditors' remuneration		248,656	274,812
Payable for professional services		297,307	176,833
Payable for rating fee		-	143,913
Brokerage charges payable		-	170,457
Fee payable to shariah advisor		268,959	141,614
Fee payable to National Clearing			
Company of Pakistan		45,310	81,630
Other liabilities		4,745	629,932
Fee payable to Central Depository Company		1,768	9,041
		<b>2,358,762</b>	<b>3,850,096</b>

- 12.1 The Government of Sindh introduced levy of the Sindh Workers' Welfare Fund (SWWF) through the Sindh Workers' Welfare Act, 2014. The Mutual Fund Association of Pakistan (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. MUFAP has taken up the matter with the concerned ministry [Sindh Finance Ministry] for appropriate resolution of the matter.

During the current year, 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 Companies (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.

On August 13, 2021 the Fund ceased to charge further provision for SWWF and has reversed full provision for SWWF amounting to Rs. 1.458 million for the period from July 1, 2014 till August 12, 2021.

12.2 This relates to the amount taken out from dividend income for purification.

**13. TOTAL EXPENSE RATIO**

Securities and Exchange Commission of Pakistan (SECP) vide its directive no. SCD/PRDD/Direction/ 18/2016 dated 20 July 2016, require that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS / the Fund. TER of the Fund for the year ended 30 June 2022 is 1.97% which includes 0.21% representing government levies (comprising of Workers Welfare Fund and SECP fee, etc). As per NBFC Regulation the total expense ratio of the Asset Allocation Scheme shall be capped up to 4.5% (excluding government levies).

**14. CONTINGENCIES AND COMMITMENTS**

The Fund had no contingency or commitment at the year end.

**15. NUMBER OF UNITS IN ISSUE**

	Note	2022 (Number)	2021
Total outstanding as of 1 July		5,035,007	1,804,011
Issued during the year		187,137	3,815,148
Redemptions during the year		(1,376,743)	(584,151)
Total units in issue as of 30 June		<u>3,845,400</u>	<u>5,035,007</u>

**16. AUDITORS' REMUNERATION**

Annual audit fee	268,926	268,926
Fee for the review of half yearly financial statements	50,000	50,000
Report on agreed upon procedures in respect of investments abroad upon procedures report	25,766	25,766
Out of pocket and sales tax expenses	31,893	31,893
	<u>376,585</u>	<u>376,585</u>

**17 TAXATION**

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

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

Connected persons / related parties include Lakson Investments Limited being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the trustee, Habib Bank AG Zurich Switzerland being the Custodian, Siza Services (Private) Limited being holding company of the Management Company, associated companies of the Management Company and the holding company, key management personnel, other funds being managed by the Management Company and entities having holding 10% or more in the units of the Fund as at 30 June 2022. It also includes staff retirement funds of the above related parties / connected persons.

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

	2022	2021
	(Rupees)	
<b>Lakson Investments Limited - Management Company of the Fund</b>		
Remuneration payable	<u>386,042</u>	<u>505,673</u>
Sindh Sales Tax on Management Company's remuneration	<u>217,046</u>	<u>232,597</u>
<b>Federal Excise Duty on Management Company's remuneration</b>	<u>1,132,564</u>	<u>1,132,564</u>
Federal Excise Duty on Sales load payable to the Management Company	<u>-</u>	<u>4,368</u>
<b>Central Depository Company of Pakistan Limited - Trustee of the Fund</b>		
Remuneration payable (including Sindh Sales Tax of Rs. 24,734 (2021: Rs. 18,360))	<u>152,395</u>	<u>100,108</u>
Security deposit	<u>100,000</u>	<u>100,000</u>
Settlement charges payable	<u>1,768</u>	<u>9,041</u>
<b>Habib Bank AG Zurich - Custodian</b>		
Bank Deposits	<u>2,011</u>	<u>2,011</u>

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

	2022	2021
	(Rupees)	
<b>Lakson Investments Limited - Management</b>		
<b>Company of the Fund</b>		
Remuneration for the year	5,783,851	4,844,767
Sindh sales tax on remuneration of Management Company *	751,901	629,820
<b>Central Depository Company of Pakistan Limited - Trustee of the Fund</b>		
Remuneration for the year (including Sindh Sales Tax of Rs. 751,901 (2021: Rs. 819,111))*	1,026,214	819,111
CDS charges for the year	-	13,204
* Sales tax is paid / payable to the management company / Trustee for onwards payment to the Government.		
Directors, Chief Executive and their spouse and minors		
Dividend paid	-	371,152
<b>Lakson Investments Limited - Management</b>		
<b>Company of the Fund</b>		
Dividend paid	-	1,904,915
<b>Lakson Business Solutions Limited - Employees</b>		
<b>Contributory Provident Fund Trust</b>		
Dividend paid	-	19,507
<b>Lakson Investments Limited - Employees</b>		
<b>Contributory Provident Fund Trust</b>		
Dividend paid	-	68,447
<b>GAM Corporation (Private) Limited - Employees</b>		
<b>Contributory Provident Fund Trust</b>		
Dividend paid	-	37
<b>SIZA Foods (Private) Limited - Employees</b>		
<b>Contributory Provident Fund Trust</b>		
Dividend paid	-	29
<b>Colgate Palmolive (Pakistan) Limited - Employees</b>		
<b>Contributory Provident Fund Trust</b>		
Dividend paid	-	1,334,558
<b>Colgate Palmolive (Pakistan) Limited - Employees</b>		
<b>Gratuity Fund</b>		
Dividend paid	-	1,448,765
<b>Cyber Internet Services (Private) Limited - Employees</b>		
<b>Contributory Provident Fund Trust</b>		
Dividend paid	-	560,588
<b>Accuracy Surgicals Limited - Employees</b>		
<b>Contributory Provident Fund Trust</b>		
Dividend paid	-	8

	2022	2021
	(Rupees)	
<b>Merit Packaging Limited - Employees Contributory Provident Fund Trust</b>		
Dividend paid	-	11
<b>Merit Packaging Limited - Employees Gratuity Fund</b>		
Dividend paid	-	7
<b>Century Paper &amp; Board Mills Limited - Employees Contributory Provident Fund Trust</b>		
Dividend paid	-	1,298,298
<b>Century Paper &amp; Board Mills Limited - Employees Gratuity Fund</b>		
Dividend paid	-	1,123,729
<b>Century Insurance Company Limited - Employees Contributory Provident Fund Trust</b>		
Dividend paid	-	106,638
<b>Sybird Private Limited - Employees Contributory Provident Fund Trust</b>		
Dividend paid	-	10
<b>Century Insurance Company Limited - Employees Gratuity Fund</b>		
Dividend paid	-	95,702
<b>Siza Services Private Limited - Employees Contributory Provident Fund Trust</b>		
Dividend paid	-	6
<b>Hasanali Karabhai Foundation - Employees Contributory Provident Fund Trust</b>		
Dividend paid	-	2
<b>Systems Limited</b>		
Dividend paid	-	1,310,206


**18.3 Details of units held, issued and redeemed by the related parties / connected persons:**

	Year ended June 30, 2022				Rupees			
	Number of Units		Units redeemed during the year		Units issued during the year		Balance as at 30 June 2022	
	Number of units as at 01 July 2021	Units issued during the year	Units redeemed during the year	Number of units as at 30 June 2022	Balance as at July 01, 2021	Units issued during the year	Units redeemed during the year	Balance as at 30 June 2022
Lakson Investments Limited	560,827	-	-	560,827	54,479,127	-	-	54,479,127
Directors, Chief Executive, their spouse and minors	125,065	-	15,802	109,263	12,148,902	-	1,535,023	9,382,507
Associated companies / undertakings of the Management Company								
Accuracy Surgicals Limited Employees Contribution Provident Fund Trust	41,742	1,105	1,530	41,318	4,054,847	107,376	138,515	3,547,975
Century Insurance Company Limited Employees Gratuity Fund	41,305	663	-	41,968	4,012,397	60,020	-	3,603,813
Century Insurance Company Limited Employees Contribution Provident Fund Trust	47,368	16,366	6,248	57,486	4,601,361	1,491,403	575,000	4,936,346
Century Paper & Board Mills Limited Employees Contribution Provident Fund Trust	567,133	1	2,682	564,452	55,091,697	118	242,867	48,469,964
Century Paper & Board Mills Limited Employees Gratuity Fund	499,453	6,183	-	505,636	48,517,214	559,850	-	43,419,395
Colgate Palmolive (Pakistan) Limited Employees Contribution Provident Fund Trust	592,313	-	58,069	534,244	57,537,699	-	5,760,581	45,876,001
Colgate Palmolive (Pakistan) Limited Employees Gratuity Fund	659,715	38,703	111,084	587,334	64,085,177	3,504,355	10,470,000	50,434,906
Cyber Internet Services (Private) Limited Employees Contribution Provident Fund Trust	253,975	12,998	-	266,973	24,671,309	1,205,556	-	22,925,193
GAM Corporation (Private) Limited Employees Contribution Provident Fund Trust	188,262	5,529	23,877	169,914	18,287,902	244,110	2,245,000	14,590,655
Hasanali Karabhai Foundation Employees Contribution Provident Fund Trust	9,375	-	1,503	7,872	910,694	-	136,075	675,950
Lakson Business Solutions Limited Employees Contribution Provident Fund Trust	5,711	2	-	5,713	554,771	246	-	490,593
Lakson Investments Limited Employees Contribution Provident Fund Trust	34,908	11,758	3,542	43,124	3,390,988	1,075,493	326,000	3,703,098
Merit Packaging Limited Employees Contribution Provident Fund Trust	56,459	76,298	63,975	68,782	5,484,467	7,045,624	5,902,504	5,906,376
Merit Packaging Limited Employees Gratuity Fund	34,435	15,340	13,685	36,090	3,345,040	1,403,413	1,240,000	3,099,080
SIZA Foods (Private) Limited Employees Contribution Provident Fund Trust	148,124	1	678	147,447	14,388,869	-	61,360	12,661,412
Siza Services Pvt Limited Employees Contribution Provident Fund Trust	29,669	1,052	1,059	29,662	2,882,067	97,550	126,021	2,547,083
Sybird Private Limited Employees Contribution Provident Fund Trust	793	57,752	-	58,545	77,033	5,588,312	-	5,027,326

**Details of units held, issued and redeemed by the related parties / connected persons:**

	Number of Units			Rupees			
	Number of units as at 01 July 2020	Units issued during the year	Units redeemed during the year	Number of units as at 30 June 2021	Balance as at July 01, 2020	Units issued during the year	Units redeemed during the year
							Balance as at 30 June 2021
Lakson Investments Limited	544,261	16,566	-	560,827	45,330,029	1,619,177	-
Directors, Chief Executive, their spouse and minors	106,643	18,422	-	125,065	8,882,065	1,029,689	-
<b>Associated companies / undertakings of the Management Company</b>							
Accuracy Surgicals Limited Employees Contribution Provident Fund Trust	19,916	63,192	41,366	41,742	1,658,809	6,080,733	4,187,858
Century Insurance Company Limited Employees Gratuity Fund	15,018	26,287	-	41,305	1,250,836	2,391,251	-
Century Insurance Company Limited Employees Contribution Provident Fund Trust	18,171	29,197	-	47,368	1,513,451	2,676,056	-
Century Paper & Board Mills Limited Employees Contribution Provident Fund Trust	223,659	343,474	-	567,133	18,627,996	31,442,536	-
Century Paper & Board Mills Limited Employees Gratuity Fund	184,948	314,505	-	499,453	15,403,859	28,772,479	-
Colgate Palmolive (Pakistan) Limited Employees Contribution Provident Fund Trust	222,560	369,753	-	592,313	18,536,430	33,845,436	-
Colgate Palmolive (Pakistan) Limited Employees Gratuity Fund	188,362	471,353	-	659,715	15,688,232	42,810,059	-
Cyber Internet Services (Private) Limited Employees Contribution Provident Fund Trust	87,880	166,095	-	253,975	7,319,388	15,189,417	-
GAM Corporation (Private) Limited Employees Contribution Provident Fund Trust	50,059	322,636	184,433	188,262	4,169,350	30,791,674	18,671,813
Hasanali Karabhai Foundation Employees Contribution Provident Fund Trust	6,920	16,892	14,437	9,375	546,067	1,614,803	1,448,261
Lakson Business Solutions Limited Employees Contribution Provident Fund Trust	5,572	139	-	5,711	464,196	13,655	-
Lakson Investments Limited Employees Contribution Provident Fund Trust	2,955	31,953	-	34,908	233,271	2,883,180	-
Merit Packaging Limited Employees Contribution Provident Fund Trust	34,300	98,896	76,737	56,459	2,856,848	9,473,564	7,786,364
Merit Packaging Limited Employees Gratuity Fund	14,504	55,088	35,157	34,435	1,208,092	5,288,681	3,560,764
SIZA Foods (Private) Limited Employees Contribution Provident Fund Trust	37,916	253,211	143,003	148,124	3,157,987	24,232,252	14,477,560
Siza Services Pvt. Limited Employees Contribution Provident Fund Trust	10,912	46,377	27,620	29,669	820,710	4,448,788	2,796,316
Sybird Private Limited Employees Contribution Provident Fund Trust	19,091	33,427	51,725	793	1,590,085	8,174,343	5,236,595
Connected person due to holding more than 10% units	-	1,089,869	-	1,089,869	-	50,000,000	53,610,272
Systems Limited	-	-	-	-	-	-	105,870,638



- 18.4 Remuneration payable to the Management Company and the Trustee have been determined in accordance with the provisions of NBFC Regulations and the Trust Deed respectively.
- 18.5 Dividend income is recognized at the amount declared by the investee company. Dividend distributed by the fund is recognized at the amount /rates declared to all the unit holders.
- 18.6 Purchase and redemption of the Fund's unit by related parties / connected persons are recorded at the applicable net asset value per unit. Other transactions are at agreed rates.

## **19 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT**

### **Introduction and overview**

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

- credit risk (refer note 19.1)
- liquidity risk (refer note 19.2)
- market risk (refer note 19.3)
- Operational Risk (refer note 19.4)

### **Risk management framework**

The Fund'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 constitutive documents and the regulations and directives of the SECP. The policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls and to monitor risks and adherence to 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 audit committee is assisted in its oversight role by internal audit. Internal audit undertakes 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.

### **19.1 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, receivable against sale of marketable securities, security deposits and markup receivables and dividend receivable on equity securities.

### **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 taken into account 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 taken into account 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 30 June was as follows:

	June 30, 2022		June 30, 2021	
	Balance as per the Statement of Asset and Liabilities	Maximum exposure	Balance as per the Statement of Asset and Liabilities	Maximum exposure
	----- (Rupees) -----		----- (Rupees) -----	
Bank balances (including profit due)	64,976,777	64,976,777	160,792,591	160,792,591
Investments (including profit due)	267,634,800	267,634,800	331,523,365	66,271,743
Dividend receivable	12,200	360,726	360,726	360,726
Deposit and other receivables	2,661,335	2,600,000	3,861,181	3,804,245
	<u>335,285,113</u>	<u>335,572,303</u>	<u>496,537,863</u>	<u>231,229,305</u>

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 equity securities of Rs. 207,444 million (2021: Equity securities Rs. 265.251 million) do not carry credit risk.

#### Bank balances (Including profit due)

The Fund's cash and cash equivalents at 30 June with banks had following credit ratings:

Rating	2022	2021	2022	2021
	(Rupees)		(%)	
AA+	2,874,460	7,510,968	4.52	4.67
AA	13,750	152,913,116	0.02	95.10
A+	60,681,008	366,495	95.45	0.23
Other*	2,011	2,011	0.00	0.00
Total balance	<u>63,571,229</u>	<u>160,792,590</u>	<u>100.00</u>	<u>100.00</u>

Above ratings are on the basis of available ratings assigned by PACRA and VIS Credit Rating Company Limited (Formerly JCR-VIS Credit Rating Company Limited) as of June 30, 2022.

\* The reported balance is in Habib Bank AG Zurich Switzerland. Rating of the bank is not available, however, the management consider that this is a reputable bank of good credit standing.

### 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:

	2022		2021	
	(Rupees)	(%)	(Rupees)	(%)
Commercial banks (including profit due)	64,976,777	50.86	160,792,591	69.54
Leasing Company	45,262,707	35.43	41,481,585	17.94
Power generation & distribution - commercial papers	14,928,047	11.68	24,790,158	10.72
National Clearing Company of Pakistan Limited	2,500,000	1.96	2,500,000	1.08
Central Depository Company of Pakistan Limited - security deposit	100,000	0.08	100,000	0.04
Advance against book building	-	0.00	1,204,245	0.52
Oil and Gas sector - Dividend receivable	-	0.00	360,726	0.16
	<b>127,767,531</b>	<b>100.0</b>	<b>231,229,305</b>	<b>100.0</b>

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

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

## 19.2

### 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 is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are 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 cash redemptions of its units on a regular basis. Units are redeemable at the holder's option based on the Fund's net asset value 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. 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, the Fund is entitled to borrow, with prior approval of trustee, for meeting redemptions. No such borrowings were made during the year. 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.

In order to manage the Fund's overall liquidity, the Fund can also 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.

#### **Maturity analysis for financial liabilities**

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

	<b>2022</b>	
	<b>Contractual cash flows</b>	
	<b>Carrying amount</b>	<b>Less than 3 month</b>
	<b>----- (Rupees) -----</b>	
<b>Non-derivative financial liabilities (excluding unit holders' fund)</b>		
Payable to the Management Company *	386,042	386,042
Remuneration payable to the Trustee *	134,035	134,035
Accrued expenses and other liabilities *	2,358,762	2,358,762
Payable against purchase of investments	744,600	744,600
	<u>3,623,439</u>	<u>3,623,439</u>
Unit holders' fund	<u>330,208,224</u>	<u>330,208,224</u>
	<b>2021</b>	
	<b>Contractual cash flows</b>	
	<b>Carrying amount</b>	<b>Less than 3 month</b>
	<b>----- (Rupees) -----</b>	
<b>Non-derivative financial liabilities (excluding unit holders' fund)</b>		
Payable to the Management Company *	505,673	505,673
Remuneration payable to the Trustee *	81,748	81,748
Accrued expenses and other liabilities *	2,391,893	2,391,893
Payable against purchase of investments	1,535,615	1,535,615
	<u>4,514,930</u>	<u>4,514,930</u>
Unit holders' fund	<u>489,104,354</u>	<u>489,104,354</u>

\* excluding provision for workers' welfare fund, federal excise duty on Management Company's remuneration, annual Fee payable to the Securities and Exchange of Pakistan and Sindh Sales Tax payable on Management Company's remuneration and Trustee fee.

Above financial liabilities do not carry any mark-up.

### 19.3 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.

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 maximum risk resulting from financial instruments equals their fair values.

The Fund is exposed to currency risk, interest rate risk and price risk.

#### 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 has a bank balance in foreign currency exposed to foreign exchange risk. The Fund has no foreign currency denominated liability.

As per the approval accorded by the Securities and Exchange Commission of Pakistan and State Bank of Pakistan the Fund's exposure in foreign currency shall not exceed 30% of the aggregate funds mobilised subject to cap of US\$ 15 million. Investment Committee monitors and reviews the investment performance and makes necessary adjustment in light of the current economic scenario and currency valuation outlook to mitigate the risk.

The Fund's total exposure to foreign exchange at June 30 are as follows:

	2022 (Rupees)	(USD)
<b>Financial Assets</b>		
Bank balance	2,011	13
On balance sheet gap in foreign currency exposure	<u>2,011</u>	<u>13</u>
	2021 (Rupees)	(USD)
Financial Assets		
Bank balance	2,011	13
On balance sheet gap in foreign currency exposure	<u>2,011</u>	<u>13</u>

Fair value sensitivity analysis of foreign currency exposure:

	Average rates		Balance sheet date rate	
	2022	2021	2022	2021
Rupees / US Dollars	<u>161.22</u>	<u>160.33</u>	<u>204.85</u>	<u>157.54</u>

A five percent strengthening of Pakistani Rupee against US dollar would have decreased the net assets of the fund by Rs. 101 (2021: Rs. 101). This analysis assumes that all other variables in particular interest rate remain constant. Weakening of Pakistani Rupee by the same percentage would have a vice versa impact.

### 19.3.1 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:

	2022	2021
Variable-rate instrument	(Rupees)	
Financial assets (bank balances)	63,569,218	160,099,521
	<u>63,569,218</u>	<u>160,099,521</u>

#### 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. 0.635 (2021: Rs. 1.600 million). The analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Above bank balances are reprised 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.

	2022	2021
Fixed rate instruments	(Rupees)	
Investment In Commercial Paper	14,928,047	24,790,158
Musharakah Certificate	45,262,707	41,481,585
	<u>60,190,754</u>	<u>66,271,743</u>

#### Fair value sensitivity analysis for fixed rate instruments

As at June 30, 2021, the Fund holds Pakistan Investment Bonds exposing the Fund to fair value interest rate risk. In case of 100 basis points increase / decrease in rates announced by the Financial Market Association of Pakistan (FMAP) on June 30, 2021, the net income for the year and net assets would be lower / higher by Rs.7.4 million (2020: Rs. 10.61 million).

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.

June 30, 2022				
Interest rate %	Exposed to interest rate risk		Not exposed to interest rate risk	Total
	No later than one month	More than one year (note 7.2)		
Rupees				
Financial assets				
Investments - Listed equity securities		-	207,444,046	207,444,046
Investments- Commercial paper		-	14,928,047	14,928,047
Investments- Musharaka		-	45,262,707	45,262,707
Bank balances (including profit due)	3.85 to 7.08	63,569,218	1,407,559	64,976,777
Deposit and other receivables		-	2,661,335	2,661,335
		63,569,218	271,703,694	335,272,912
June 30, 2021				
Interest rate %	Exposed to interest rate risk		Not exposed to interest rate risk	Total
	No later than one month	More than one year (note 7.2)		
Rupees				
Financial assets				
Investments - Listed equity securities		-	265,251,622	265,251,622
Investments- Sukuks		-	-	-
Investments- Commercial paper		-	24,790,158	24,790,158
Investments- Musharaka		-	41,481,585	41,481,585
Dividend receivable		-	360,726	360,726
Bank balances (including profit due)	3.85 to 7.08	160,099,521	693,070	160,792,591
Deposit and other receivables		-	3,861,181	3,861,181
		160,099,521	336,438,342	496,537,863

### 19.3.2 Price risk

The Fund is 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 income statement.

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 or 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.

Details of the Fund's investment in industrial / economic sector are given in note 6.1.

### Sensitivity analysis - Price risk

In respect of the investments classified as at fair value through profit or loss the impact on income statement and unit holders' fund, to a 5% increase or decrease in the fair values of the investments, would have been an increase or decrease of Rs. 13.262 million (2021: Rs. 13.262 million).

#### **19.4 Operational risks**

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. 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.

#### **19.5 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.

#### **19.6 Fair value of financial instruments**

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

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

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

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

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

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

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

		2022					
		Carrying amount			Fair Value		
		Mandatory at fair value through profit and loss	Amortized cost	Total	Level 1	Level 2	Total
On-balance sheet financial instruments		(Rupees)					
Note							
<b>Financial assets measured at fair value</b>							
Listed equity securities	6	207,444,046	-	207,444,046	207,444,046	-	207,444,046
		207,444,046		207,444,046	207,444,046	-	207,444,046
<b>Financial assets not measured at fair value</b>							
Bank balances	5	-	63,571,229	63,571,229	-	-	-
Commercial paper	6	-	14,928,047	14,928,047	-	-	-
Musharaka certificate	6	-	45,262,707	45,262,707	-	-	-
Markup accrued	7	-	1,405,548	1,405,548	-	-	-
Deposits and other receivables	8	-	2,661,335	2,661,335	-	-	-
		-	127,828,866	127,828,866	-	-	-
<b>Financial liabilities not measured at fair value</b>							
Payable to the Management Company	9	-	386,042	386,042	-	-	-
Remuneration payable to the Trustee	10	-	134,035	134,035	-	-	-
Accrued expenses and other liabilities	12	-	2,358,762	2,358,762	-	-	-
Payable against purchase of investments		-	744,600,00	744,600	-	-	-
		-	3,623,439	3,623,439	-	-	-
		2021					
		Carrying amount			Fair Value		
		Mandatory at fair value through profit and loss	Amortized cost	Total	Level 1	Level 2	Total
On-balance sheet financial instruments		(Rupees)					
Note							
<b>Financial assets measured at fair value</b>							
Listed equity securities	6	265,251,622	-	265,251,622	265,251,622	-	265,251,622
		265,251,622	-	265,251,622	265,251,622	-	265,251,622
<b>Financial assets not measured at fair value</b>							
Bank balances	5	-	160,101,532	160,101,532	-	-	-
Commercial Paper	6	-	24,790,158	24,790,158	-	-	-
Musharaka certificate	7	-	41,481,585	41,481,585	-	-	-
Markup accrued		-	691,059	691,059	-	-	-
Dividend receivable	8	-	360,726	360,726	-	-	-
Deposits		-	3,861,181	3,861,181	-	-	-
		-	231,286,241	231,286,241	-	-	-
<b>Financial liabilities not measured at fair value</b>							
Payable to the Management Company	9	-	505,673	505,673	-	-	-
Remuneration payable to the Trustee	10	-	81,748	81,748	-	-	-
Accrued expenses and other liabilities	12	-	2,391,893	2,391,893	-	-	-
Payable against purchase of investment		-	1,535,615	1,535,615	-	-	-
		-	4,514,929	4,514,929	-	-	-

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

**20 RECONCILIATION OF LIABILITIES ARISING OUT OF FINANCING ACTIVITIES**

	Receivable against issuance of units	Payable against redemption of units	Total
	-----	(Rupees in '000)	-----
Opening balance as at 1 July 2021	-	-	-
Receivable against issuance of units	(16,898,646)	-	(16,898,646)
Payable against redemption of units	-	127,526,459	127,526,459
	(16,898,646)	127,526,459	110,627,813
Amount received on issuance of units	16,898,646	-	16,898,646
Amount paid on redemption of units	-	(127,526,459)	(127,526,459)
	16,898,646	(127,526,459)	(110,627,813)
Closing balance as at 30 June 2022	-	-	-

**21 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:

**21.1 Unit holding pattern of the Fund**

	June 30, 2022		
Category	No. of unit holders	Investment amount	% of total net asset
		----- (Rupees)	-----
Individuals	6	267,705	0.08
Associated Companies and Directors	19	281,297,895	85.19
NBFC's (Management Company)	1	48,158,758	14.58
Retirement Funds	1	483,867	0.15
Total	27	330,208,224	100.00

	June 30, 2021		
Category	No. of unit holders	Investment amount	% of total net asset
		----- (Rupees)	-----
Individuals	5	296,580	0.06
Associated Companies and Directors	19	327,910,279	67.04
NBFC's (Management Company)	1	54,479,174	11.14
Retirement Funds	1	547,600	0.11
Other Corporates	1	105,870,721	21.65
Total	27	489,104,354	100.00

**23.2 List of top ten brokers by percentage of commission paid**

Broker Name	2022	2021
	Commission paid (Percentage)	
Inter Market Securities Ltd	12.75%	10.27%
Ismail Iqbal Securities (Private) Ltd	10.53%	16.96%
EFG Hermes Pakistan	8.77%	10.47%
JS Global Capital Ltd	8.75%	10.66%
Vector Securities (Pvt.) Ltd.	8.55%	6.94%
Topline Securities Ltd	8.51%	8.64%
Insight Securities	8.03%	0.00%
KASB Securities Ltd	7.05%	0.00%
Alfalah Securities (Private) Ltd	7.03%	7.22%
Fortune securities Ltd	5.55%	0.00%

**21.3 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 & COO)
- Mr. Mustafa O. Pasha - (Chief Investment Officer)
- Mr. Syavash Pahore
- Mr. Hassan Bin Nasir
- Mr. Abdul Samad Khanani
- Mr. Umair Bin Hassan
- Ms. Nada Uzair

**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 local & international brokerage houses, and leading Asset Management Companies. Mr. Mustafa's experience includes; Financial Analysis, Equity Research, Investment Advisory and Business Development.

**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.

He was previously associated with BMA where he initially served as a fixed income analyst and later became the in house economist for the entire BMA group. Between 2009 - 2012 he supervised fixed income/money market investments 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**

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 managing the following funds:

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

**Mr. Abdul Samad Khanani - Fund Manager**

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. Currently he is managing:

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

**Mr. 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.

**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.

**21.4 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.

**21.5 Rating of the Fund and the management company**

Details of the ratings of the Fund and the management company are given in note 1.4.

**22. GENERAL**

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

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

Chief Executive Officer

Chief Financial Officer

Director

Performance Table	FY22	FY21	FY20	FY19	FY18
Net Assets - Beginning (PKR Mil.)	489.10	150	137	165	101
Net Assets - Ending (PKR Mil.)	330.21	489	150	137	165
Net Asset value per share	85.8709	97.1407	83.2873	82.3129	93.7663
Selling Price for units	88.0177	99.5693	85.3695	84.3708	96.1105
Repurchase Price for units	85.8709	97.1407	83.2873	82.3129	93.7663
Highest Offer Price (PKR)	101.2319	105.6522	99.3556	99.6454	106.4014
Lowest Offer Price (PKR)	86.4325	86.787	73.2806	83.3407	90.4679
Highest Redemption Price (PKR)	98.7628	103.0753	96.9322	97.215	103.8062
Lowest Redemption Price (PKR)	84.3243	84.6702	71.4932	81.308	88.2613
Beginning NAV - Ex-Div. (PKR)	97.1407	83.2873	82.3129	93.7663	101.5686
Interim Distributions (PKR)	Nil	3.5000	5	Nil	Nil
Final Distribution (PKR)	Nil	Nil	Nil	Nil	Nil
Ending NAV - Ex-Div. (PKR)	85.8709	97.1407	83.2873	82.3129	93.7663
Return	-11.60%	20.81%	7.26%	-12.19%	-7.71%
Net Income / (loss) (PKR Mil.)	(48)	53	10	(21)	(14)
Income Distribution	0	10	8	Nil	Nil
Accumulated Capital Growth	(35)	13	(30)	(32)	(11)
Average Annual return of the Fund					
One Year	-11.60%	20.81%	7.26%	-12.19%	-7.71%
Two year	6.79%	29.58%	-5.84%	-18.96%	0.62%
Three year	14.55%	13.79%	-13.09%	-11.63%	5.03%
Since inception (October 11, 2011)	27.61%	49.53%	23.77%	15.39%	31.41%
Distributions	FY22	FY21	FY20	FY19	FY18
Interim Distribution	Nil	3.5	5.0000	Nil	Nil
Final Distribution	Nil	Nil	Nil	Nil	Nil
NAV before Distribution	Nil	101.2401	88.2405	Nil	Nil
NAV after Distribution	Nil	97.7401	83.2405	Nil	Nil
Distribution Date	Nil	26-Jun-21	29-Jun-20	Nil	Nil

## During FY22

### Summary of Actual Proxy voted by CIS:

	Resolutions	For	Against	Abstain*
Number	5	5	-	-
(%ages)	100%	100%	-	-

Note: The proxy voting policy of the Lakson Islamic Tactical Fund (LITF) is available on the website of Lakson Investments Limited, the Management Company. A detailed information regarding actual proxies voted by the Management Company in respect of the Lakson Islamic Tactical Fund (LITF) is also available without charge upon request to all unit holders.



A Lakson Group Company

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