

# LAKSON MONEY MARKET 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**

Yousuf Adil Chartered Accountants  
Cavish Court, A-35 Shahrah-e-Faisal,  
K.C.H.S.U Block 7 & 8 Bangalore Town,  
Karachi, Pakistan.

**Bankers to the Fund**

Allied Bank Limited  
Askari Bank Limited  
Bank Alfalah Limited  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
National Bank of Pakistan  
Sindh Bank Limited  
United Bank Limited

**Legal Adviser**

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

**Registrar**

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

**Distributors**

Adam Securities  
Amir Noorani  
Elixir Securities (Pvt.) Limited  
Ismail Iqbal Securities (No Fee Sharing)  
BMA Capital Management Limited (No Fee Sharing)  
Metro Capital Pvt. Limited  
Pearl Securities Pvt. Limited  
Rabia Fida  
Topline Securities (Pvt.) Limited  
Vector Capital (Pvt.) Limited  
Pyramid Financial Consultants

**Rating by PACRA**

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

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

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

### **Fund Objective**

The objective of the Fund is to provide stable and competitive returns with low volatility that are in line with the money markets and consistent with capital preservation. Accordingly, the Fund consists of a liquid portfolio of low risk, short-term investments.

### **Principal activities**

The Fund is an open-end money market fund and is listed on Pakistan Stock Exchange Limited. The Fund invests in Government Securities, Certificate of Investments, Clean Placements, Term Deposit Receipts, and other short-term instruments. The weighted average maturity of the portfolio is kept below 3 months. LMMF invests in only those securities that have been assigned at least an "AA" rating by a rating agency in Pakistan and are of less than 6 months maturity. An in-depth credit analysis is conducted before taking any exposure to any counter party to mitigate the credit risk. Short maturity of the portfolio protects the Unit Holders against interest rate movements while enhancing the liquidity of the Fund. LMMF is allowed to borrow up to 15% of Net Assets to meet redemptions; however, LMMF did not utilize this facility during the period under review.

### **Development and Performance Review**

The LMMF yielded 11.05% in FY22 compared to Benchmark (70% average 3M T-Bills yield + 30% average 3M TDR rate of minimum AA rated banks) return of 8.93% in FY22. Asset allocation was concentrated in cash which provided good spread over the prevailing T bill yields without compromising liquidity and credit quality. The weighted average maturity (WAM) of the LMMF portfolio stands at 04 day and fund size as of 30th June 2022 is PKR 18,497mn.

### **Earnings Per Unit (EPU)**

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

### **Income Distribution**

The Chief Executive Officer under the authority from Board of Directors of the Management Company declared the interim payouts of PKR 10.0053 per unit (10.0053%) of face value of PKR 100/-) amounting to PKR 988.202 million in cash during the year ended June 30, 2022.

### **Principal Risk and Uncertainties**

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

These aforementioned risks could push both the foreign and local investors to liquidate their investments, which may affect the financial market adversely and may affect the Fund's profitability as well.

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

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

**Additional Matters:**

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

**External Auditor**

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

**Economy Review**

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

**Fixed income markets review**

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

**Future Outlook**

The State Bank has announced a status quo decision in the latest MPC meeting. Inflation is currently at 25% and the Discount Rate is at 16%. Due to the highly uncertain nature of economic developments, we believe further monetary tightening can not be ruled out. The 12M - 5Y spread is at negative 300 bps as opposed to the normal 200 bps due to yield curve inversion. Given this, we believe money market funds may continue to remain in vogue as interest rates remain high and may be the preferred choice within the broader fixed income asset class.

**Acknowledgment**

The Board is thankful to its valued investors, the Securities & Exchange Commission of Pakistan, the State Bank of Pakistan, the Trustee of the Fund - Central Depository Company of Pakistan Limited and the management of the Pakistan Stock Exchange Limited for their continued cooperation and support. The Directors of the Management Company also acknowledge the efforts put in by the team of the Management Company for the growth and the prudent management of the Fund.

**For and on Behalf of the Board**

**Babar Ali Lakhani**

**Chief Executive Officer**

**Dated: September 22, 2022**

### لیکن منی مارکیٹ فنڈ

30 جون 2022 کو ختم ہونے والے سال کے لیے  
مینجنٹ کمپنی کے ڈائریکٹرز کی روپورٹ

لیکن ان ایسے منڈس لیمیٹڈ کا بورڈ آف ڈائریکٹرز لیکن منی مارکیٹ فنڈ ("LMMF" یا فنڈ) کی مینجنٹ کمپنی 30 جون 2022 کو ختم ہونے والے سال کے لیے اپنی روپورٹ میں آؤٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتا ہے۔

### فنڈ کا مقصد

اس فنڈ کا مقصد کم اتار چڑھاؤ کے ساتھ مُتحام اور مسابقی منافع جات فراہم کرنا ہے جو منی مارکیٹس سے ہم آہنگ اور سماں کے تحفظ سے مطابقت رکھتے ہوں۔ اسی طرح یہ سرمایہ کم خطرات، مختصر مدّتی سرمایہ کاری کے لیکوید روپورٹ فولیو پر مشتمل ہے۔

### نمایاں سرگرمیاں

فنڈ ایک اوپن اینڈ منی مارکیٹ فنڈ ہے اور پاکستان اسٹاک ایچیجن لیمیٹڈ میں لند ہے۔ فنڈ گورنمنٹ سیکچر ریز، ہر ٹکنیکی آف انویسٹمنٹس، Clean Placements برٹم ڈپاٹریس پیش اور دیگر مختصر مدّتی انسرومنٹس میں سرمایہ کاری کرتا ہے۔ پورٹ فولیو کی تغیینہ شدہ اوسط پیچورٹی 3 ماہ سے کم رکھی جاتی ہے۔ LMMF ا صرف ان لیکوید ریز میں سرمایہ کاری کرتا ہے جنہیں پاکستان میں کمی رینگ اینجین نے کم از کم "AA" رینگ دے رکھی ہو اور جن کی پیچورٹی 6 ماہ سے کم ہو۔ کریٹ رسک کم کرنے کے لیے سرمایہ کاری سے پہلے مقابل پارٹی کا کریٹ کے حوالے سے باریک بیسی سے تجزیہ کیا جاتا ہے۔ پورٹ فولیو کی مختصر پیچورٹی یوٹ ہولڈر زکو شرخ سود کے اتار چڑھاؤ کے خلاف تحفظ دیتی ہے، جب کہ فنڈ کی لیکویدیٹی میں اضافہ کرتی ہے۔ LMMF کو لیکپیش کی تھیں کے لیے خاص اغاٹوں کے 15% کم قرض لینے کی اجازت ہے، تاہم LMMF نے اس سہولت کو زیر جائزہ مدت کے دوران استعمال نہیں کیا۔

### فنڈ کی کارکردگی

LMMF نے پیش کرکے اوسط منافع (سماں تا 8.93%) کے مقابلے میں مالی سال 2022 میں 11.05% کی تغییں کیں میں مرکوز رہی جس نے لیکویدیٹ اور کریٹ کو اٹائی پر سمجھوتا کیے یعنی بذریعہ آمدن پر قیمت خرید اور قیمت فروخت کا عدد فرق فراہم کیا ہے۔ بھاطیں 30 جون 2022 روپورٹ فولیو کی تغیینہ شدہ اوسط پیچورٹی (WAM)، 04، 00 دن ہے اور فنڈ سائز 18,497 میلین روپے ہے۔

### فی شیئر آمد فی (EPU)

فی شیئر آمد فی (EPU) ظاہر نہیں کی گئی ہے کیوں کہ ہم محسوس کرتے ہیں کہ EPU شمار کرنے کے لیے موزوں اوسط یوپس کا قیمن اپن اینڈ فنڈز کے لیے

قابل عمل نہیں ہے۔

#### آمدنی کی تفصیل

چین ایگریکولوو فیسر نے میجنت کمپنی کے بورڈ آف ڈائریکٹرز کی طرف سے اختیار کے تحت 30 جون 2022 کو ختم ہونے والے سال کے لیے فی بیونٹ 10 روپے کی فیس و بیوکا 10.0053% (100 روپے کی فیس و بیوکا) کا اعلان کیا ہے جس کی مالیت 202.988 ملین روپے میں ہے۔

#### اہم خطرات و خدشات

اقتصادی عدم استحکام، بڑھتا ہوا کرنٹ اکاؤنٹ خسارہ، زریبادلہ کے کم ہوتے ذخیرہ تو قع سے زیادہ افراطی ازدرا، روپے کی قدر میں کمی، یک طرفہ ادو طرفہ قرض فرائم کنندہ ایجنیز، دونوں کی طرف سے تو قع سے کمی امداد، مزید مالیاتی تخفی اور بگڑتے خارجہ تعلقات پاکستان میں تمام کاروباری شعبوں کے لیے ایک خطرہ بننے ہوئے ہیں۔

ذکورہ بالا خطرات غیر ملکی اور مقامی سرمایہ کاروں، دونوں کو اپنی سرمایہ کاریاں تخلی کرنے پر مجبور کر سکتے ہیں جس کے مالیاتی مارکیٹ پر منفی اثرات پر کتے ہیں اور فنڈ کی منافع کمانے کی صلاحیت بھی متاثر ہو سکتی ہے۔

#### لسمیٹ فیجرا ایڈ فنڈ رینگ

پاکستان کریٹ رینگ ایجنی لیمنڈ (PACRA) نے میجنت کمپنی کی لسمیٹ فیجرا رینگ اور LMMF کی فنڈ ایجنیٹی رینگ بلتریپ+ AM2+ اور "AA+(f)" پر برقرار کی ہے۔

#### اضافی معاملات

- 1- میجنت کمپنی کے ڈائریکٹرز کی تفصیل اس سالانہ رپورٹ میں ظاہر کی گئی ہے۔
- 2- میجنت کمپنی کی طرف سے تیار کردہ مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے تباہ، کیش فلوز اور یونٹ ہولڈرز کے فنڈ میں اقل و حرکت کی منصافتانہ عکاسی کرتے ہیں۔
- 3- فنڈ کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔
- 4- مالیاتی گوشاروں کی تیاری میں اکاؤنٹ کی مناسب پالیسیوں کی مسلسل پیداوی کی گئی ہے اور شاریاتی تجربی مناسب اور معقول نظریات پر قائم ہیں۔
- 5- ان مالیاتی گوشاروں کی تیاری میں مالیاتی رپورٹنگ کے میں الاقوامی معیاروں، جہاں تک وہ پاکستان میں اطلاق ہیں، نان بینکنگ فاؤنڈیشن کمپنیز (NBFC) ایجنیٹ ایڈریگولیشن (RBL) 2003 کے تقاضوں، نان بینکنگ فاؤنڈیشن ایڈن فینا نیڈ ایجنیٹ ایڈریگولیشن، 2008 (NBFC RBL)، یکیو ریڈر ایڈن ایچیج کیش آف پاکستان کے جاری کردہ ڈائریکٹیو اور فنڈ کی دستوری دستازیات کے تقاضوں کی پیداوی کی گئی ہے اور ان سے کسی بھی انحراف کی مناسب انداز میں نشان دہی کی گئی ہے۔
- 6- انٹرنشنل کنٹرول کا نظام مُتحاًم اور مُؤثر طریقے سے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔

- 7- فنڈ کی رواں دواں رہنے کی صلاحیت کے بارے میں کوئی ٹکوک و شبہات نہیں ہیں۔
- 8- اہم مالیاتی ڈینا کا خلاصہ اس سالانہ روپرٹ میں شامل ہے۔
- 9- میکسٹر، ڈائیٹریٹر مخصوصات اور چارچڑی کی مدد و مدد ادا سکاری ادا گیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
- 10- پروڈینٹ فنڈ کی سرمایکاری کی مالیت سے متعلق گوشوارہ فنڈ پر قابل اطلاق نہیں ہے جیسا کہ ایسے اخراجات میختنگ کپنی کی طرف سے برداشت کیے جاتے ہیں۔
- 11- 30 جون 2022 کے مطابق یونٹ ہولڈنگ کا پیٹر ان اس سالانہ روپرٹ میں دیا گیا ہے۔
- 12- کارکردگی کی جدول / اہم مالیاتی ڈینا اس سالانہ روپرٹ کے ساتھ مسلک ہے۔

#### بیوہنی آڈیٹر

موجودہ آڈیٹر میسرز یوسف عادل، چارڑا کاؤنٹنس نے اہل ہونے کی بنیاد پر 30 جون 2023 کو ختم ہونے والے سال کے لیے دوبارہ تقریری 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 یوسف عادل،، چارڑا کاؤنٹنس کی دوبارہ تقریری کر دی ہے۔

#### محاشی جائزہ

اسٹیٹ بینک آف پاکستان نے اپریل میں پالیسی ریٹ میں 250 بنیادی پاؤنٹس اور میگزین میں مزید 150 بنیادی پاؤنٹس کا اضافہ کیا، جو افزاط رکی ریٹنگ میں اضافے اور کرنٹ اکاؤنٹ خسارے کے گھرے اثرات کے درمیان پالیسی ریٹ کو 13.75% تک لے گیا۔ مالی سال 2022 کی دوسری سماں میں کرنٹ اکاؤنٹ خسارہ 4.3 ارب امریکی ڈالر ہو گیا، جوکہ مالی سال 2022 کی پہلی سماں میں 4.0 ارب امریکی ڈالر پچھلے سال کی اسی مدت میں 2.5 ارب امریکی ڈالر تھا۔ مالی سال 2022 میں کرنٹ اکاؤنٹ خسارہ 4.4 ارب امریکی ڈالر (GDP کا 4.6%) رپورٹ کیا گیا، جبکہ مالی سال 2021 میں خسارہ 1.8 ارب امریکی ڈالر تھا۔ دوسری سماں میں، اسٹیٹ بینک آف پاکستان کے پاس موجودہ رہنماء کے ذخیرہ مارچ 2022 کے آخر میں 11.4 ارب امریکی ڈالر سے کم ہو کر 8.9 ارب امریکی ڈالر پر آگئے۔ مالی سال 2022 کی دوسری سماں میں 8.4 ارب امریکی ڈالر کے برآمدات روپرٹ کی گئیں، یہ کمائیں اور خرداں کی مضبوط برآمدات کی وجہ سے سماں کی بنیاد پر 3% اضافہ ہوا، جب کہ برآمدات نے برآمدات میں مضبوط نہ مواند کرنے کا سلسلہ جاری رکھا۔

ملک کو مالی سال 2022 میں اب تک کی سب سے زیادہ گھریلو تسلیمات زر موصول ہوئیں جو کہ مالی سال 2022 میں 6% اضافہ ہے۔ تمام ہر ہی میں آئی ایف کی 1.2 ارب امریکی ڈالر کی قسط کی ادائیگی پر اعتماد کے باوجود اقوامی کریٹریٹنگ اجنبیوں نے پاکستان کی کریٹریٹریٹنگ آڈٹ لک منقی کر دی ہے۔ آخر میں، بیندھن اور یونیٹی کی بلند تیتوں کی وجہ سے، دوسروں کے علاوہ، جون کے انٹیشن پر نت کا اک 21.3 فیصد (جون کے لیے 13 سال کی بلند ترین ریٹنگ) کے ساتھ سہ ماہی کے دوران افزاط رکی ریٹنگ میں مسلسل اضافہ ہوتا رہا۔

**فائدہ اکیم برائیں کا جائزہ**  
 مالی سال 2022 کی پچھی سہ ماہی میں، اسٹیٹ بینک آف پاکستان نے انفلیشن پرنس میں اضافے اور کرنٹ کا کوئٹ کی بڑھتی ہوئی ریڈنگ کی وجہ سے  
 مالی باؤل کرنے کے لیے شرح سود مجموعی طور پر 400 بنیادی پاؤنس بڑھا کر 13.75% کر دی۔ اس کے ساتھ، ہر یہ تڑھوں کو پالیسی کی شرح سے  
 جزوئے ہوئے برآمد کنڈگان کے لیے EFS اور LTFF ایکسپوں کے لیے رعایتی قرضوں پر شرطیں بالترتیب 7.5% تک بڑھ گئیں (قریباً 3%  
 اضافہ)۔ سہ ماہی کے دوران، 3 ماہ اور 12 ماہ کی میعادوں کے لیے Kibor کی شرح گزشتہ سال اسی سہ ماہی کے مقابلے میں 13% اضافے کے  
 ساتھ بالترتیب 15.16%，15.15%，15.35%，15.35% اور 15.73% تک بڑھ گئی۔ 12M/6M/3M شرتوں کے ساتھ T-Bill کی پیداوار میں بھی 0.3% کا  
 QoQ کا اضافہ ہوا ہے جو 14.98%/15.15%/15.30% تک پہنچ گیا ہے۔ دوسرا طرف، PIB کے منافع جات میں سہ ماہی بنیاد پر  
 1% کا ایک معتدل اضافہ ہوا۔

#### مستقبل کی توقعات

اسٹیٹ بینک نے MPC کے تازہ اجلاس میں صورت حال جوں کی توں رکھنے کے فیصلہ کا اعلان کیا ہے۔ افزاط راس وقت 25% پر ہے اور کوئٹ  
 ریٹ 16% پر ہے۔ اقتصادی پیش رفت کی انتہائی غیر تینی نویت کی وجہ سے، ہم سمجھتے ہیں کہ مزید مالیاتی تجھی سے انکارنیں کیا جاسکتے۔ 5 سال تا 12 سال  
 کے لیے قیمت خرید اور قیمت فروخت کا فرق yield curve والٹ جانے کی وجہ سے عام 200 بنیادی پاؤنس کے بعد متنی 300 بنیادی پاؤنس پر  
 ہے۔ اس کو دیکھتے ہوئے، ہمیں یقین ہے کہ منی مارکیٹ فنڈز کی مقبولیت برقرارہ کرتی ہے، جیسا شرح سود بدستور بلند ہے اور یہ وسیع تر مقررہ آمدی والے  
 اٹاؤں کے حامل طبقے میں ترجیحی اختیاب ہو سکتا ہے۔

#### انہصار تکمیر

یہ بورڈ اپنے قابل قدر افونیٹر، سیکیوریٹز ایڈ لاچیج کمپنیں آف پاکستان، اسٹیٹ بینک آف پاکستان، ننڈ کے زمٹی سینڈل ڈپارٹمنٹ کمپنی آف پاکستان لمینڈ  
 اور پاکستان اسٹاک اچیج لمینڈ کا، ان کے مسلسل تعاون اور مدد پر شکر گزار ہے۔ مخفجت کمپنی کے ڈائریکٹرز فنڈ کی ترقی اور داشمندانہ تنظیم و انصرام کے  
 لیے مخفجت کمپنی کی شہمی محنت اور کاوشوں کا بھی اعتراف کرتے ہیں۔

برائے و منجانب بورڈ

بابر علی الکھانی  
 چیف ایگریکولٹری فیسر  
 تاریخ: 22 نومبر 2022

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

Fund Facts	
Fund Type	Open-End
Category	Money Market Fund
Net Assets (PKR Mil.)	18,497
NAV (30.06.2022)	101.4435
Pricing Mechanism	Previous Day
Trustee	CDC Pakistan Limited
Auditor	Yousuf Adil Saleem & Co.
Management Fee	Upto 1% of the average annual net assets calculated on daily basis. (Effective: June 19, 2020) Current : 0.51%
Front End Load	None
Back End Load	None
Launch Date	November 13, 2009
Benchmark	70% average 3 months PKRV rates + 30% average 3 months deposit rate of three AA rated banks.
Dealing Days	Mon - Fri
Cut-Off Time	04:00 PM
Fund Rating	'AA+ (f)' by PACRA (09.Mar.2021)
Asset Manager Rating	AM2+ by PACRA (27.Aug.2021)

Morningstar	LMMF	Benchmark
FY22 - YTD	11.05%	8.93%
June-22	17.39%	14.32%
2 Months	16.30%	13.69%
3 Months	14.90%	11.97%
6 Months	12.96%	10.78%
12 Months	11.05%	8.93%
CY22 - YTD	12.96%	10.78%
Simple Annualized	LMMF	Benchmark
FY22 - YTD	11.05%	8.93%
June-22	16.14%	13.46%
2 Months	15.29%	12.97%
3 Months	14.13%	11.47%
6 Months	12.56%	10.50%
12 Months	11.05%	8.93%
CY22 - YTD	12.56%	10.50%
3 Years	10.73%	9.91%
5 Years	10.02%	9.32%
Since Inception	15.08%	14.18%

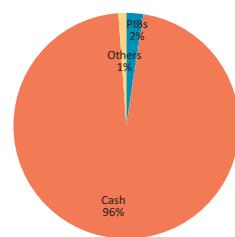
### Fund Objective

The objective of the Fund is to provide stable and competitive returns with low volatility that are in line with the money markets and consistent with capital preservation. Accordingly, the fund consists of a liquid portfolio of low risk, short-term investments.

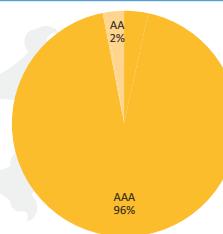
### Investment Strategy

The LMMF's Investment Committee focused on maintaining a low risk and liquid portfolio in accordance with its Investment Objective. Exposure of the LMMF in T-Bills, TDRs, and other money market placements was managed based on the relative yield analysis of these instruments and our yield curve expectations. The Fund maintained 4% average exposure to short term placements with banks & DFIs. This exposure was taken as the returns available on these placements were favorable when compared to T-Bills. Cash levels generally remained on the higher side (50% average) as banks offered attractive rates on daily product accounts. As of June 30, 2022 the WAM of the LMMF portfolio stood at 04 days while exposure to Cash was 96.3%. The LMMF maintained all its exposure in instruments having a minimum rating of 'AA'.

### Asset Allocation



### Credit Split



### Investment Committee

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

### Fund Profile

The Fund is an open-end money market fund and is listed on Pakistan Stock Exchange Limited. The Fund invests in Government Securities, Certificate of Investments, Clean Placements, Term Deposit Receipts and other short-term instruments. The weighted average maturity of the portfolio is kept below 3 months. LMMF invests in only those securities that have been assigned at least an "AA" rating by a rating agency in Pakistan and are of less than 6 months maturity. An in-depth credit analysis is conducted before taking any exposure to any counter party to mitigate the credit risk. Short maturity of the portfolio protects the Unit Holders against interest rate movements while enhancing the liquidity of the Fund. LMMF is allowed to borrow up to 15% of Net Assets to meet redemptions; however, LMMF did not utilize this facility during the period under review.

### Fund Performance

The LMMF yielded 11.05% in FY22 compared to Benchmark (70% average 3M T-Bills yield + 30% average 3M TDR rate of minimum AA rated banks) return of 8.93% in FY22. Asset allocation was concentrated in cash which provided good spread over the prevailing T bill yields without compromising liquidity and credit quality. The weighted average maturity (WAM) of the LMMF portfolio stands at 04 day and fund size as of 30th June 2022 is PKR 18,497mn.

Performance Table		FY22	FY21	LMMF vs. Benchmark	
Net Assets - Beginning (PKR Mil.)		12,325	10,315		
Net Assets - Ending (PKR Mil.)		18,497	12,325		
Highest Offer Price (PKR)		102.1716	101.4088		
Lowest Offer Price (PKR)		100.8248	100.5955		
Highest Redemption Price (PKR)		102.1716	101.4088		
Lowest Redemption Price (PKR)		100.8248	100.5955		
Beginning NAV - Ex-Div. (PKR)		100.8248	100.5955		
Interim Distributions (PKR)		10.0053	6.4882		
Final Distribution (PKR)		-	-		
Ending NAV - Ex-Div. (PKR)		101.4435	100.8248		
Return		11.05%	6.88%		
Net Income (PKR Mil.)		1,075	630		
WAM (Days)		4	3		
Distributions		FY22	FY21	Distributions	
		PKR per Unit		PKR per Unit	
1st Interim Distribution		0.7439	0.5328	7th Interim Distribution	
NAV before Distribution		101.5479	101.1283	NAV before Distribution	
NAV after Distribution		100.8235	100.5955	NAV after Distribution	
Distribution Date		08-Aug-21	29-Jul-20	Distribution Date	
2nd Interim Distribution		1.0267	0.4588	8th Interim Distribution	
NAV before Distribution		101.8502	101.0543	NAV before Distribution	
NAV after Distribution		100.8432	100.6140	NAV after Distribution	
Distribution Date		05-Sep-21	28-Aug-20	Distribution Date	
3rd Interim Distribution		0.7306	0.6199	9th Interim Distribution	
NAV before Distribution		101.5738	101.2339	NAV before Distribution	
NAV after Distribution		100.8647	100.6337	NAV after Distribution	
Distribution Date		10-Oct-21	02-Oct-20	Distribution Date	
4th Interim Distribution		0.4503	0.5425	10th Interim Distribution	
NAV before Distribution		101.3150	101.1762	NAV before Distribution	
NAV after Distribution		100.8973	100.6520	NAV after Distribution	
Distribution Date		02-Nov-21	02-Nov-20	Distribution Date	
5th Interim Distribution		0.6076	0.4328	11th Interim Distribution	
NAV before Distribution		101.5049	101.0848	NAV before Distribution	
NAV after Distribution		100.9215	100.6715	NAV after Distribution	
Distribution Date		02-Dec-21	27-Nov-20	Distribution Date	
6th Interim Distribution		0.5875	0.4751	12th Interim Distribution	
NAV before Distribution		101.5090	101.1466	NAV before Distribution	
NAV after Distribution		100.9493	100.6909	NAV after Distribution	
Distribution Date		28-Dec-21	28-Dec-20	Distribution Date	

### Fixed Income Markets Review

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

### Income Distribution

The Chief Executive Officer under the authority from Board of Directors of the Management Company declared the interim payouts of PKR 10.0053 per unit (10.0053%) of face value of PKR 100/-) amounting to PKR 988.202 million in cash during the year ended June 30, 2022.

### Circumstances Materially Affecting Interests of Unit Holders

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

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

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

On August 13, 2021 the Fund ceased to charge further provision for SWWF and has reversed full provision for SWWF amounting to Rs. 71.39 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 LMMF does not employ any leverage.

### Breakdown of Unit Holding by Size

Units Range	No. of Clients	Units Held
Units Range	No. of Clients	Units Held
Holding upto 100	21	552
101 - 500	14	3,198
501 - 1,000	5	3,741
1,001 - 5,000	13	36,516
5,001 - 10,000	9	71,803
10,001 - 50,000	22	546,103
50,001 - 100,000	12	898,496
100,001 - 500,000	23	4,451,797
500,001 - 1,000,000	9	6,444,481
1,000,001 - 5,000,000	29	71,405,805
5,000,001 - above	8	98,475,128
<b>165</b>		<b>182,337,620</b>

CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED

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URL: [www.cdcPakistan.com](http://www.cdcPakistan.com)  
Email: [info@ccdpak.com](mailto:info@ccdpak.com)



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**LAKSON MONEY MARKET 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 Money Market 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 27, 2022



## YOUSUF ADIL

Yousuf Adil  
Chartered Accountants

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KCHSU, Shahrah-e-Faisal  
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### INDEPENDENT AUDITOR'S REPORT

#### To The Unit Holders of Lakson Money Market Fund

#### Report on the Audit of the Financial Statements

#### Opinion

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

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

#### Basis for Opinion

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

#### Emphasis of Matter

We draw attention to note 10.2 of the financial statements which describes the effects of excess profit on bank deposit credited to the Fund's account by a bank which has been recorded as liability. Our opinion is not modified in respect of this matter.

#### Key Audit Matter

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

S. No.	Key audit matter	How the matter was addressed in our audit
1.	<b>Valuation and existence of investments</b>  As disclosed in note 6.1 to the financial statements, investments held at fair value through profit or loss (FVTPL) amounted to Rs. 48.08 million consisting of market treasury bills and in note 6.2 investments held at amortised cost amounted to Rs. 427.05 million as at June 30,	We performed the following procedures during our audit of investments:  • Independently tested valuations to ensure that the investments are valued as per the valuation methodology disclosed in the accounting policies;

Independent Correspondent Firm to  
Deloitte Touche Tohmatsu Limited

## YOUSUF ADIL

Yousuf Adil  
Chartered Accountants

S. No.	Key audit matter	How the matter was addressed in our audit
	<p>2022, consisting of commercial papers, which represent significant item on the statement of assets and liabilities of the Fund.</p> <p>We have identified the existence and valuation as significant areas during our audit of investment due to which we have considered this as a Key Audit Matter.</p>	<ul style="list-style-type: none"> <li>Independently matched securities held by the Fund with the securities appearing in the CDC account statement and Investor Portfolio Securities account statement;</li> <li>tested purchases and sales on a sample basis to obtain evidence regarding movement of the securities.</li> </ul>

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

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

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

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

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

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

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



Independent Correspondent Firm to  
Deloitte Touche Tohmatsu Limited

## YOUSUF ADIL

Yousuf Adil  
Chartered Accountants

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

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

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

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

### Report on Other Legal and Regulatory Requirements

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

### Other matter

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

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

  
Chartered Accountants

Place: Karachi  
Date: September 28, 2022

UDIN: AR202210057TLmfKzRs

Independent Correspondent Firm to  
Deloitte Touche Tohmatsu Limited

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

	Note	2022 (Rupees)	2021
<b>Assets</b>			
Bank balances	5	<b>17,970,529,578</b>	11,980,539,861
Investments	6	<b>475,132,374</b>	446,223,581
Profit receivable on bank deposits		<b>213,851,914</b>	15,622,537
Advance tax		<b>7,822,244</b>	7,813,456
Receivable against sale of units		<b>2,435,120</b>	-
Deposits and other receivables		<b>190,268</b>	100,000
<b>Total assets</b>		<b>18,669,961,498</b>	12,450,299,435
<b>Liabilities</b>			
Payable to the Management Company	7	<b>43,356,575</b>	38,817,950
Payable to the Trustee	8	<b>917,618</b>	783,367
Payable to Securities and Exchange Commission of Pakistan	9	<b>2,482,710</b>	2,275,831
Payable against redemption of units		<b>3,000,000</b>	-
Accrued expenses and other liabilities	10	<b>123,240,193</b>	82,973,759
<b>Total liabilities</b>		<b>172,997,096</b>	124,850,907
<b>Net Assets</b>		<b>18,496,964,402</b>	<b>12,325,448,529</b>
<b>Contingencies and commitments</b>			
Unit holders' fund (as per the Statement of Movement in Unit Holder Fund)	12	<b>18,496,964,402</b>	<b>12,325,448,529</b>
		----- (Number of units) -----	
Number of units in issue	13	<b>182,337,620</b>	<b>122,246,232</b>
		----- (Rupees) -----	
<b>Net assets value per unit</b>		<b>101.4435</b>	<b>100.8248</b>

The annexed notes from 1 to 23 form an integral part of these financial statements.

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

Chief Executive Officer

Chief Financial Officer

Director

**Income Statement**  
**For the year ended June 30, 2022**

	Note	2022 (Rupees)	2021 (Rupees)
<b>INCOME</b>			
Mark-up income on investments and bank deposits		<b>1,351,542,883</b>	855,511,202
Realized loss on sale of investments at fair value through profit and loss - net		<b>(12,899,271)</b>	(9,777,119)
Unrealised loss on appreciation of investments classified as financial asset at fair value through profit or loss <sup>1</sup> - net		<b>(88,448)</b>	-
		<b>1,338,555,164</b>	845,734,083
<b>EXPENSES</b>			
Remuneration of the Management Company	7.1	<b>56,624,277</b>	53,266,971
Sindh Sales tax on remuneration to the Management Company	7.2	<b>7,361,155</b>	6,957,992
Remuneration to the Trustee	8	<b>8,094,579</b>	8,320,267
Annual fee to Securities and Exchange Commission of Pakistan	9	<b>2,482,735</b>	2,275,856
Securities and Exchange Commision of Pakistan Supervisory Fee		<b>2,500</b>	2,500
Brokerage, settlement and bank charges		<b>1,166,907</b>	1,043,770
Auditors' remuneration	14	<b>512,641</b>	465,165
Fees and subscription		<b>349,841</b>	302,141
Legal and professional charges		<b>1,405,343</b>	400,199
Printing charges		<b>23,730</b>	8,475
Total expenses		<b>78,023,708</b>	73,043,336
Net income from operating activities		<b>1,260,531,456</b>	772,690,747
Reversal / (Provision) for Sindh workers' welfare fund	10.1	<b>71,397,891</b>	(15,453,815)
<b>Net income for the year before taxation</b>		<b>1,331,929,347</b>	757,236,932
Taxation	15	-	-
<b>Net income for the year</b>		<b>1,331,929,347</b>	757,236,932
<b>Allocation of net income for the year</b>			
Net income for the year		<b>1,331,929,347</b>	757,236,932
Income already paid on units redeemed		<b>(256,491,810)</b>	(127,588,756)
		<b>1,075,437,537</b>	629,648,176
<b>Accounting income available for distribution:</b>			
Relating to capital gains - net		-	-
Excluding capital gains		<b>1,075,437,537</b>	629,648,176
Earning per unit	4.10	<b>1,075,437,537</b>	629,648,176

The annexed notes from 1 to 23 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)	(Rupees)
Net income for the year	<b>1,331,929,347</b>	757,236,932
Other comprehensive income for the year	-	-
	<b><u>1,331,929,347</u></b>	<b><u>757,236,932</u></b>

The annexed notes from 1 to 23 form an integral part of these financial statements.



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

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**Chief Executive Officer**

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**Chief Financial Officer**

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**Director**

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

	Note	Capital value 58,628,556	Undistributed income - (Rupees)	Total 10,281,516,345	Capital value 33,772,695	Undistributed income - (Rupees)	Total 10,315,289,640
<b>Net assets at beginning of the year</b>							
Issuance of 532,496,668 units		12,266,819,973	-	53,487,216,210	53,487,216,210	44,641,462,094	44,641,462,094
(2021: 144,773,193 units)				355,927,402	355,927,402	42,979,034	42,979,034
- Capital value							
- Element of income							
Total proceeds on issuance of units		53,843,143,612	-	53,843,143,612	44,684,441,128	-	44,684,441,128
<b>Redemption of 172,405,180 units</b>							
(2021: 124,069,298 units)		(47,428,040,973)	(256,491,810)	(47,428,040,973)	(42,592,586,611)	-	(42,592,586,611)
- Capital value		(128,705,048)	(256,491,810)	(385,196,358)	(12,074,336)	(139,663,692)	(139,663,692)
- Element of loss		(47,556,746,023)	(256,491,810)	(47,813,237,333)	(42,604,661,547)	(127,588,756)	(42,732,250,303)
Total payments on redemption of units							
<b>Distributions during the year</b>							
16		(202,116,812)	(988,202,443)	(1,190,319,255)	(94,476,553)	(604,792,315)	(699,268,668)
Total comprehensive income for the year		-	1,331,929,347	1,331,929,347	-	757,236,932	757,236,932
Net assets as at end of the year		18,351,100,752	345,663,650	18,496,964,402	12,266,819,973	58,628,356	12,325,448,529
<b>Undistributed income brought forward</b>							
- Realised income at the beginning of the year			58,628,556	-		17,612,274	
- Unrealised income at the beginning of the year			-			16,160,422	
			58,628,556	-		33,772,695	
<b>Accounting income available for distribution</b>							
- Relating to capital gains				1,075,437,537	-	629,648,175	
- Excluding capital gains				1,075,437,537	-	629,648,175	
<b>Net income for the year after taxation</b>				(988,202,443)		(604,792,315)	
<b>Cash Distributions during the year</b>							
						58,628,356	
<b>Undistributed income carried forward</b>							
<b>Represented by:</b>							
- Realised income at the end of the year					145,663,650	58,628,356	
- Unrealised income at the end of the year					-	-	
<b>Undistributed income at end of the year</b>					145,663,650	58,628,356	
<b>Net assets value per unit at beginning of the year</b>							
					100,5955	100,5955	
<b>Net assets value per unit at end of the year</b>					101,4435	100,8348	

The annexed notes from 1 to 23 form an integral part of these financial statements.

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

**Chief Executive Officer**

**Chief Financial Officer**

**Director**

**Statement of Cash Flows**  
**For the year ended June 30, 2022**

	2022 (Rupees)	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the year	1,331,929,347	757,236,932
<b>Adjustments for non-cash charges and other items:</b>		
Markup income on investments	(1,351,542,883)	(855,511,202)
Unrealised (loss) on appreciation of investments classified as financial asset at fair value through profit or loss' - net	88,448	-
Realized loss on sale of investments at fair value through profit and loss - net	12,899,271	9,777,119
(Reversal) / Provision for Sindh workers' welfare fund	(71,397,891)	15,453,815
	<u>(78,023,708)</u>	<u>(73,043,336)</u>
<b>Decrease / (increase) in assets</b>		
Investments	(41,896,512)	5,070,538,348
Advance tax and deposits	(2,534,176)	(2,139,098)
	<u>(44,430,688)</u>	<u>5,068,399,250</u>
<b>Increase / (decrease) in liabilities</b>		
Payable to the Management Company	4,538,626	1,843,849
Remmuneration Payable to the Trustee	134,251	(660,593)
Payable to Securities and Exchange Commission of Pakistan	206,879	32,800
Accrued expenses and other liabilities	114,664,325	(23,991,252)
	<u>119,544,081</u>	<u>(22,775,196)</u>
Profit received on bank balances and investments	1,153,313,506	967,458,374
<b>Net cash generated from operating activities</b>	<u>1,150,403,191</u>	<u>5,940,039,093</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Received on issuance of units	53,843,143,612	44,684,441,128
Paid against redemption of units	(47,813,237,831)	(42,732,250,303)
Dividend paid	(1,190,319,255)	(699,268,868)
<b>Net cash generated from financing activities</b>	<u>4,839,586,526</u>	<u>1,252,921,957</u>
<b>Net increase in cash and cash equivalents</b>	<b>5,989,989,717</b>	<b>7,192,961,050</b>
Cash and cash equivalents at beginning of the year	<u>11,980,539,861</u>	<u>4,787,578,811</u>
<b>Cash and cash equivalents at end of the year</b>	<b><u>17,970,529,578</u></b>	<b><u>11,980,539,861</u></b>

The annexed notes from 1 to 23 form an integral part of these financial statements.

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

**Chief Executive Officer**

**Chief Financial Officer**

**Director**

## **Notes to the Financial Statements For the year ended June 30, 2022**

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

- 1.1 The Lakson Money Market Fund (the "Fund") was established under the Trust Deed executed on September 2, 2009 between the Lakson Investments Limited as its Management Company and the Central Depository Company of Pakistan Limited (CDC) as its Trustee. The Fund has been registered as a Notified Entity on September 18, 2009 by the Securities and Exchange Commission of Pakistan (SECP) in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations). The Management Company of the Fund has been licensed by SECP to undertake Asset Management and Investment Advisory Services as a Non-Banking Finance Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The registered office of the Management Company is located at 14 - Ali Block, New Garden Town, Lahore, while the head office is in the Lakson Square Building No. 2, Karachi.
- 1.2 The Fund is an open end mutual fund and is listed on Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

The Fund is categorised as "Money Market Scheme" as per the Circular 07 of 2009 issued by SECP and Fund primarily invests in Government Securities, Certificates of Investment, Certificates of Deposits, Term Deposit Receipts, Commercial Papers etc. subject to the guidelines issued by SECP from time to time.

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

- 1.3 Pakistan Credit Rating Company Limited (PACRA) has maintained the rating of the Management Company of the Fund to the scale 'AM2+' (stable outlook) vide its report dated 27 August 2021 (2021: AM2+ as on 28 August 2020). On 09 March 2022, PACRA assigned AA+(f) rating to the Fund.

- 1.4 The Trust Act, 1882 has been repealed due to promulgation of Provincial Trust Act "Sindh Trust Act, 2020" as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Trusts including Collective Investment Scheme, private Funds etc, being Specialized Trusts are required to be registered with the Assistant Director of Industries and Commerce (Trust Wing), Government of Sindh under Section 12A of the Sindh Trusts Act, 2020. Accordingly, on January 31, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

### **2. BASIS OF PREPARATION**

#### **2.1 Statement of compliance**

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and

- Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

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

**2.2 Basis of measurement**

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

**2.3 Functional and presentation currency**

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

**2.4 Critical accounting estimates and judgments**

The preparation of the financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in the application of its accounting policies. The estimates, judgments and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis.

The areas involving a degree of judgment or complexity, or areas where estimates and assumptions are significant to the financial statements are as follows:

- Classification and measurement of financial assets (notes 4.1.1.1 and 5)
- Impairment of financial assets (note 4.1.1.3)
- Taxation (notes 4.4 and 15)
- Classification and measurement of financial liabilities (notes 4.1.2.1)

The revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

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

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

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

	<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
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021	April 01, 2021
<b>3.2 New accounting standards, amendments and IFRS interpretations that are not yet effective</b>	
The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.	
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 01, 2022
Annual Improvements to IFRS Standards 2018-2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41)	January 01, 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
Amendments to IAS 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, 2022
Amendments to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely
Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:	
- IFRS 1 – First Time Adoption of International Financial Reporting Standards	
- IFRS 17 – Insurance Contracts	

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**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

**4.1 Financial instruments**

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the income statement.

**4.1.1 Financial Assets**

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

**4.1.1.1 Classification and measurement of financial assets**

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

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

Financial assets at amortised cost (debt instruments)

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

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

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

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

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

#### **4.1.1.2 Fair value measurement principles**

The fair value of financial instruments is determined as follows:

**Basis of valuation of government debt securities:**

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

**Basis of valuation of debt securities:**

The fair value of debt securities (other than government debt securities) is based on the value determined and announced by Mutual Funds Association of Pakistan (MUFAP) in accordance with the criteria laid down in Circular No. 1 of 2009.

Circular No. 33 of 2012 issued by Securities and Exchange Commission of Pakistan (SECP). In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The aforementioned circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

#### **4.1.1.3 Impairment of financial assets**

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

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

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

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

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

#### **4.1.1.4 Derecognition**

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

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

**4.1.2 Financial liabilities**

**4.1.2.1 Classification and measurement of financial liabilities**

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

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

**4.1.2.2 Derecognition**

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

**4.1.3 Offsetting of financial instruments**

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

**4.2 Cash and cash equivalents**

Cash and cash equivalents comprise of bank balances and short term highly liquid investments with original maturity of three months or less, which are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value.

**4.3 Provisions**

Provisions are recognised when the Fund has a present, legal or constructive, obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions, if any, are regularly reviewed and adjusted to reflect the current best estimate.

**4.4 Taxation**

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

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.

**4.5 Dividend distribution and appropriations**

Dividend distributions and appropriations are recorded in the period in which these are approved by the Board of Directors of the Management Company. Regulation 63 of the NBFC Regulations requires the Fund to distribute 90% of the net accounting income other than capital gains to the unit holders.

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 and approved by the Board of Directors of the Management Company.

#### **4.6 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 during business hours on that date. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load and any provision for duties and charges, if applicable. The sales load is payable to 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 asset value per unit as of the close of the business day less any back-end load, any duties, taxes, and charges on redemption, if applicable.

Element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the 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 the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

#### **4.7 Net asset value per unit**

The Net Asset Value (NAV) per unit as 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.

#### **4.8 Revenue recognition**

- Gain or loss on sale of investment is accounted for in the income statement in the period in which it arises.
- Unrealised appreciation / diminution arising on revaluation of investments classified as 'at fair value through profit or loss' is included in the income statement in the period in which it arises.
- Income from investments in government securities is recognised on a time proportionate basis using effective interest rate method.
- Profit on bank balances is recognised on a time proportionate basis using bank's approved rates.

#### **4.9 Expenses**

All expenses chargeable to the Fund including remuneration of the Management Company, Trustee fee and annual fee of the SECP are recognised in the Income Statement on an accrual basis.

#### **4.10 Earnings per unit**

Earnings per unit (EPU) has not been disclosed as in the opinion of the Management Company, determination of weighted average units for calculating EPU is not practicable.

		Note	<b>2022</b>	<b>2021</b>
			(Rupees)	
<b>5.</b>	<b>BANK BALANCES</b>			
	<b>Local currency</b>			
	-Profit and loss sharing accounts	5.1	<b>17,970,522,480</b>	11,980,532,421
	-Current accounts		<b>7,098</b>	7,440
			<b>17,970,529,578</b>	<b>11,980,539,861</b>
5.1	These represents profit and loss accounts maintained with banks carrying profit rates ranging from 5.00% to 17.00% (June 30, 2021: 5.00% to 8.75%) per annum.			
<b>6.</b>	<b>INVESTMENTS</b>			
	<b>Financial assets classified as fair value through profit or loss</b>			
	Government securities - Market			
	treasury bills	6.1	<b>48,079,194</b>	-
			<b>48,079,194</b>	-
	<b>Financial assets classified as at amortised cost</b>			
	Commercial Papers	6.2	<b>427,053,180</b>	446,223,581
	Letter of placements	6.3	-	-
			<b>475,132,374</b>	<b>446,223,581</b>

### 6.1 Government securities - Market Treasury Bills

Government Securities	Date of Issue	As at July 01, 2021	Acquired during the year	Disposed / matured during the year	As at June 01, 2022	As at July 01, 2021	Acquired during the year	Disposed / matured during the year	As at June 01, 2022	Carrying value as of the year end before 30, 2022 before revaluation	Market value as of the year end June 30, 2022 (after revaluation)	Unrealised gain/loss (elimination)	Market value as a percentage of the Fund	Market value as a percentage of total investments
		.....Number of Units.....			.....Face Value.....					(Rupees)				
3 Months Market Treasury Bills	21-Feb-21	-	105,000,000	106,000,000	-	-	10,600,000,000	10,600,000,000	-	-	-	-	-	-
3 Months Market Treasury Bills	06-May-21	-	75,500,000	75,500,000	-	-	7,550,000,000	7,550,000,000	-	-	-	-	-	-
3 Months Market Treasury Bills	20-May-21	-	41,180,000	41,180,000	-	-	4,118,000,000	4,118,000,000	-	-	-	-	-	-
3 Months Market Treasury Bills	17-Jun-21	-	34,320,000	34,320,000	-	-	3,432,000,000	3,432,000,000	-	-	-	-	-	-
3 Months Market Treasury Bills	30-Jun-21	-	9,920,000	9,920,000	-	-	992,000,000	992,000,000	-	-	-	-	-	-
3 Months Market Treasury Bills	20-Jul-21	-	4,370,000	4,370,000	-	-	437,000,000	437,000,000	-	-	-	-	-	-
3 Months Market Treasury Bills	09-Sep-21	-	5,000,000	5,000,000	-	-	500,000,000	500,000,000	-	-	-	-	-	-
3 Months Market Treasury Bills	07-Oct-21	-	6,880,000	6,880,000	-	-	688,000,000	688,000,000	-	-	-	-	-	-
3 Months Market Treasury Bills	16-Dec-21	-	59,640,000	59,640,000	-	-	5,964,000,000	5,964,000,000	-	-	-	-	-	-
3 Months Market Treasury Bills	30-Dec-21	-	35,000,000	35,000,000	-	-	3,500,000,000	3,500,000,000	-	-	-	-	-	-
3 Months Market Treasury Bills	13-Jan-22	-	50,500,000	50,500,000	-	-	5,050,000,000	5,050,000,000	-	-	-	-	-	-
3 Months Market Treasury Bills	27-Jan-22	-	54,500,000	54,500,000	-	-	5,450,000,000	5,450,000,000	-	-	-	-	-	-
3 Months Market Treasury Bills	10-Feb-22	-	9,650,000	9,650,000	-	-	965,000,000	965,000,000	-	-	-	-	-	-
3 Months Market Treasury Bills	24-Feb-22	-	2,000,000	2,000,000	-	-	200,000,000	200,000,000	-	-	-	-	-	-
3 Months Market Treasury Bills	24-Mar-22	-	850,000	850,000	-	-	85,000,000	85,000,000	-	-	-	-	-	-
6 Months Market Treasury Bills	28-Apr-21	-	37,250,000	37,250,000	-	-	3,725,000,000	3,725,000,000	-	-	-	-	-	-
6 Months Market Treasury Bills	11-May-21	-	400,000	400,000	-	-	40,000,000	40,000,000	-	-	-	-	-	-
6 Months Market Treasury Bills	25-Mar-21	-	68,450,000	68,450,000	-	-	6,845,000,000	6,845,000,000	-	-	-	-	-	-
6 Months Market Treasury Bills	06-May-21	-	1,000,000	3,000,000	-	-	300,000,000	300,000,000	-	-	-	-	-	-
6 Months Market Treasury Bills	17-Jun-21	-	31,000,000	31,000,000	-	-	3,100,000,000	3,100,000,000	-	-	-	-	-	-
6 Months Market Treasury Bills	03-Jun-21	-	99,370,000	99,370,000	-	-	9,937,000,000	9,937,000,000	-	-	-	-	-	-
6 Months Market Treasury Bills	20-Jul-21	-	2,500,000	2,500,000	-	-	250,000,000	250,000,000	-	-	-	-	-	-
6 Months Market Treasury Bills	16-Dec-21	-	2,694,000	2,694,000	-	-	269,400,000	269,400,000	-	-	-	-	-	-
6 Months Market Treasury Bills	07-Apr-22	-	18,000,000	17,500,000	500,000	-	1,800,000,000	1,795,000,000	50,000,000	48,167,642	48,079,194	(88,448)	0.26%	10.12%
6 Months Market Treasury Bills	21-Apr-22	-	25,362,000	25,362,000	-	-	2,536,200,000	2,536,200,000	-	-	-	-	-	-
6 Months Market Treasury Bills	28-Apr-22	-	23,000,000	23,000,000	-	-	2,300,000,000	2,300,000,000	-	-	-	-	-	-
Total as at June 30, 2022		-	807,016,000	806,516,000	500,000	-	80,701,600	80,651,600	50,000,000	48,167,642	48,079,194	(88,448)	0.26%	10%
Total Cost as at June 30, 2022							47,601,400							
Total as at June 30, 2021														
Total Cost as at June 30, 2022														

### 6.2 Commercial papers (unsecured)

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	Carrying value as of total 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	
					.....Number of certificates.....				(Rupees)					
K-Electric - ICP 14	10-Feb-21	10-Aug-21	450,000,000	6 months	7.96%	450	-	450	-	-	-	-	-	-
K-Electric - ICP 21	22-Sep-21	22-Mar-22	200,000,000	6 months	8.21%	-	200	200	-	-	-	-	-	-
Lucky Electric Power Company Limited	06-May-22	02-Nov-22	450,000,000	6 months	16.21%	-	450	-	450	427,053,180	90%	2%	9%	
Total as at June 30, 2022						450	200	650		427,053,180	90%	2%	9%	
Total as at June 30, 2021										446,223,581	100%		4%	

**6.2.1 Face value of these commercial papers are Rs.1,000,000 per certificate.**

**6.3 Letter of placements - at amortised cost**

Date of Issue	Placement Date	Date of Maturity	Term (Number of Days)	Mark-up rate	Holding as at 30 July 2021	Purchases during the year	Matured during the year	Holding as at 30 June 2022	Carrying value as of the year ended June 30, 2022	Carrying value as a percentage of total investments	Carrying value as % of net assets	Face value as % of size of the issue
					Rupees							
Pak Kuwait Investment Company Limited	23-Jul-21	26-Jul-21	3	7.10%	-	1,295,000,000	1,295,000,000	-	-	-	-	-
Saudi Pak Industrial & Agricultural Investment Company Limited	26-Jul-21	27-Sep-21	63	7.25%	-	1,295,000,000	1,295,000,000	-	-	-	-	-
Saudi Pak Industrial & Agricultural Investment Company Limited	22-Nov-21	2-Dec-21	10	9.05%	-	1,000,000,000	1,000,000,000	-	-	-	-	-
Saudi Pak Industrial & Agricultural Investment Company Limited	3-Dec-21	13-Dec-21	10	9.05%	-	100,000,000	100,000,000	-	-	-	-	-
Pak Kuwait Investment Company Limited	23-Nov-21	16-Dec-21	23	9.05%	-	1,000,000,000	1,000,000,000	-	-	-	-	-
Pak Brunei Investment Company Limited	23-Nov-21	16-Dec-21	23	9.05%	-	1,000,000,000	1,000,000,000	-	-	-	-	-
Pak Oman Investment Company Limited	23-Nov-21	16-Dec-21	23	9.05%	-	1,000,000,000	1,000,000,000	-	-	-	-	-
Saudi Pak Industrial & Agricultural Investment Company Limited	17-Dec-21	27-Dec-21	10	10.10%	-	350,000,000	350,000,000	-	-	-	-	-
Saudi Pak Industrial & Agricultural Investment Company Limited	16-Dec-21	27-Dec-21	11	10.10%	-	500,000,000	500,000,000	-	-	-	-	-
Pak Kuwait Investment Company Limited	16-Dec-21	27-Dec-21	11	10.05%	-	850,000,000	850,000,000	-	-	-	-	-
Pak Oman Investment Company Limited	16-Dec-21	27-Dec-21	11	10.00%	-	850,000,000	850,000,000	-	-	-	-	-
Pak Oman Investment Company Limited	16-Dec-21	27-Dec-21	11	10.00%	-	850,000,000	850,000,000	-	-	-	-	-
Pak Oman Investment Company Limited	27-Jul-21	29-Jul-21	2	7.25%	-	250,000,000	250,000,000	-	-	-	-	-
Pak Oman Investment Company Limited	26-Jan-22	28-Feb-22	33	10.00%	-	1,300,000,000	1,300,000,000	-	-	-	-	-
Pak Kuwait Investment Company Limited	26-Jan-22	28-Feb-22	33	10.00%	-	1,300,000,000	1,300,000,000	-	-	-	-	-
Pak Oman Investment Company Limited	28-Feb-22	3-Mar-22	3	10.05%	-	1,300,000,000	1,300,000,000	-	-	-	-	-
Pak Kuwait Investment Company Limited	28-Feb-22	3-Mar-22	3	10.05%	-	1,300,000,000	1,300,000,000	-	-	-	-	-
Pak Kuwait Investment Company Limited	3-Mar-22	10-Mar-22	7	10.00%	-	1,300,000,000	1,300,000,000	-	-	-	-	-
Pak Oman Investment Company Limited	10-Mar-22	11-Mar-22	1	10.05%	-	1,300,000,000	1,300,000,000	-	-	-	-	-
Pak Kuwait Investment Company Limited	10-Mar-22	11-Mar-22	1	10.05%	-	1,300,000,000	1,300,000,000	-	-	-	-	-
Pak Oman Investment Company Limited	22-Mar-22	24-Mar-22	2	10.30%	-	600,000,000	600,000,000	-	-	-	-	-
Pak Oman Investment Company Limited	24-Mar-22	25-Mar-22	1	10.40%	-	1,000,000,000	1,000,000,000	-	-	-	-	-
Pak Kuwait Investment Company Limited	24-Mar-22	28-Mar-22	4	10.40%	-	1,000,000,000	1,000,000,000	-	-	-	-	-
Pak Oman Investment Company Limited	12-Apr-22	29-Apr-22	17	12.50%	-	1,000,000,000	1,000,000,000	-	-	-	-	-
Saudi Pak Industrial & Agricultural Investment Company Limited	21-Apr-22	6-May-22	15	12.70%	-	1,200,000,000	1,200,000,000	-	-	-	-	-
Pak Kuwait Investment Company Limited	21-Apr-22	6-May-22	15	12.50%	-	1,200,000,000	1,200,000,000	-	-	-	-	-
Saudi Pak Industrial & Agricultural Investment Company Limited	6-May-22	9-May-22	3	12.80%	-	1,300,000,000	1,300,000,000	-	-	-	-	-
Pak Oman Investment Company Limited	6-May-22	9-May-22	3	12.55%	-	400,000,000	400,000,000	-	-	-	-	-
Pak Oman Investment Company Limited	2-Jun-22	3-Jun-22	1	14.35%	-	350,000,000	350,000,000	-	-	-	-	-
Saudi Pak Industrial & Agricultural Investment Company Limited	10-Jun-22	13-Jun-22	3	13.85%	-	180,000,000	180,000,000	-	-	-	-	-
<b>June 30, 2022</b>					<b>- 27,670,000,000</b>	<b>27,670,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>June 30, 2021</b>					<b>- 8,163,000,000</b>	<b>8,163,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**7. PAYABLE TO THE MANAGEMENT COMPANY**

**June 30,  
2022**      **June 30,  
2021**

**(Rupees)**

Remuneration of Management Company	7.1	<b>6,834,311</b>	2,817,827
Sindh Sales Tax on remuneration of Management Company	7.2	<b>5,544,354</b>	5,022,213
Federal Excise Duty on Management Company's remuneration	7.3	<b>30,977,910</b>	30,977,910
		<b>43,356,575</b>	<b>38,817,950</b>

- 7.1 As per regulation 61 of the NBFC and Notified Entities Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of the management fee as disclosed in the Offering Document subject to the total expense ratio limit. As per offering document, the Management Company can charge management fee up to 1% of average annual net assets of the fund, calculated on daily basis. During the year Management Company has charged fee at 0.46% of average annual net assets calculated on daily basis.
- 7.2 The Sindh Revenue Board 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. This includes Sindh Sales Tax charged on Federal Excise Duty which is not paid due to the case pending for adjudication in Supreme Court of Pakistan as disclosed in note 7.3.
- 7.3 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 01, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 30.977 million (2021: 30.977 million) is being retained in these financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been made, the net asset value of the Fund as at June 30, 2022 would have been higher by Rs. 0.17 (June 30, 2020: Rs.0.25) per unit.

#### **8. PAYABLE TO THE TRUSTEE**

The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provision of Trust Deed. Effective from April 14, 2022 the Trustee has revised the trustee fee which is 0.055% per annum (2021: 0.065% per annum) of the net assets.

#### **9. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**

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

**10. ACCRUED EXPENSES AND OTHER LIABILITIES**

		June 30, 2022	June 30, 2021
		(Rupees)	
Auditors' remuneration		<b>352,976</b>	345,224
Provision for Sindh Workers' Welfare Fund	10.1	-	71,397,891
Brokerage payable		<b>477,482</b>	526,929
Rating fee payable		-	759
Withholding tax payable		<b>33,640,340</b>	6,310,049
Professional fee payable		<b>534,377</b>	458,258
Dividend payable		<b>4,354,249</b>	-
Others	10.2	<b>83,880,769</b>	3,934,649
		<b>123,240,193</b>	<b>82,973,759</b>

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

During the current period, SRB through its letter to 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. Subsequently, MUFAP approached SECP and obtained the clarification with respect to this matter as well. The fund ceased to charge further provision for SWWF and has reversed the provision for SWWF amounting to Rs. 71.4 million charged till June 30, 2021.

10.2 This amount includes excess profit credited by the bank. During the year, bank credited an amount of Rs. 79.58 million. The Management Company is of the view after recomputing the profit due from the bank that excess profit was not due to the Fund. The matter was raised with the bank and is yet to finalised. Management Company, being prudent, has not recorded any income against the amount received and has recorded an accrued liability.

**11. TOTAL EXPENSE RATIO**

As per the SECP circular vide direction no. 23 dated July 20, 2016 and as referred in Regulations 60 (5) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the "Regulations"), Total Expense Ratio (TER) calculated inclusive of Sindh Sales Tax and SECP fee is 0.62% as of June 30, 2022 (June 30, 2021: 0.73%) and this includes 0.06% (June 30, 2021: 0.083%) representing Sindh Sales tax and SECP fee. As per NBFC Regulation the total expense ratio of the Money Market Scheme shall be capped up to 2% (excluding government levies).

**12. CONTINGENCIES AND COMMITMENTS**

Other than tax contingencies disclosed in note 15.2 to financial statements, there are no contingencies and commitments as at 30 June 2022.

	Note	June 30, 2022	June 30, 2021
		(Number of units)	
<b>13. NUMBER OF UNITS IN ISSUE</b>			
Deposits			
Total outstanding as of 1 July		<b>122,246,232</b>	102,542,336
Issued during the year		<b>532,496,568</b>	443,773,193
Redemptions during the year		<b>(472,405,180)</b>	(424,069,297)
Total units in issue as of 30 June		<b>182,337,620</b>	<b>122,246,232</b>

		June 30, 2022	June 30, 2021
		(Rupees)	
<b>14. AUDITORS' REMUNERATION</b>			
Annual audit fee		350,000	350,000
Fee for the review of half yearly financial statements		130,000	85,000
Out of pocket and sales tax expenses		32,641	30,165
		<b>512,641</b>	<b>465,165</b>

**15. TAXATION**

- 15.1 The Fund's income is exempt from Income Tax as per clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders. The Fund is also exempt from the provisions of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the Management Company has distributed the income earned by the Fund during the year to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements.
- 15.2 a) A new section 4B was introduced in the Income Tax Ordinance, 2001 vide the Finance Act, 2015, according to which super tax has been imposed for Tax Year 2015 on the income of individuals, association of persons and companies who are earning income of Rs. 500 million or above in Tax Year 2015 at the rate of 3% other than banking companies.

During year ended June 30, 2017, the Management Company received an order under the aforementioned section for the recovery of super tax not paid with return of income in respect of the Fund for the Tax Year 2015. The Deputy Commissioner considered that the Fund was required to pay super tax as the income of the Fund was more than Rs. 500 million and raised a demand of Rs. 18.819 million in this respect.

The Management Company had filed an appeal before Commissioner Appeals (Inland Revenue) against the order which was decided in favour of the Fund whereby super tax demand was deleted. The department had filed an appeal against the decision at the Appellate Tribunal which is pending adjudication and no provision has been made for super tax in these financial statements.

- b) The Fund has also received an order for Tax Year 2016 whereby demand amounting to Rs. 24 million has been created mainly on account of the fact that the Fund has made less than 90% distribution out of its distributable profit due to the misinterpretation of the facts of the case. The Fund has filed an appeal against the said order to Commissioner Income Tax (Appeals) which was decided against the fund. The fund filed an appeal against the decision at the Appellate Tribunal which is pending adjudication and considers that the case will be decided in Fund's favor. Hence, no provision has been in these financial statements.
- c) During the year ended June 30, 2020, the Fund received show-cause notice under section 4B of the Income Tax Ordinance, 2001 for the recovery of super tax not paid with return of income in respect of the stated Fund for the Tax year 2019. The Deputy Commissioner considered that the Fund has failed to pay super tax on the profit of debt income earned during the tax year 2019, as the total profit of debt income of the Fund was Rs.916 million and raised a demand of Rs.18.321 million in this respect. The Fund filed an appeal against the said order to Commissioner Income Tax (Appeals) which was decided against the Fund. The Fund had filed an appeal against the decision at the Appellate Tribunal which is pending adjudication and considers that the case will be decided in Fund's favor. Hence, no provision has been in these financial statements.
- d) During the current year, the Fund has received order u/s 122(1) in respect of Audit for Tax Year 2015 whereby element of loss and capital losses included in the prices of units issued less in units redeemed- net amounting to Rs. 404.8 million, dividend distribution at Rs. 129 million , sales tax and FED on management fee amounting to Rs. 11.5 and Rs. 10.6 million respectively have been added by Deputy Commissioner resulting in demand of Rs. 180.2 million. The Fund has filed an appeal against the said order with Commissioner Income Tax (Appeals) which is pending adjudication. The Management Company considers that it has a good arguable case which will be decided in fund's favor. Hence, no provision has been in these financial statements.

#### 16.

#### DISTRIBUTIONS DURING THE YEAR

June 30, 2022				
Per unit rate	Declaration date	Distribution of income	Refund of Capital	(Rupees)
First interim distribution	0.7439	Aug 8, 2021	91,953,925	5,032,510
Second interim distribution	1.0267	Sept 5, 2021	131,445,433	3,103,954
Third interim distribution	0.7306	Oct 10, 2021	89,933,920	1,445,589
Fourth interim distribution	0.4503	Nov 2, 2021	41,792,353	1,766,891
Fifth interim distribution	0.6076	Dec 2, 2021	49,748,505	14,977,860
Sixth interim distribution	0.5875	Dec 28, 2021	48,637,833	5,509,582
Seventh interim distribution	1.2223	Feb 4, 2022	101,612,560	8,040,139
Eighth interim distribution	0.7441	Mar 5, 2022	64,393,948	32,165,575
Ninth interim distribution	0.9535	Apr 8, 2022	85,525,182	7,057,564
Tenth interim distribution	1.0998	May 12, 2022	101,932,640	32,187,159
Eleventh interim distribution	1.0783	June 8, 2022	99,902,280	52,339,724
Twelfth interim distribution	0.7067	June 26, 2022	81,323,864	38,490,265
			<u>988,202,443</u>	<u>202,116,812</u>

June 30, 2021				
Per unit rate	Declaration date	Distribution of income	Refund of Capital	----- (Rupees) -----
First interim distribution	0.5328	July 29, 2020	51,255,128	7,863,339
Second interim distribution	0.4588	Aug 28, 2020	34,714,342	4,701,215
Third interim distribution	0.6199	Oct 2, 2020	41,178,728	17,611,495
Fourth interim distribution	0.5425	Nov 2, 2020	56,279,496	9,390,867
Fifth interim distribution	0.4328	Nov 27, 2020	33,017,780	6,390,280
Sixth interim distribution	0.4751	Dec 28, 2020	46,398,330	9,829,555
Seventh interim distribution	0.6643	Jan 29, 2021	51,743,044	3,820,406
Eighth interim distribution	0.6150	Mar 5, 2021	63,947,779	4,562,954
Ninth interim distribution	0.4949	April 5, 2021	48,504,321	4,976,154
Tenth interim distribution	0.6643	May 5, 2021	67,370,033	3,227,473
Eleventh interim distribution	0.5080	June 7, 2021	67,871,376	6,234,091
Twelfth interim distribution	0.4798	June 29, 2021	42,511,958	15,868,724
			<u>604,792,315</u>	<u>94,476,553</u>

**17. TRANSACTIONS AND BALANCES WITH RELATED PARTIES / CONNECTED PERSONS**

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

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

	June 30, 2022	June 30, 2021
<b>17.1 Details of balance with related parties / connected persons at the year end</b>	<b>(Rupees)</b>	
<b>Lakson Investments Limited - Management Company of the Fund</b>		
Remuneration payable	<u>6,834,311</u>	<u>2,817,827</u>
Sindh Sales Tax and Federal Excise Duty on remuneration to Management Company *	<u>5,544,354</u>	<u>5,022,213</u>
Federal Excise Duty Management Company's remuneration*	<u>30,977,910</u>	<u>30,977,910</u>

\* Sales tax and Federal Excise Duty is paid / payable to the Management Company for onwards payment to the Government.

<b>Central Depository Company of Pakistan Limited - Trustee of the Fund</b>	
Remuneration payable	<u>917,618</u>

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

	June 30, 2022	June 30, 2021
	(Rupees)	
<b>Lakson Investments Limited - Management Company of the Fund</b>		
Remuneration to the Management Company	<u>56,624,277</u>	<u>53,266,971</u>
Sindh sales tax on remuneration of Management Company *	<u>7,361,155</u>	<u>6,957,992</u>
<b>Central Depository Company of Pakistan Limited - Trustee of the Fund</b>		
Remuneration for the year *	<u>8,094,579</u>	<u>8,320,267</u>

\* Sales tax is paid / payable to the management company / Trustee for onwards payment to the Government.



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

	Year ended June 30, 2022							
	Number of Units			Rupees				
	Number of Units as at July 01, 2021	Units issued during the year	Units redeemed during the year	Number of units as at 30 June 2022	Dividend paid during the year	Balance as 01 July 2021	Units issued during the year	Units redeemed during the year
<b>Lakson Investments Limited - Management Company</b>								
Directors, Chief Executive and their spouse and minors Key management personnel, employees and connected persons of the Management Company	1,451,066 23,537,050	22,432,539 17,110,342	21,347,047 11,540,524	2,536,558 29,106,888	1,302,963,727	146,303,464 2,373,18,359	2,265,234,229 1,729,003,350	2,173,414,164 1,170,201,840
<b>Holding company / associated companies / undertakings of the Management Company</b>	35,342	182,421	125,028	92,734	604,114	3,563,350	18,446,929	12,696,344
Accury Surgical Limited Employees Contribution Provident Fund	591,026	169,904	108,906	60,998	390,042	17,174,656	11,044,606	6,187,819
Accury Surgicals Limited	2,374,408	50,011	69,001	572,036	5,049,983	59,590,078	7,000,000	58,029,320
Alan Private Limited	1,024	455,057	-	2,839,495	14,719,366	29,399,212	46,001,478	28,030,833
Baluchistan Polyproducts Private Limited	163	1,184	3	1,823	103,245	119,925	-	109
Century Insurance Company Limited, GF	33,024	211,956	10,332	225,938	3,329,638	19,115,411	21,464,410	1,048,104
Century Insurance Company Limited	690,076	1,839,951	1,220,211	5,880,533	69,576,775	239,635,860	187,059,121	123,782,481
Contribution Provident Fund Trust	10,990	305,515	322,138	83,867	519,834	1,057,652	39,965,023	32,633,566
Centurion Paper & Board Mills Limited Employees Contribution Provident Fund Trust	-	3,003,584	1,666,297	1,137,296	1,320,015	-	8,507,736	-
Centurion Paper & Board Mills Limited EGF	3,100,726	999,781	160,955	578,675	111,259,577	115,371,335	119,061,920	101,315,977
Colgate Palmolive Pakistan Limited Employee Contribution Provident Fund Trust	12,513,288	1,095,138	13,668,786	130,119,190	1,261,680,007	110,860,223	1,380,222,885	1,380,222,885
Colgate Palmolive Pakistan Limited Employee Contribution Provident Fund Trust	1	2,959,188	1,777,988	1,181,201	1,298,224	101	289,371,392	119,851,114
Colgate Palmolive Pakistan Limited EGF	65,199	895,717	821,377	159,538	441,875	6,573,676	90,596,699	76,714,350
Cyber Internet Services Private Limited - Employee Contribution Provident Fund Trust	73,210	1,784,120	1,555,190	502,140	840,546	7,381,384	180,329,397	50,938,826
Express Publications Private Limited	716,792	23,547	700,385	39,954	2,734,190	72,270,410	2,375,978	71,000,000
Gam Corporation Private Limited Employees Contribution Provident Fund	906,911	1,244,956	1,891,454	260,414	4,975,655	91,439,120	125,809,565	192,215,012
Hasanali & Gulhamood Alkhan Foundation	43,860	273,615	43,860	273,615	24	4,422,176	27,743,854	4,426,879
Hasanali Farahab Foundation Employee Contribution Provident Fund Trust	7,347	68,352	66,469	9,230	38,927	6,910,760	6,910,816	6,759,274
Lakson Investments Limited EGPFT	34,805	104,328	130,147	8,986	473,278	3,509,207	10,533,173	13,179,298
Lakson Power Limited	3,701	296	3,600	3,118	373,153	29,851	27,553,080	305,152
Ment Pakailing Limited Employees Contribution Provident Fund	-	272,601	267,853	4,748	56,292	-	27,184,004	481,661
Premier Fashions Private Limited	67,788	99,580	167,168	1,235,426	8,816,803	10,049,412	10,090,970	26,417,284
Sara Commoditys Private Limited	2,351,937	1,116,310	1,832,294	13,754,756	20,118,883	237,522,532	113,000,000	125,325,956
Sara Food Private Limited Employees Contribution Provident Fund Trust	199,543	6,193,315	4,560,664	113,168	5,441,111	62,082,249	46,200,000	188,874,309
Sara Private Limited	53,966	842,777	783,375	3,600	5,480,723	85,175,967	79,514,557	11,480,166
Sara Services Private Limited	12,418,534	10,986,90	2,021,744	1,049,683	-	1,256,158,614	1,094,663,037	205,092,798
Sara Services Private Limited Employees Contributionary Provident Fund Trust	516,786	10,799,246	4,227,761	5,088,771	13,275,298	52,104,845	890,362,292	427,544,644
Syndi Private Limited Employee Contribution Provident Fund Trust	14,206	108,727	115,145	7,488	69,028	1,422,317	10,980,422	11,692,460
Syndi Private Limited	287,797	257,845	29,952	-	268,159	29,886,78	26,885,178	3,088,485
Television Media Network Private Limited	200,333	205,899	1,715,702	1,715,702	202,424	432,236	20,213,221	20,213,221
Orthopaedic & Medical Institute Private Limited	113,456	6,145	10,648,647	10,648,647	10,055,044	1,145,2,113	20,500,000	147,591
Cyber Internet Services Private Limited	2,063,701	6,727,538	78,910	3,955,824	-	1,846,793	8,000,000	674,462,056
<b>Trustee / Custodian</b>	-	-	-	-	451,992	-	-	401,292,663
Central Depository Company of Pakistan Limited	2,584,809	1,091,776	3,676,585	-	11,919,236	260,612,859	110,131,350	212,490,418
<b>Connected person due to holding more than 10% units</b>	34,852,350	235,781,691	232,884,410	37,749,631	73,278,186	3,513,981,230	27,880,118,934	27,666,541,460
Fauji Fertilizer Company Limited	-	-	-	-	-	-	-	3,829,454,661

**LAKSON INVESTMENTS**  
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**LAKSON MONEY MARKET FUND**

	Number of Units					Rupees				
	Number of Units as at July 01, 2020	Units issued during the year	Units redeemed during the year	Number of units as at 30 June 2021	Dividend paid during the year	Balance as at 01 July 2020	Units issued during the year	Units redeemed during the year	Balance as at June 30, 2021	
Lakson Investments Limited - Management Company Directors, Chief Executive and their spouse and minors Key management personnel, employees and connected persons of the Management Company	4,386,136 27,915,557 24,811	35,670,038 39,459,579 24,333	38,605,108 43,838,086 13,802	1,451,066 23,537,050 35,342	56,861,254 724,686,518 2,930,091	251,997,558 3,590,358,051 2,973,876,112	3,590,358,051 4,477,606,768 2,452,327	1,392,558 3,593,350	146,303,464 2,373,118,559 3,593,350	
<b>Holding companies / undertakings of the Management Company</b>										
Accuracy Surgical Limited - Employees Contribution Provident Fund	-	58,266	-	-	2,159	-	5,875,588	-	5,894,693	
Accuracy Surgical Limited - Employee Gratuity Fund	222,711	368,315	-	591,026	2,176,653	22,403,871	37,066,008	-	59,590,078	
Alan Private Limited	1,707,514	666,894	-	2,374,408	5,040,468	171,768,362	67,109,568	-	239,399,212	
Baluchistan Polyproducts Private Limited	909	3,537	3,422	1,024	3,615	91,400	356,258	344,918	103,245	
Century Insurance Company Limited - Employees Contribution Provident Fund Trust	110,136	77,112	-	33,024	29,520	-	11,089,821	7,791,359	3,329,638	
Century Insurance Company Limited - Employees Contribution Provident Fund Trust 17,445	-	717,980	27,904	690,076	1,186,202	-	7,217,128	2,816,536	69,576,775	
Century Paper & Board Mills Limited - Employee Contribution Provident Fund Trust	127,257	134,212	10,490	-	1,754,945	-	12,830,690	13,573,972	1,057,652	
Century Paper & Board Mills Limited - Employee Contribution Provident Fund Trust -	1,094,943	1,094,943	-	-	28,807	-	110,412,465	110,766,639	-	
Colgate Palmolive Pakistan Limited - Employee Gratuity Fund	1,070,127	1,070,127	-	-	25,299	-	107,949,382	108,278,705	-	
Colgate Palmolive (Pakistan) Limited - Employee Contribution Provident Fund	780,073	2,972,110	12,513,588	-	27,541,457	1,479,319,840	78,550,126	30,000,000	1,261,680,067	
Colgate Palmolive (Pakistan) Limited - Employee Gratuity Fund	821,041	978,483	978,169	1	29,992	15,848,049	82,801,611	40,228,771	-	
Cyber Internet Services (Private) Limited - Employees Contribution Provident Fund	703,400	-	65,159	-	29,940	14,784,422	99,846,034	115,015,024	6,573,101	
Express Publications Private Limited	667,254	594,044	-	73,210	45,698	-	67,730,239	60,066,778	7,381,384	
Gam Corporation Private Limited - Employees Contribution Provident Fund	1,255,155	543,309	716,792	-	1,984,552	2,509,466	124,307,556	55,000,000	72,204,410	
Hasanali & Gulham Lakhan Foundation	2,364,016	1,487,339	906,911	-	69,513	3,081,338	258,339,302	150,467,612	91,449,120	
Hasanali & Gulham Lakhan Foundation	152,349	138,394	43,860	-	95,987	15,325,669	13,933,246	24,913,311	4,422,176	
Lakson Power Limited	3,800	297	3,701	-	7,856	382,256	29,950	30,000	373,153	
Lakson Investments Limited - Employees Contribution Provident Fund Trust	174,634	136,829	34,805	9,163	17,578,915	14,118,382	3,589,207	-	-	
Merit Packaging Limited - Employees Contribution Provident Fund Trust	170,474	174,258	-	6,159	379,867	17,178,126	17,613,5182	-	-	
Siza Commodities Private Limited	16,405	58,692	67,588	-	1,888	1,680,232	5,911,724	6,814,547	-	
Siza Foods Private Limited - Employees Contribution Provident Fund Trust	234,306	1,093,826	1,126,048	189,593	125,737	23,576,278	110,111,381	114,146,520	20,118,883	
Siza Private Limited	-	541,843	487,877	53,966	355,025	15,003,935	54,566,954	49,322,197	5,441,111	
Siza Services Private Limited	149,350	4,511,570	6,215,908	516,786	700,119	24,684,144	63,218,213	47,1,48,099	-	
Siza Services Private Limited - Employees Contribution Provident Fund Trust	245,380	6,490,914	126,165	14,206	9,518	-	14,163,785	52,104,845	-	
Sybird (Private) Limited - Employees Contribution Provident Fund Trust	-	140,571	101,933	-	1,431	-	10,285,142	1,432,317	-	
Television Media Network Private Limited	-	1,907,378	1,903,091	4,287	164,422	-	191,985,614	192,500,000	432,236	
Hasanali Farahab Foundation Employee Contribution Provident Fund Trust	-	2,063,701	-	2,063,701	4,380,889	-	207,703,669	208,072,241	-	
Trustee / Custodian	-	16,027	8,680	7,347	6,130	-	1,615,640	878,515	740,760	
<b>Central Depository Company of Pakistan Limited</b>	1,528,023	1,056,786	-	2,584,809	2,935,792	264,412,978	108,806,396	165,000,000	260,612,859	
<b>Connected person due to holding more than 10% units</b>	19,190,213	82,680,586	67,018,449	34,852,350	28,492,722	-	13,882,452,328	10,361,538,257	3,513,981,230	
Fauji Fertilizer Company Limited	-	-	-	-	-	-	-	-	-	

17.4 Remuneration payable to the Management Company and the Trustee have been determined in accordance with the offering document within in the limits prescribed u/s 60(5)(b) of NBFC Regulations.

17.5 Dividend distributed by the Fund is recognised at the amount/units declared to all the unit holders.

17.6 Purchase and redemption of the Fund's unit by related parties / connected persons are recorded at the applicable net asset value per unit on the date of purchase or redemption ,as the case may be. Other transactions are at agreed rates.

#### **18. FINANCIAL RISK MANAGEMENT**

##### Introduction and overview

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

- credit risk (refer note 18.1)
- liquidity risk (refer note 18.2)
- market risk (refer note 18.3)
- operational risk (refer note 18.4)
- Unit holder's fund risk (refer note 18.5)

##### 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 Trust Deeds and the rules, regulations and directives of the SECP. The policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk exposure limits, set up controls and to monitor risks and adherence to exposure limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

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

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.

#### **18.1 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 profit receivables.

#### 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.

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

- Where the investment committee makes an investment decision, the credit rating and credit worthiness of the issuer is considered along with the financial background so as to minimize the risk of default.
- Analysis 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 June 30 was as follows:

	<b>June 30, 2022</b>		<b>June 30, 2021</b>	
	<b>Balance as per the Statement of Assets and Liabilities</b>	<b>Maximum exposure</b>	<b>Balance as per the Statement of Assets and Liabilities</b>	<b>Maximum exposure</b>
	<b>(Rupees)</b>		<b>(Rupees)</b>	
Bank balances (including profit due)	18,184,381,490	18,184,381,490	11,996,162,398	11,996,162,398
Investments	475,132,374	427,053,180	446,223,581	446,223,581
Deposit	100,000	100,000	100,000	100,000
Other receivables	90,268	2,435,120		
	<b>18,659,704,132</b>	<b>18,613,969,790</b>	<b>12,442,485,979</b>	<b>12,442,485,979</b>

#### Bank balances

The Fund held cash and cash equivalents at June 30, 2022 with banks had following credit ratings:

Rating	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	----- (Rupees) -----		----- (%) -----	
AAA	<b>18,170,862,834</b>	9,010,751,982	<b>99.93</b>	75.11
AA+	<b>13,429,616</b>	2,982,011,037	<b>0.07</b>	24.86
AA	<b>53,461</b>	3,327,423	-	0.03
A+	<b>16,164</b>	71,956	-	-
Total balance	<b>18,184,362,075</b>	11,996,162,398	<b>100</b>	100

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

#### Concentration of credit risk

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

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

	2022		2021	
	(Rupees)	(%)	(Rupees)	(%)
Commercial banks (including profit due)	<b>18,184,381,490</b>	<b>97.70</b>	11,996,162,398	64.46
Power generation and distribution - commercial papers	<b>427,053,180</b>	<b>2.29</b>	446,223,581	2.40
Deposits	<b>100,000</b>	<b>0.00</b>	100,000	0.00
	<b>18,611,534,670</b>	<b>100</b>	12,442,485,979	67

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 brokers with good credit worthiness to ensure that transactions are settled only when both parties have fulfilled their contractual settlement obligations.

#### 18.2 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 fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation.

The Fund aims to maintain the level of cash and cash equivalents and other highly marketable securities at an amount in excess of expected cash outflows on financial liabilities. The Fund is exposed to cash redemptions of its units on a regular basis. Units are redeemable at the holder's option based on the Fund's applicable redemption price at the time of redemption

calculated in accordance with the Fund's constitutive document and guidelines laid down by Securities and Exchange Commission of Pakistan (SECP).

#### Management of liquidity risk

The Fund's policy is to manage this risk by investing majority of its assets in investments that are traded in an active market and can be readily disposed other than placing funds in profit and loss accounts maintained with commercial banks. The Fund invests in marketable securities and other financial instruments, which under normal market conditions are readily convertible to cash. As a result, the Fund is able to swiftly liquidate its investments in these instruments at an amount close to their fair value to meet its liquidity requirement.

In accordance with regulation 58(1)(k) of the NBFC regulations, 2008, 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. No such borrowing were made during the year.

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

#### 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>		
Contractual cash flows		
	Carrying amount	Less than 3 month
<b>----- (Rupees) -----</b>		
<b>Non-derivative financial liabilities (excluding unit holders' fund)</b>		
Payable to the Management Company	6,834,311	6,834,311
Remuneration payable to the Trustee	812,051	812,051
Accrued expenses and other liabilities	89,599,853	1,765,818
	<b>97,246,215</b>	<b>9,412,180</b>
<b>2021</b>		
Contractual cash flows		
	Carrying amount	Less than 3 month
<b>----- (Rupees) -----</b>		
<b>Non-derivative financial liabilities (excluding unit holders' fund)</b>		
Payable to the Management Company *	2,817,827	2,817,827
Remuneration payable to the Trustee *	693,245	693,245
Accrued expenses and other liabilities *	1,765,818	1,765,818
FED on Management Company's remuneration*	30,977,910	30,977,910
Sindh Sales Tax payable on Management Company's remuneration and Trustee fees*	5,722,555	5,022,213
	<b>5,276,890</b>	<b>5,276,890</b>

\* excluding provision for Sindh Workers' Welfare Fund and annual fee payable to the SECP.

Above financial liabilities do not carry any mark-up.

### 18.3 Market risk

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

#### Management of market risks

The Fund manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan. The aggregate risk resulting from financial instruments equals their fair values. Market risk faced by the Fund includes interest rate risk.

##### 18.3.1 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. The Investment Committee of the Fund reviews the investment portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

#### Exposure to interest rate risk

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

	2022	2021
	(Rupees)	
<b>Variable-rate instrument</b>		
Bank balances	<u>17,970,522,480</u>	<u>11,980,532,421</u>
<b>Fixed-rate instrument</b>		
Commercial papers	427,053,180	446,223,581
Market treasury bills	<u>48,079,194</u>	<u>48,079,194</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. 179.71 million (2021: Rs. 119.81 million).

#### Cash flow sensitivity analysis for fixed rate instruments

The Fund does not account for any fixed rate financial assets (Commercial Papers) at fair value through profit and loss. Therefore a change in interest rates at the reporting date would not affect income statement.

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

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

		June 30, 2022				
		Exposed to interest rate risk		Not exposed to interest rate risk		Total
		No later than one month	Between two months to 1 year			
<b>On balance sheet financial instruments</b>						
<b>Financial assets</b>	Note			Rupees		
Bank balances	5.1	17,970,522,480	-	-	17,970,522,480	
Profit receivable on bank deposits		-	-	213,859,010	213,859,010	
Investments	6	48,079,194	-	427,053,180	475,132,374	
Deposit		-	-	100,000	100,000	
Other receivables		-	-	90,268	90,268	
<b>Total financial assets</b>		<u>18,018,601,674</u>	<u>-</u>	<u>641,102,458</u>	<u>18,659,704,132</u>	
<b>Financial liabilities</b>						
Payable to the Management Company		-	-	43,356,575	43,356,575	
Remuneration payable to the Trustee		-	-	917,618	917,618	
Accrued expenses and other liabilities		-	-	89,599,853	89,599,853	
<b>Total financial liabilities</b>		<u>-</u>	<u>-</u>	<u>133,874,046</u>	<u>133,874,046</u>	
<b>On balance sheet gap</b>		<u>18,018,601,674</u>	<u>-</u>	<u>507,228,412</u>	<u>18,525,830,086</u>	
<b>June 30, 2021</b>						
		Exposed to interest rate risk		Not exposed to interest rate risk		Total
		No later than one month	Between two months to 1 year			
<b>On balance sheet financial instruments</b>						
<b>Financial assets</b>	Note			Rupees		
Bank balances	5.1	11,980,532,421	-	15,629,977	11,996,162,398	
Investments	6	-	-	446,223,581	446,223,581	
Deposit		-	-	100,000	100,000	
<b>Total financial assets</b>		<u>11,980,532,421</u>	<u>-</u>	<u>461,853,558</u>	<u>12,442,385,979</u>	
<b>Financial liabilities</b>						
Payable to the Management Company		-	-	38,817,950	38,817,950	
Remuneration payable to the Trustee		-	-	783,367	783,367	
Accrued expenses and other liabilities		-	-	5,265,819	5,265,819	
<b>Total financial liabilities</b>		<u>-</u>	<u>-</u>	<u>44,867,136</u>	<u>44,867,136</u>	
<b>On balance sheet gap</b>		<u>11,980,532,421</u>	<u>-</u>	<u>416,986,423</u>	<u>12,397,518,844</u>	

#### 18.4 Operational risk

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

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

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

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

**18.5 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.

**19. 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:

	June 2022					
	Carrying amount			Fair Value		
	Fair value through profit and loss	Amortised cost	Total	Level 1	Level 2	Total
<b>On-balance sheet financial instruments</b>						
Financial assets measured at fair value						
Government securities - Market Treasury Bills	6.1	48,079,194	+ 48,079,194	- 48,079,194	48,079,194	48,079,194
Financial assets not measured at fair value*						
Bank balances	5.	- 17,970,529,578	17,970,529,578	-	-	-
Profit receivable	7	- 213,851,912	213,851,912	-	-	-
Investments - Commercial papers	6.2	- 427,053,180	427,053,180	-	-	-
Deposits and other receivables		- 190,268	190,268	-	-	-
		- 18,611,624,938	18,611,624,938	-	-	-
Financial liabilities not measured at fair value*						
Payable to the Management Company	7.1	- 6,834,311	6,834,311	-	-	-
Payable to the Trustee	8	- 783,367	783,367	-	-	-
Accrued expenses and other liabilities	10	- 89,599,853	89,599,853	-	-	-
		- 97,217,531	97,217,531	-	-	-

\* the estimated book value of financial assets and liabilities not measured at fair value is considered not to be significantly different from their respective book values.

	June 2021					
	Carrying amount			Fair Value		
	Fair value through profit and loss	Amortised cost	Total	Level 1	Level 2	Total
<b>On-balance sheet financial instruments</b>						
Financial assets measured at fair value						
Government securities - Market Treasury Bills	6.1	-	-	-	-	-
Financial assets not measured at fair value*						
Bank balances	5.	- 11,980,539,861	11,980,539,861	-	-	-
Profit Receivable	7	- 15,622,537	15,622,537	-	-	-
Investments - Commercial Papers	6.2	- 446,223,581	446,223,581	-	-	-
Deposit		- 100,000	100,000	-	-	-
		- 12,442,485,979	12,442,485,979	-	-	-
Financial liabilities not measured at fair value*						
Payable to the Management Company	8	- 38,817,950	2,817,827	-	-	-
Payable to the Trustee	9	- 783,367	783,367	-	-	-
Accrued expenses and other liabilities	11	- 5,265,819	5,265,819	-	-	-
		- 44,867,136	8,867,013	-	-	-

## 20 RECONCILIATION OF LIABILITIES ARISING OUT OF FINANCING ACTIVITIES

	Receivable against issuance of units	Payable against redemption of units	Total
<b>(Rupees in '000)</b>			
Opening balance as at 1 July 2021	-	-	-
Payable against redemption of units	47,813,237,831	-	47,813,237,831
Payable against dividend	-	1,190,319,255	1,190,319,255
	47,813,237,831	1,190,319,255	49,003,557,086
Amount paid on redemption of units	-	-	-
Dividend paid	(47,813,237,831)	(1,190,319,255)	(49,003,557,086)
Closing balance as at 30 June 2022	-	-	-
	47,813,237,831	1,190,319,255	49,003,557,086

**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**

Category	June 30, 2022		
	No of Investors	Investment amount (Rupees)	% of total net assets
Individuals	68	126,746,904	0.69
Associated Companies and Directors	58	7,310,957,575	39.53
Insurance Companies	1	710,940	0.00
NBFC's (Management Company)	1	257,317,339	1.39
Banks/DFIs	1	200,090,535	1.08
Retirement Funds	14	810,434,596	4.38
Other Corporates	23	9,790,706,513	52.93
Total	166	18,496,964,402	100.00

Category	June 30, 2021		
	No of Investors	Investment amount (Rupees)	% of total net assets
Individuals	49	57,075,266	0.46
Associated Companies and Directors	50	4,475,594,979	36.31
Insurance Companies	2	16,784,943	0.14
NBFC (Management Company)	1	146,303,472	1.19
Retirement Funds	11	88,946,436	0.72
Corporate	22	7,540,743,433	61.18
Total	135	12,325,448,529	100.00

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

Broker Name	2022	2021
	Commission paid (Percentage)	
Continental Exchange	34.51%	37.77%
Invest One Markets Limited	23.72%	19.83%
Magenta Capital(Private) Limited	32.75%	23.12%
Optimus Markets (Pvt.) Limited	6.42%	2.86%
Vector Capital (Private) Limited	2.60%	1.90%
Arif Habib Limited	0.00%	14.52%

### **22.3 PARTICULARS OF 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 served as the Chief Investment Officer of Century Insurance, a Public Limited Company listed 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. He is also managing Lakson Tactical Fund.

**Mr. Syavash Pahore**

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

**Mr. Hassan Bin Nasir - Fund Manager**

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

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

**Mr. Abdul Samad Khanani**

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

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

**22.4 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

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

Details of the ratings of the Fund and the management company are given in note 1.3.

**23 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.)	12,325	10,315	8,608	5,774	4,680
Net Assets - Ending (PKR Mil.)	18,497	12,325	10,315	8,608	5,774
Net Asset value per share	101.4435	100.8248	100.5955	100.5246	105.6246
Selling Price for units	101.4435	100.8248	100.5955	100.5246	105.6246
Repurchase Price for units	101.4435	100.8248	100.5955	100.5246	105.6246
Highest Offer Price (PKR)	102.1716	101.4088	101.8067	108.1381	105.6246
Lowest Offer Price (PKR)	100.8248	100.5955	100.5246	100.4299	100.1776
Highest Redemption Price (PKR)	102.1716	101.4088	101.8067	108.1381	105.6246
Lowest Redemption Price (PKR)	100.8248	100.5955	100.5246	100.4299	100.1776
Beginning NAV - Ex-Div. (PKR)	100.8248	100.5955	100.5246	100.4299	100.1620
Interim Distributions (PKR)	10.0053	6.4882	12.07	8.5627	Nil
Final Distribution (PKR)	Nil	Nil	Nil	Nil	5.1947
Ending NAV - Ex-Div. (PKR)	101.4435	100.8248	100.5955	100.5246	100.4299
Return	11.05%	6.88%	12.72%	8.69%	5.45%
Net Income (PKR Mil.)	1,075	630	1,204	463	212
Total Distribution	988	605	1,197	454	202
Accumulated Capital Growth	145	58	32	25	16
WAM (Days)	4	3	62	1	4
Average Annual return of the Fund					
One Year	11.05%	6.88%	12.73%	8.69%	5.45%
Two year	9.93%	10.52%	11.27%	7.31%	6.31%
Three year	10.73%	10.32%	9.74%	7.47%	6.31%
Since inception	15.08%	12.96%	12.66%	11.22%	10.59%

Distributions	FY22	FY21	FY20	FY19	FY18
1st Interim Distribution	0.7439	0.5328	0.9015	7.7082	Nil
NAV before Distribution	101.5479	101.1283	101.4261	108.1381	Nil
NAV after Distribution	100.8235	100.5955	100.5246	100.4299	Nil
Distribution Date	08-Aug-21	29-Jul-20	26-Jul-19	31-May-19	Nil
2nd Interim Distribution	1.0267	0.4588	1.0987	0.8545	
3rd Interim Distribution	101.8502	101.0543	101.6233	101.2844	
4th Interim Distribution	100.8432	100.6114	100.5246	100.4299	
5th Interim Distribution	05-Sep-21	28-Aug-20	30-Aug-19	27-Jun-19	
3rd Interim Distribution	0.7306	0.6199	1.0059		
NAV before Distribution	101.5738	101.2339	101.5305		
NAV after Distribution	100.8647	100.6337	100.5246		
Distribution Date	10-Oct-21	02-Oct-20	27-Sep-19		
4th Interim Distribution	0.4503	0.5425	1.2753		
NAV before Distribution	101.3115	101.1762	101.8037		
NAV after Distribution	100.8973	100.652	100.5284		
Distribution Date	02-Nov-21	02-Nov-20	01-Nov-19		
5th Interim Distribution	0.6076	0.4328	0.9181		
NAV before Distribution	101.5049	101.0848	101.4471		
NAV after Distribution	100.9215	100.6715	100.5290		
Distribution Date	02-Dec-21	27-Nov-20	29-Nov-19		
6th Interim Distribution	0.5875	0.4751	1.0387		
NAV before Distribution	101.509	101.1466	101.5677		
NAV after Distribution	100.9493	100.6909	100.5290		
Distribution Date	28-Dec-21	28-Dec-20	27-Dec-19		
7th Interim Distribution	1.2223	0.6643	1.2777		
NAV before Distribution	102.1716	101.3552	101.8067		
NAV after Distribution	100.9773	100.706	100.5290		
Distribution Date	04-Feb-22	29-Jan-21	31-Jan-20		
8th Interim Distribution	0.7441	0.615	1.0238		
NAV before Distribution	101.7214	101.321	101.5528		
NAV after Distribution	101.0055	100.7245	100.5290		
Distribution Date	05-Mar-22	05-Mar-21	01-Mar-20		
9th Interim Distribution	0.9535	0.4949	0.9746		
NAV before Distribution	101.959	101.2194	101.5036		
NAV after Distribution	101.0387	100.7445	100.5290		
Distribution Date	08-Apr-22	05-Apr-21	29-Mar-20		
10th Interim Distribution	1.0998	0.6643	1.2487		
NAV before Distribution	102.1385	101.4088	101.7777		
NAV after Distribution	101.0768	100.7632	100.5290		
Distribution Date	12-May-22	07-May-21	29-Apr-20		
11th Interim Distribution	1.0783	0.508	0.6603		
NAV before Distribution	102.1551	101.2712	101.1893		
NAV after Distribution	101.1218	100.7832	100.5290		
Distribution Date	08-Jun-22	07-Jun-21	31-May-20		
12th Interim Distribution	0.7607	0.4798	0.6467		
Final Distribution		-	Nil	5.1947	
NAV before Distribution	101.8825	101.263	101.1757	Nil	105.6246
NAV after Distribution	101.1689	100.804	100.5290	Nil	100.4299
Distribution Date	26-Jun-22	29-Jun-21	27-Jun-20	Nil	03-Jul-18

#### Disclaimer

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



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