

LAKSON TACTICAL FUND

Annual Report 2022



LAKSON INVESTMENTS

WE MANAGE YOUR MONEY, AS WE MANAGE OUR OWN



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===== **Vision** =====

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



===== **Mission** =====

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

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



Fund's Information

Management Company

Lakson Investments Limited

Head Office

Lakson Square, Building No.2,

Sarwar Shaheed Road,

Karachi-74200, Pakistan.

Phone: (9221) 3840.0000

Fax: (9221) 3568.1653

Web site: www.li.com.pk

E-mail: info@li.com.pk

Board of Directors of the Management Company

Mr. Iqbal Ali Lakhani - Chairman

Mr. Babar Ali Lakhani - Chief Executive Officer

Mr. Jamil Ahmed Mughal

Mr. Amin Mohammed Lakhani

Mr. Jacques John Visser

Ms. Roxanne Davies

Chief Financial Officer & Company Secretary of the Management Company

Mr. Junaid Arshad,

Audit Committee

Mr. Jacques John Visser - Chairman

Mr. Amin Mohammed Lakhani

Mr. Iqbal Ali Lakhani

Mr. Jamil Ahmed Mughal

Human Resource and Remuneration Committee

Mr. Babar Ali Lakhani

Mr. Iqbal Ali Lakhani

Trustee

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block-B, S.M.C.H.S,
Main Shahra-e-Faisal,
Karachi, Pakistan.

Auditors

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



Bankers to the Fund

Allied Bank Limited
Bank Alfalah Limited
Dubai Islamic Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Habib Bank AG Zurich
JS Bank Limited
Telenor Microfinance Bank Limited
United Bank Limited
NRSP Microfinance Bank Limited
National Bank of Pakistan
Mobilink Microfinance Bank Limited
Silk Bank Limited
Sindh Bank Limited
Finca Microfinance Bank Limited
U Microfinance Bank Limited

Legal Adviser

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

Registrar

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

Distributor

Rabia Fida
BMA Capital Management Limited

Rating

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



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

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

Fund Objective

The investment objective of the LTF is to provide long-term capital appreciation by investing in a mix of securities comprising debt, equity and commodities future contracts.

Principal activities

LTF is an open-end asset allocation fund and is listed on Pakistan Stock Exchange Limited. The Fund is managed using an active investment management style which focuses on an analysis of macroeconomic factors such as government policies, interest rates, liquidity, exchange rates and economic growth. The Fund switches exposure between domestic debt securities and domestic equities based on the forward price to earnings multiple of the equity market. Asset allocation to different sectors and stocks will be made on the basis of earnings growth and management quality. Exposure of the scheme in fixed income securities is managed through duration and yield curve management. The Fund may overweight or underweight commodities relative to its benchmark for commodities investment.

Development and Performance Review

Lakson Tactical Fund generated an absolute return of -5.75% against the benchmark return of -1.35% in the 4QFY22. The fund has underperformed the benchmark by 440bps. In last 12M fund provided return of -12.11% vs. -1.35% for the benchmark for the same period. As of June 30, 2022, LTF portfolio was invested 55% in Equities, 11% in TFCs/Sukuks, 16% in T bills, and 12% in Cash.

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.

Principal Risk and Uncertainties

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

Asset Manager and Fund Rating

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

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 Market Review

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

Commodities Review

Oil Price upward trajectory continues and showed an increase of 11% during Jun-22 quarter ended. The prices for energy products remain high because there are continuing concerns about tight worldwide supplies. Russia's decision to stop supplying gas to two European nations has made the situation even worse.



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 ٹکلیکل فنڈ

30 جون 2022 کو نئم ہونے والے سال کے لیے

میجنت کمپنی کے ڈائریکٹر کی روپورٹ

لیکن اتوسٹمیٹس لینڈنگ کا بورڈ آف ڈائریکٹر، لیکن ٹکلیکل فنڈ ("LTF") کی میجنت کمپنی 30 جون 2022 کو نئم ہونے والے سال کے لیے اپنی روپورٹ مع آٹھ شدہ ماہی آن گووارے پیش کرتے ہوئے خوش ہوس کرتا ہے۔

فنڈ کا مقصود

لیکن ٹکلیکل فنڈ کی سرمایہ کاری کا مقصود، ڈبٹ (Debt)، اکیوئی اور کوڈیشیر فیوچر نئنکمپنی پر مشتمل مختلف طرح کی سکیوریٹیز میں سرمایہ کاری کرتے ہوئے سرمائی کی قدر میں طویل مدتی اشانہ کرنا ہے۔

نمایاں سرمایہ

LTF ایک ایسیٹ ایلکیشن اسکیم ہے جسے مختلقہ اٹاؤں کی کاٹسز کے متوجہ منافع جات اور میجنت کمپنی کی صوابدیدی کی نیاد پر ڈبٹ (Debt)، اکیوئی پر میں انٹریوٹس اور کوڈیشیر کے درمیان سرمایہ کاری کے روبدہل کی اجازت ہے اس صوابدید کا اطلاق اقتصادی باحوال کے تجزیے کے بعد کی جائے گا جس میں افراطاً، کرنی کی قدر میں ہر سو، GDP کی نہ، حکومتی پالیسی، عالمی اقتصادی ڈینا، کوڈیشیر کی قیمتیں اور سدا طلب کا تحرک شامل ہے۔ قائد اکم سکیوریٹیز میں اسکیم کی سرمایہ کاری کا انتظام و انصرام کو حکومتی سکیوریٹیز کی مختلف میکروڈیز کے درمیان متعلقی کے ذریعے دور ہی اور یہ yield curve میجنت کے ذریعے دور ہی کیا جائے گا۔

اکیوئی میں سرمایہ کاری کا انتظام و انصرام ان بنیادی اقدار کے قیمتیں کے لیے نیچے سے اوپر کی طرف تجزیے کے ذریعے کیا جائے گا جو فنڈ کو پرکشش منافع کمانے کے قابل ہاںکس۔ حکومتی سکیوریٹیز کی مختلف میکروڈیز کے درمیان متعلقی کے ذریعے دور ہی اور میجنت کے ذریعے اور yield curve فنڈ کوڈیشیر میں سرمایہ کاری کے لیے بیشمار کو مختلقہ کوڈیشیر کے مطابق اور وویٹ یا انڈرویٹ کر سکتا ہے۔

فنڈ کی کارکردگی

لیکن ٹکلیکل فنڈ نے ماہی سال 2022 کی پچھی سماں میں بیشمار کوڈیشیر کے مقابلے میں 5.75%۔ مطلق منافع بیش کیا۔ فنڈ نے مدت کے دوران بیشمار کے مقابلے میں 440 بنیادی پاٹس کم تر کر کر دی کا مظاہرہ کیا۔ گزشتہ 12 ماہ میں فنڈ نے اسی مدت کے بیشمار کوڈیشیر کے مقابلے میں 12.11%۔ کا منافع فراہم کیا۔ 30 جون 2022 کے مطابق LTF روپورٹ فویلنے کی کوڈیشیر میں 55%، 1.35% T/FCs میں 11%، T بڑی میں 16% اور کیش میں 12% سرمایہ کاری کی۔

فی شیئر آمدی (EPU)

فی شیئر آمدی (EPU) ناہبینی کی گئی ہے کیوں کہ ہم ہموں کرتے ہیں کہ EPU شمار کرنے کے لیے موزوں اوس طبقہ کی قیمتیں اور پن ایڈنڈ فنڈ کے لیے

قابل عمل نہیں ہے۔

اہم خطرات و خدشات

اقتصادی امتحان کام، برداشت اکاؤنٹ خسارہ، زیورات کے کم ہوتے خاتر تو قعیت سے زیادہ افراطی زر، روپی قدر میں کی، یک طرفہ ادھر فرہاد اکاؤنٹ کی کمی امداد، مزید مالیاتی تختی اور بگرتے خاتمہ تعلقات پاکستان میں تمام کارروباری شعبوں کے لیے اک خطرہ میتھے ہوئے ہیں۔

مذکورہ بالاطر فہرست غیرملکی اور مقامی سرمایہ کاروں، دونوں کو اپنی سرمایہ کاریاں تخلیل کرنے پر مجبور کر سکتے ہیں جس کے مالیاتی مارکیٹ پر غنی اثاث پرستے ہیں اور فرنڈ کی منافع کا نے کی صلاحیت بھی متاثر ہوتی ہے۔

ایسیٹ فیجراینڈ فنڈر یونگ

پاکستان کریپٹرینگ ایجنسی لمبینڈ (PACRA) نے میجنت کمپنی کی المسیح فیجر رینگ اور LEEF کی فنڈا سیمبلیٹر رینگ "AM2+" پر قرار کر کیے ہیں۔ VIS کریپٹرینگ کمپنی لمبینڈ نے LTF کو ایک سال، تین سال اور پانچ سال "13 ستار" کی رفارمنٹ ریٹائلک دی ہے۔

اضافی معاملات

1- منچھٹ کمپنی کے ڈائریکٹر کی تفصیل اس سالانہ یورٹ میں ظاہر کی گئی ہے۔

2- مجہنت کپنی کی طرف سے تیار کردہ مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے تنازع، کیش فلوز اور یونٹ ہولڈرز کے فنڈ میں نقل و حمل کی منصافتانہ عکا کر رہے ہیں۔

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

4- مالپانی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی گئی ہے اور شارپاتی تجھیے مناسب اور معقول نظریات پر مبنی ہیں۔

6- انتہل کنٹروں کا نظام مستحکم اور موثر طریقے سے نافذ ہے اور اس کی مسلسل گمراہی کی جاتی ہے۔

7- فنڈ کی روای دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔

8- اہم مالیاتی ڈیٹا کا خلاصہ اس سالانہ رپورٹ میں شامل ہے۔

9- سیکسر، ڈیویٹر، مصروفات اور چارچر کی مدد میں واجب الادا سرکاری اداری گیئریاں مالیائی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔

10- پروپیٹ فنڈ کی سرمایہ کاری کی مالیت سے متعلق گوشوارہ فنڈ پر قابل اطلاق نہیں ہے جیسا کہ ایسے اخراجات میختینچہ کپنی کی طرف سے برداشت کیے جاتے ہیں۔

- 11-30 جون 2022 کے مطابق یونٹ ہولڈنگ کا پیش ان اس سالانہ پورٹ میں دیا گیا ہے۔
12- کارکردگی کی جدول/ اہم مالیتی ذیلی اس سالانہ پورٹ کے ساتھ ملک ہے۔

بیوہی آئندہ

موجودہ آڈیٹری میسرز یوسف عادل، چارٹرڈ اکاؤنٹنٹس نے اسی ہونے کی بنیاد پر 30 جون 2023 کو ختم ہونے والے سال کے لیے دوبارہ تقریب کے لیے اپنی رضامندی ہاٹر برداری ہے۔ آڈٹ کمیٹی کی سفارش پر بورڈ آف ڈائریکٹرز نے 30 جون 2023 کو ختم ہونے والے سال کے لیے میسرز یوسف عادل، چارٹرڈ اکاؤنٹنٹس کی دوبارہ تقریب کرداری ہے۔

معاشری جائزہ

ائیٹ بینک آف پاکستان نے اپریل میں پالیسی ریٹ میں 250 نبیادی پاؤنٹس اور سیمی میں ہر یونٹ 150 نبیادی پاؤنٹس کا اضافہ کیا، جو افراطری ریٹنگ میں اضافہ اور کرنٹ اکاؤنٹ خارے کے گہرے اٹاٹ کے درمیان پالیسی ریٹ میں 13.75% کے لئے گا۔ مالی سال 2022 کی دوسرا سماں میں کرنٹ اکاؤنٹ خارے 4.3 ارب امریکی ڈالر ہو گیا، جو کہ مالی سال 2022 کی پہلی سماں میں 4.0 ارب امریکی ڈالر اور پچھلے سال کی اسی مدت میں 2.5 ارب امریکی ڈالر تھا۔ مالی سال 2022 میں کرنٹ اکاؤنٹ خارے 17.4 ارب امریکی ڈالر (GDP کا 4.6%) رپورٹ کیا گیا، جبکہ مالی سال 2021 میں خارے 1.8 ارب امریکی ڈالر تھا۔ دوسرا سماں میں، ایٹ 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 دوسرا سماں میں 8.4 ارب امریکی ڈالر کی برآمدات رپورٹ کی گئیں، پیشاؤں اور خوارک کی مضمون برآمدات کی جوہ سے سماں کی بنیاد پر 3% اضافہ ہوا، جبکہ برآمدات نے برآمدات میں مشبوق غم انداز کا سلسلہ جاری رکھا۔
مکمل کومی سال 2022 میں اب تک کی سب سے زیادہ گھریلو ترسیلات زر موصول ہوئیں جو کہ مالی سال 2022 میں 16% اضافہ ہے۔ تمام ہر یونٹ میں آٹی ایف کی 1.2 ارب امریکی ڈالر کی قسط کی ادائیگی پر اعتماد کے باوجود الائقوائی کریڈٹ رینٹنگ ایکسپیوں نے پاکستان کی کریڈٹ ریٹنگ آڈٹ کمیٹی کرداری ہے۔ آخر میں، ایندھن اور یونٹیں کی بلند قیمتیوں کی وجہ سے، دوسروں کے علاوہ، جون کے اٹلیشن پرنٹ کا اک 21.3 نیصد (جن کے لیے 13 سال کی بلندترین ریٹنگ) کے ساتھ سماں کے دوران افراطری ریٹنگ میں مسلسل اضافہ ہوتا رہا۔

قائد اکم کارکنس کا جائزہ

مالی سال 2022 کی چوتھی سماں میں، ایٹ بینک آف پاکستان نے اٹلیشن پرنٹس میں اضافے اور کرنٹ اکاؤنٹ کی بروجنگ کی وجہ سے مالی دوڑ کرنے کے لیے شرح سودا گوئی طور پر 400 نبیادی پاؤنٹس بڑا کر 13.75% کرداری۔ اس کے ساتھ ہر پیشہوں کو پالیسی کی شرح سے جوڑتے ہوئے برآمدگان کے لیے EFSL ایکسپیوں کے لیے رعایتی قرضوں پر شرطیں بالتریب 7/7.5% تک بڑھ گئیں (تریب یا 3% اضافہ)۔ سماں کے دوران، 3، 6، 12 اہمی معادوں کے لیے Kibor کی شرح گزشتہ سال اسی سماں کے مقابلے میں 3% اضافے کے ساتھ بالتریب 15.16%، 15.35% اور 15.73% تک بڑھ گئی۔ 3M/ 6M/ 12M شرخوں کے ساتھ T-Bill کی پیداوار میں گھنی 3% QoQ کا اضافہ ہوا ہے جو 14.98% / 15.15% / 15.30% کا پہنچ گیا ہے۔ دوسرا طرف، PIB کے منافع جات میں سماں بنیاد پر



1% کا ایک معتدل اضافہ ہوا۔

کمودٹیز کا جائزہ

تبل کی قیتوں میں اضافے کا سلسہ جاری ہے اور جون 2022 کو قیمت ہونے والی سماں کے دوران اس میں 11% کا اضافہ ہوا ہے۔ تو انکی کی مصنوعات کی قیتوں میں بلدر ہیں کیونکہ دنیا بھر میں سپاٹی میں تکنی کے بارے میں مسلسل خدشات ہیں۔ روس کی جانب سے دو یورپی ممالک کو گیس کی سپاٹی کی بند کرنے کے قیبلے نے صورت حال مزید خراب کر دی ہے۔

مستقبل کی توقعات

اسٹیٹ بیک نے MPC کے تازہ اجلاس میں صورت حال جوں کی توں رکھنے کے قیبلے کا اعلان کیا ہے۔ افراط راس وقت 25% پر ہے اور ڈے کا ڈیٹ ریٹ 16% پر ہے۔ اقتصادی پیش رفت کی ابھائی غیر تینی نوعیت کی وجہ سے، ہم سمجھتے ہیں کہ مزید مالیاتی تینی سے انکار نہیں کیا جاسکتا۔ 5 سال تا 12 سال کے لیے قیمت خرید اور قیمت فروخت کا فرق yield curve کا لاث جانے کی وجہ سے عام 200 بیلیو پاؤ اینٹس کے بر عکس مخفی 300 بیلیو پاؤ اینٹس پر ہے۔ اس کو دیکھتے ہوئے، ہمیں یقین ہے کہ مٹی مارکیٹ فنڈز کی مقبولیت برقرارہ کمی ہے، جیسا شرح سود بدستور بلند ہے اور یہ وضع ترقیرہ آمدی والے اندازوں کے حامل طبقے میں ترجیحی انتخاب ہو سکتا ہے۔

اٹھارہ تک

یہ بورڈ اپنے قابل قدر انویسٹر، ہمیشوریز ایڈٹر، کمپنی کیمپنی، آف پاکستان، اسٹیٹ بیک آف پاکستان، فنڈ کے بڑی سی انڈپل فیزیل پیزیز کیمپنی آف پاکستان لمبینڈ اور پاکستان اسٹاک اکچیخ لمبینڈ کا، ان کے مسلسل تعاون اور مدد پر شکرگزار ہے۔ ملجمد کمپنی کے ڈائریکٹرز فنڈز کی ترقی اور دلائش مندانہ انتظام و انصرام کے لیے ملجمد کمپنی کی شیم کی محنت اور کاوشوں کا بھی اعتراف کرتے ہیں۔

برائے و مجاہد بورڈ

بابر علی لاکھانی

چیف ایگزیکٹیو آفیسر

تاریخ: 22 ستمبر 2022

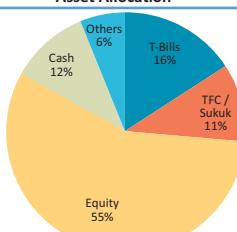


REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2022

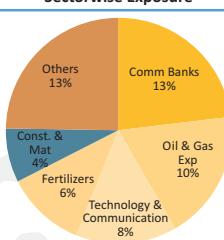
Fund Facts

Fund Type	Open-End
Category	Asset Allocation Fund
Net Assets (PKR Mil.)	523.13
NAV (30.06.2022)	91.1762
Pricing Mechanism	Forward Day
Trustee	CDC Pakistan Limited
Auditor	Yousuf Adil Saleem & Co.
Management Fee	Charged fee upto 2.00% of the average annual net assets of the scheme calculated on a daily basis. Effective from Dec 20, 2021. Current 1.41%
Front End Load	2.50%
Back End Load	None
Launch Date	October 11, 2011
Benchmark	Weighted average daily return of KSE-30 Index, 6M KIBOR & DBIQ Optimum Yield Diversified Commodity Index excess returns based on the Scheme's actual proportion in equity, debt and commodities
Dealing Days	Mon - Fri
Cut-Off Time	04:00 PM
Asset Manager Rating	AM2+ by PACRA (27.Aug.2021)
Risk Profile	High Risk

Asset Allocation



Sectorwise Exposure



Fund Performance	LTF	Benchmark
FY22	-12.11%	-1.35%
June-22	-2.03%	-1.09%
2 Months	-5.49%	-2.82%
3 Months	-5.75%	-0.24%
6 Months	-7.29%	0.78%
12 Months	-12.11%	-1.35%
CY20- YTD	-7.48%	0.47%
3 Years	12.60%	30.41%
5 Years	-5.37%	17.73%
Since Inception	47.27%	59.93%

the benchmark of the fund was changed in September 2016

Investment Committee

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

Investment Objective

The investment objective of the Lakson Tactical Fund ("LTF") is to provide long-term capital appreciation by investing in a mix of securities comprising debt, equity and commodities future contracts.

The LTF achieved its investment objective by investing in a mix of risk-free T-Bills, PIBs, equities and Equities. The debt component provides investors with long term capital protection; whereas the equity portion provides investor's exposures to a fundamentally attractive market that is characterized by strong earnings growth and cheap valuations.

Investment Strategy

The debt component of the LTF portfolio was constructed by investing in low risk options, where marked to market volatility did not chip away at returns. The fund focused exposure in Bank/DFI/Daily accrual placements over various tenures, supplemented with corporate bonds, where the yield was comfortably above par. Equity exposure of the Fund was determined by carrying out an analysis of the prevalent price to earnings (PE) ratio or multiple of the KSE-30 Index. An increase in the PE ratio will lead to a reduction in equity exposure and vice versa. The balance will remain invested in high quality fixed income instruments of varying duration.

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



Economic Review

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

Equity Market Review

As interest rates continued to rise, the KSE-100 index decreased to 41,540pts in 4QFY22, down 7.54% from the previous quarter. Average daily traded value decreased to US\$27.29mn in 2QFY22, from US\$28.86mn in 1QFY22 exhibiting a decrease of 5.46%. Foreign selling continued to prevail, increasing by US\$5.58mn to US\$26.37mn in 2QFY22, largely concentrated in Banks, Cement and Fertilizer sectors. The country received the highest-ever home remittances of over US\$31bn in FY22 up 6.1% YoY. On the local front, volumes remain thin. Mutual funds continued to sell owed to large redemption calls, while foreign corporates remained net sellers as well. Economic weakness and political uncertainty in 2Q led to the correction in the market.

Commodities Review

Oil Price upward trajectory continues and showed an increase of 11% during Jun-22 quarter ended. The prices for energy products remain high because there are continuing concerns about tight worldwide supplies. Russia's decision to stop supplying gas to two European nations has made the situation even worse.

Fund Performance

Lakson Tactical Fund generated an absolute return of -5.75% against the benchmark return of -1.35% in the 4QFY22. The fund has underperformed the benchmark by 440bps. In last 12M fund provided return of -12.11% vs. -1.35% for the benchmark for the same period. As of June 30, 2022, LTF portfolio was invested 55% in Equities, 11% in TFCs/Sukus, 16% in T bills, and 12% in Cash.

Performance Table

	FY22	FY21
Net Assets - Beginning (PKR Mil.)	627.00	507.0000
Net Assets - Ending (PKR Mil.)	523.13	127.0000
Highest Offer Price (PKR)	109.6536	113.6923
Lowest Offer Price (PKR)	91.7546	90.7696
Highest Redemption Price (PKR)	106.9791	110.9193
Lowest Redemption Price (PKR)	90.1741	88.5557
Beginning NAV - Ex-Div. (PKR)	103.7410	87.4778
Interim Distributions (PKR)	-	5.0000
Final Distribution (PKR)	-	-
Ending NAV - Ex-Div. (PKR)	91.1762	87.4778
Return	-12.11%	24.28%
Net Income / (Loss) (PKR Mil.)	(74.00)	107.0000

Distributions

	FY22	FY21
Interim Distributions (PKR)	-	5.0000
Final Distribution	-	-
NAV before Distribution	-	109.2963
NAV after Distribution	-	104.2963
Distribution Date	-	26-Jun-21

LTF vs. Benchmark





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.

Circumstances Materially Affecting Interests of Unit Holders

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

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

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

On August 13, 2021 the Fund ceased to charge further provision for SWWF and has reversed full provision for SWWF amounting to Rs. 6.7 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 LTF does not employ any leverage.

Breakdown of Unit Holding by Size

Units Range	No. of Clients	Units Held
Holding upto 100	4	165
101 - 500	2	322
501 - 1,000	0	
1,001 - 5,000	1	2,232
5,001 - 10,000	3	19,410
10,001 - 50,000	10	313,145
50,001 - 100,000	3	200,107
100,001 - 500,000	5	1,196,269
500,001 - 1,000,000	4	2,368,896
1,000,001 - 5,000,000	1	1,636,986
5,000,001 - above	0	-
33		5,737,533



**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

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S.M.C.H.S, Main Shhra-e-Faisal,
Karachi - 74400, Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326020 - 23
URL: www.cdcpakistan.com
Email: info@cdcpcak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

LAKSON TACTICAL FUND

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

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

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


Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 23, 2022



CENTRAL
DEPOSITORY
COMPANY



YOUSUF ADIL

Yousuf Adil
Chartered Accountants

Cavish Court, A-35, Block 7 & 8
KCHSU, Shahrah-e-Faisal
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INDEPENDENT AUDITOR'S REPORT

To The Unit Holders of Lakson Tactical Fund

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Key Audit Matter

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

S. No.	Key audit matter	How the matter was addressed in our audit
1	Valuation and existence of investments As disclosed in note 6 to the financial statements, investments held at fair value through profit or loss (FVTPL) amounted to Rs. 456.12 million consisting of listed equity securities, unlisted term finance certificates, Pakistan Investment Bonds and market treasury bills, which represent significant item on the statement of assets and liabilities of the Fund. We have identified the existence and valuation as significant areas during our audit of investment	We performed the following procedures during our audit of investments: <ul style="list-style-type: none"> Independently tested valuations to ensure that the investments are valued as per the valuation methodology disclosed in the accounting policies; Independently matched securities held by the Fund with the securities appearing in the CDC account statement and Investor Portfolio Securities account statement;



YOUSUF ADIL

Yousuf Adil
Chartered Accountants

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

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



Independent Correspondent Firm to
Deloitte Touche Tohmatsu Limited



YOUSUF ADIL

Yousuf Adil
Chartered Accountants

- 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: AR202210057XnKqDPvSH



Statement of Assets and Liabilities
As at June 30, 2022

	Note	2022 (Rupees)	2021
Assets			
Bank balances	5	65,836,538	209,713,266
Investments	6	456,115,335	423,733,576
Profit accrued and dividend receivable	7	1,829,747	3,330,193
Receivable against sale of investments		-	2,006,636
Deposits and other receivables	8	3,806,256	5,242,913
Total assets		527,587,876	644,026,584
Liabilities			
Payable to the Management Company	9	2,648,440	2,734,352
Remuneration payable to the Trustee	10	199,953	221,016
Payable to Securities and Exchange			
Commission of Pakistan	11	118,141	120,582
Accrued expenses and other liabilities	12	1,220,345	9,894,203
Payable against purchase of investments		274,235	3,577,090
Total liabilities		4,461,114	16,547,243
Contingencies and commitments	14		
Net assets		523,126,762	627,479,341
Unit holders' fund (as per the statement attached)		523,126,762	627,479,341
		----- (Number) -----	
Number of units in issue	15	5,737,533	6,048,514
		----- (Rupees) -----	
Net assets value per unit		91.1762	103.7410

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**

		2022	2021
	Note	(Rupees)	
Income			
Realised (loss) / gain on sale of investment at fair value through profit or loss - net		(74,518,082)	70,156,459
Unrealised (loss) / gain on re-measurement of investments 'at fair value through profit or loss' - net		(36,356,300)	32,557,511
		<u>(110,874,382)</u>	<u>102,713,970</u>
Dividend income on investments held at fair value through profit or loss		25,740,999	17,192,434
Profit on bank balances		11,197,513	12,446,943
Income on Government and other debt securities		7,254,302	8,774,679
		<u>18,451,815</u>	<u>21,221,622</u>
Exchange gain / (loss) on foreign currency deposits		216,513	-51,144
		<u>(66,465,055)</u>	<u>141,076,882</u>
Expenses			
Remuneration of the Management Company	9.1	7,753,234	8,253,372
Sindh Sales tax on remuneration to the Management Company	9.2	1,007,920	1,072,938
Remuneration of the Trustee	10	1,335,268	1,362,579
Annual fee to the Securities and Exchange Commission of Pakistan	11	118,165	120,582
SECP supervisory fee		2,500	2,500
Auditors' remuneration	16	474,854	367,890
Fees and subscription		524,997	525,000
Printing charges		61,020	5,085
Brokerage, custody, settlement and bank charges		2,538,222	1,980,783
Total Expenses		<u>13,816,180</u>	<u>13,690,729</u>
Net (loss) / income from operating activities		<u>(80,281,235)</u>	<u>127,386,153</u>
Reversal / (provision) for Sindh Workers' Welfare Fund	12.1	6,776,542	(2,547,723)
Net (loss) / gain for the year before taxation		<u>(73,504,693)</u>	<u>124,838,430</u>
Taxation	17	-	-
Net (loss) / income for the year		<u>(73,504,693)</u>	<u>124,838,430</u>
Allocation of net (loss) / income for the year			
Net (loss) / income for the year		(73,504,693)	124,838,430
Income already paid on units redeemed		-	(17,931,013)
		<u>(73,504,693)</u>	<u>106,907,417</u>
Accounting income available for distribution:			
- Relating to capital gains - net		-	87,578,656
- Excluding capital gains		-	19,328,761
		<u>-</u>	<u>106,907,417</u>
Earning per unit	4.10		

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)
Net (loss) / income for the year	(73,504,693)	124,838,430
Other comprehensive income for the year	-	-
Total comprehensive (loss) / income for the year	<u>(73,504,693)</u>	<u>124,838,430</u>

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

	2022	2021		
Capital value	Undistributed income	Total		
	(Rupees)	Capital value	Undistributed income	Total
Net assets at beginning of the year				
Issuance of 148,066 units (2021: 1,262,410 units)				
- Capital value				
- Element of income				
Total proceeds on issuance of units				
Redemption of 659,047 units (2021: 1,005,529 units)				
- Capital value				
- Element of income				
Total payments on redemption of units				
Interim cash distribution during the year (June 26, 2021:Rs 5.00 per unit)				
Total comprehensive (loss) /income for the year				
Net assets as end of the year				
Undistributed loss brought forward:				
- Realised loss at the beginning of the year				
- Unrealised income at the beginning of the year				
Accounting (loss) / income available for distribution:				
- Relating to capital gains				
- Excluding capital gains				
Total comprehensive (loss) / income for the year				
Net loss for the year after taxation				
Interim cash distribution during the year (2021: Rs 5.00 per unit)				
Undistributed loss at end of the year				
Represented by:				
- Realised loss at the end of the year				
- Unrealised loss at the end of the year				
Undistributed (loss) at the end of the year				
Net assets value per unit at beginning of the year				
Net assets value per unit at end of the year				
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 Flow
For the year ended June 30, 2022

	June 30, 2022	June 30, 2021
CASH FLOW FROM OPERATING ACTIVITIES		(Rupees)
Net (loss) / income for the year	(73,504,693)	124,838,430
Adjustments for:		
Net unrealised (appreciation) / diminution on re-measurement of investments 'at fair value through profit or loss'	36,356,300	(32,557,511)
Dividend income on investments held at fair value through profit or loss	(25,740,999)	(17,192,434)
Exchange gain / (loss) on foreign currency deposits	(216,513)	51,144
Markup on bank balances and investments	(18,451,815)	(21,221,622)
	<u>(81,557,720)</u>	<u>53,918,007</u>
Decrease / (increase) in assets		
Investments	(68,738,059)	52,822,049
Receivable against sale of investments	2,006,636	-
Deposits and other receivables	1,436,657	(1,870,957)
	<u>(65,294,766)</u>	<u>50,951,092</u>
(Decrease) / increase in liabilities		
Payable to the Management Company	(85,912)	648,316
Payable to the Trustee	(21,063)	24,787
Payable to Securities and Exchange Commission of Pakistan	(2,441)	(5,254)
Accrued expenses and other liabilities	(8,673,858)	3,384,806
Payable against the purchase of equity investments	(3,302,855)	932,121
	<u>(12,086,129)</u>	<u>4,984,776</u>
Dividend income received on investment at fair value through profit or loss	25,959,772	16,965,324
Mark-up received on bank balance	19,733,488	22,187,835
Net cash flow (used in) / from operating activities	<u>(113,245,355)</u>	<u>149,007,034</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds on issuance of units	14,275,082	103,082,978
Payments on redemption of units	(45,122,968)	(107,087,152)
Net cash flows used in financing activities	<u>(30,847,886)</u>	<u>(4,004,174)</u>
Net (decrease) / increase in cash and cash equivalents	<u>(144,093,241)</u>	<u>145,002,860</u>
Cash and cash equivalents at beginning of the year	209,713,266	64,761,550
Exchange gain / (loss) on foreign currency deposits	216,513	(51,144)
Cash and cash equivalents at end of the year	<u>65,836,538</u>	<u>209,713,266</u>

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

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 The Lakson Tactical Fund (the "Fund") was established under the Trust Deed executed on 30 May 2011 between Lakson Investments Limited as its Management Company and the Central Depository Company of Pakistan Limited (CDC) as its Trustee. The Fund has been registered as a Notified Entity on 7 July 2011 by the Securities and Exchange Commission of Pakistan (SECP) in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations).
- 1.2 The Management Company of the Fund has been licensed by SECP to undertake Asset Management and Investment Advisory Services as a Non-Banking Finance Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The registered office of the Management Company is located at 14 - Ali Block, New Garden Town, Lahore, while the head office is in the Lakson Square Building No. 2, Karachi.
- 1.3 The Board of Directors have approved that the Fund should be categorised as 'Asset Allocation Scheme' as per the categories defined by the Securities and Exchange Commission of Pakistan Circular 7 of 2009 dated March 06, 2009. The Fund is an open ended mutual fund and offers units for public subscription on a continuous basis. The units of the Fund can be transferred to / from the Funds managed by the Management Company and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.
- 1.4 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 29 August 2020).

On July 27, 2022, VIS assigned following rankings to the Fund based on the performance review for the period ended December 31, 2021:

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

- 1.5 The Trust Act, 1882 was repealed due to promulgation of Provincial Trust Act "Sindh Trust Act, 2020" as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Trusts including Collective Investment Scheme, private funds etc, being Specialized Trusts are required to be registered with the Assistant Director of Industries and Commerce (Trust Wing), Government of Sindh under Section 12A of the Sindh Trusts Act, 2020. Accordingly, on January 31, 2022 the above mentioned Trust Deed has been registered under the Sindh Trust Act.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Critical accounting estimates and judgments

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 (Note 4.1.1.1)
- impairment of financial assets (Note 4.1.1.3)
- provisions (Note 4.3)
- 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.

	Effective date (annual periods beginning on or after)
Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021	April 01, 2021
3.2 New accounting standards, amendments and IFRS interpretations that are not yet effective	
The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.	
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, 2023
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	

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

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 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.

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

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

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.



- Dividend income from equity securities is recognised when the right to receive dividend is established.

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, determination of weighted average units for calculating EPU is not practicable.

			2022	2021
		Note	(Rupees)	
5. BANK BALANCES				
Local currency				
- In profit and loss sharing accounts	5.1	64,882,307	208,975,548	
- In current account		8,503	8,503	
Foreign currency				
- In current account	5.2	945,728	729,215	
		65,836,538	209,713,266	

- 5.1 These represent profit and loss sharing accounts maintained with banks carrying mark-up rates ranging from 11.25 % to 14.5% (June 30, 2021: from 5.00% to 7.65%) per annum.
- 5.2 This represents USD denominated current account maintained in a foreign country amounting to USD 4,617.76 (2021: USD 4,629).

			2022	2021
		Note	(Rupees)	
6. INVESTMENTS				
At fair value through profit or loss				
Listed equity securities	6.1	288,296,818	353,439,991	
Un-listed Term finance certificates	6.2	57,396,584	45,493,585	
Government securities				
- Pakistan Investment Bonds	6.3.1	25,000,000	24,800,000	
- Market Treasury Bills	6.3.2	85,421,933	-	
		456,115,335	423,733,576	

6.1 At fair value through profit or loss
Shares of listed companies - fully paid up ordinary shares of Rs. 10 each unless stated otherwise.

Sector / Companies	Holding as at July 01, 2021	Purchased during the year	Bonus shares / Letter of right received during the year	Disposed during the year	Holding as at June 30, 2022	Carrying value before revaluation as of 30 June 2022 (after revaluation)	Market value as of 30 June 2022 (after revaluation)	Unrealised gain / (loss) - net	Market value as percentage of total investments	% of holding in investee company	Market value as percentage of net assets	% (in %)	

Commercial Banks													
Bank Al Habib Limited	104,747	88,500	-	193,247	99,518	11,968,717	9,089,974	(2,878,743)	1.95%	1.74%	0.01%	-	
Habib Bank Limited	147,318	61,500	-	109,500	18,5084	10,500	2,889,943	2,548,131	0.56%	0.49%	0.01%	-	
The Bank of Punjab	183,084	-	120,000	9,500	41,071	120,548	18,531,040	14,724,933	3,25%	2.82%	0.01%	-	
Fauji Bank Limited	76,025	85,394	-	323,880	5,379	276,100	112,415	3,865,969	3,597,396	0.75%	0.66%	0.01%	-
MCB Bank Limited	64,225	104,600	-	103,100	163,598	199,259	15,883,165	14,183,396	3,11%	2.71%	0.01%	-	
Bank Alitalah Limited	96,060	-	17,1280	5,379	103,100	20,914,150	22,311,579	1,459,544	4.31%	4.31%	0.02%	-	
United Bank Limited	91,947	-	-	-	-	78,5947	66,786,264	(11,307,667)	14.64%	12.77%	-	-	
Chemicals													
ICI Pakistan Limited	4,350	-	-	-	4,350	84,387	7,109,759	6,719,377	(390,022)	1.47%	1.28%	0.01%	-
Engro Polymer & Chemicals Limited	115,778	191,387	-	222,178	5,200	46,500	3,752,095	2,300,050	(1,452,045)	0.50%	0.44%	0.08%	-
Lotte Chemical Pakistan Limited	5,200	-	194,000	-	47,500	-	-	-	-	-	-	-	-
Descon Oxychem limited	-	-	-	-	-	-	-	-	-	-	-	-	-
Fertilizers													
Engro Corporation Limited - 6.1.1	35,371	14,600	-	24,700	25,271	7,306,866	12,913,848	6,495,921	809,745	1.42%	1.24%	0.01%	-
Engro Fertilizers Limited	-	194,338	-	50,400	144,538	12,194,393	12,311,848	6,174,955	2,81%	-	-	0.01%	-
Fauji Fertilizer Bin Qasim Limited	156,000	-	415,981	-	26,500	117,209	12,715,112	12,919,756	203,664	2.83%	-	-	-
Fauji Fertilizer Company Limited	47,509	96,400	-	-	-	-	-	-	-	-	-	-	-
Pharmaceuticals													
Tha Seate Company Limited - 6.1.2	17,704	79,055	9,331	81,100	30,681	3,781,453	2,713,508	(1,067,945)	0.59%	0.52%	0.01%	-	
Farozsons Laboratories Limited	20,900	-	16,500	-	23,000	4,246	5,172,919	5,121,522	(1,534,397)	0.88%	0.75%	0.04%	-
GlaxoSmithKline Pakistan Limited	4,446	-	-	-	-	-	-	-	-	-	-	-	-
Textile Composite													
Nisha Mills Limited	99,687	164,700	-	233,706	25,271	7,355,254	2,267,633	(487,621)	0.50%	0.43%	0.01%	-	
Gu Alimtex Textile Mills Limited	166,000	334,500	-	445,800	74,700	3,802,703	2,245,800	(1,277,906)	0.53%	0.48%	0.01%	-	
Interfibre Limited	138,500	-	27,300	-	102,000	37,925	2,807,880	2,313,425	(494,455)	0.51%	0.44%	0.01%	-
Kohinoor Textile Mills Limited	14,255	-	-	-	69,500	800	60,587	40,000	(20,587)	0.01%	0.01%	0.27%	-
Cement													
Kohai Cement Company Limited	5,400	37,900	-	24,000	19,300	3,981,594	2,511,509	(1,380,085)	0.55%	0.48%	0.01%	-	
Lucky Cement Limited	52,100	59,611	-	15,402	9,467,841	7,070,134	2,397,707	1,55%	1.35%	1.31%	0.03%	-	
Maple Leaf Cement Factory Limited	625,192	461,600	-	250,328	8,02,681	6,346,471	1,196,210	4,445	0.22%	0.19%	0.01%	-	
Pioneer Cement Limited	167,400	180,835	-	16,500	90,000	2,922,570	2,600,195	(322,375)	0.57%	0.50%	0.01%	-	
Fauji Cement Company Limited	338,000	-	306,706	-	163,190	30,499	4,337,853	2,833,627	(1,500,226)	0.62%	0.54%	0.02%	-
D.G. Khan Cement Company Limited	101,500	-	118,550	-	-	-	29,592,559	22,865,381	(6,791,158)	0.50%	0.37%	-	-
Charrat Cement Company Limited	130,799	-	-	-	-	-	-	-	-	-	-	-	-
Power Generation & Distribution													
Kotli Power Company Limited	168,220	-	166,600	-	132,120	10,206,200	9,006,620	(1,199,580)	1.97%	1.72%	0.03%	-	
Kot Addu Power Company Limited	118,226	-	118,826	-	-	-	-	-	-	-	-	-	-
Oil and Gas Exploration Companies													
Mari Petroleum Company Limited	8,256	500	-	900	7,886	13,667,412	13,576,397	10,000	2.61%	2.41%	0.01%	-	
Oil & Gas Development Company Limited - 6.1.1	126,063	141,100	-	106,581	160,582	14,324,687	12,632,886	(1,691,701)	2.77%	2.43%	0.004%	-	
Pakistan Oilfields Limited	59,594	36,800	-	38,448	15,602,583	6,96,272	1,427,445	1,355,114	2.46%	2.14%	0.01%	-	
Pakistan Petroleum Limited	136,221	101,200	-	71,500	165,921	11,206,441	11,203,227	(3,255,114)	11,64%	10.15%	54,875,851	53,104,293	1,771,558

Sector / Companies	Holding as at July 01, 2021	Purchased during the year	Bonus shares / letter of right received during the year	Disposed during the year	Holding as at June 30, 2022	Carrying value before revaluation as of 30 June 2022	Market value as of 30 June 2022 (after revaluation)	Unrealised gain / (loss) - net	Market value as percentage of total investments	% of holding in investee company										

Oil and Gas Marketing Companies																				
Pakistan State Oil Company Limited	6,12	58,992	184,895	-	176,225	67,662	11,364,262	11,627,038	2,55%	2.22%										
Attock Petroleum Limited	5,100	91,500	-	5,100	91,500	3,248,250	3,130,215	(11,035)	0.69%	0.01%										
Sui Northern Gas Pipelines Limited	-	-	-	-	-	14,612,512	14,757,253	144,741	3.24%	2.82%										
Food & Personal Care Products																				
Fujif Foods Limited	90,300	296,000	584,987	-	971,287	-	-	-	-	-										
Fujif Foods Limited (Right shares)	-	296,500	-	296,500	-	-	-	-	-	-										
Unity Foods Limited	8,957	151,600	-	160,557	-	-	-	-	-	-										
Al-Fahar Limited	-	155,000	18,600	-	173,600	4,535,330	3,310,552	(1,224,978)	0.73%	0.53%										
Technology & Communication																				
Systems Limited	13,490	75,120	35,725	-	60,390	63,345	21,537,981	21,092,898	(445,083)	4.62%										
Air Link Communication Limited	-	78,753	4,931	-	83,684	-	-	-	-	0.02%										
Octopus Communication Limited	-	85,521	-	85,521	-	-	-	-	-	-										
Hum Network Limited	-	1,313,745	-	453,000	860,745	6,233,499	6,128,504	(104,995)	1.34%	0.10%										
Avantech Limited	-	231,200	-	202,900	37,775	3,258,967	2,943,050	(315,917)	0.65%	0.01%										
TRG Pakistan Limited	60,600	374,900	-	279,590	155,910	14,400,186	12,056,520	(2,343,666)	2.64%	2.30%										
Automobile Assemblers																				
Pak Suzuki Motor Company Limited	6,900	36,500	-	-	43,400	-	-	-	-	-										
Indus Motor Company Limited	7,030	-	-	-	7,030	-	-	-	-	-										
Honda Atlas Cars Pakistan Limited	-	7,700	-	-	7,700	-	-	-	-	-										
Milat Tractors Limited	5,563	-	-	-	6,675	-	-	-	-	-										
Automobile Parts & Accessories																				
Agriado Industries Limited (Par value of Rs 5 each)	9,000	82,500	-	-	9,000	-	-	-	-	-										
Ghanda Tyre and Rubber Company Limited	3,416	-	-	-	82,500	3,416	-	-	-	-										
Thail Limited	-	-	-	-	-	-	-	-	-	-										
Engineering																				
Agha Steel Industries Limited	41,000	257,500	2,050	-	300,550	98,600	6,089,220	5,832,896	(236,324)	1.28%										
International Steel Limited	116,848	175,722	-	193,970	-	-	-	-	-	-										
Attock International Industries Limited	12,500	11,000	-	23,500	-	-	-	-	-	-										
Mughal Iron & Steel Industries Limited	35,580	157,800	11,307	204,687	413,800	4,861,727	4,572,490	(289,237)	1.00%	0.87%										
Aisha Steel Mills Limited	234,504	585,300	-	406,004	-	-	-	-	-	-										
Transport																				
Pakistan International Bulk Terminal Limited	19,215	-	-	-	19,215	-	-	-	-	-										
Glass and Ceramics																				
Shabir Tiles & Ceramics Limited	107,200	357,500	-	272,700	192,000	3,062,331	2,808,960	(253,571)	0.62%	0.09%										
Refinery																				
Pakistan Refinery Limited	85,000	120,000	-	-	85,000	120,000	2,174,311	2,146,800	(28,011)	0.57%										
National Refinery Limited	271,200	12,300	-	-	28,500	11,000	2,833,250	2,778,270	(44,980)	0.51%										
Cherrygo Pk Limited (Formerly Byco Petroleum Pakistan Limited)	307,000	-	-	-	307,000	-	-	-	-	-										
Attock Refinery Limited	16,100	43,200	-	-	41,300	18,000	3,107,559	3,164,040	56,481	0.60%										
Cable and Electronic Goods	-	-	-	-	-	8,105,620	8,089,110	(16,510)	1.77%	1.55%										
Pak Elektron Limited	90,000	-	-	-	-	90,000	-	-	-	-										
Total as at June 30, 2022																				
						320,985,316	288,296,818	(32,688,498)	63.20%	55.10%										
						320,666,998	353,439,990	32,777,992	83.00%	56.00%										

Total as at June 30, 2022

Total as at June 30, 2021



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

	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	-----(Number of shares)----		-----(Rupees)----	
Engro Corporation Limited	20,000	20,000	5,141,800	5,892,200
Habib Bank Limited	50,000	50,000	4,567,000	6,118,500
Oil & Gas Development Company Limited	75,000	75,000	5,900,250	7,782,750
	145,000	145,000	15,609,050	19,793,450

6.1.2 Finance Act, 2014 had introduced tax on bonus shares issued by the companies. Most of the equity funds including the Fund have challenged the applicability of withholding tax provision on bonus shares before the Honourable High Court of Sindh ("the Court") on various legal grounds and have sought relief from the Court. In the Fund's case, tax in the shape of 79 shares in case of The Searl Company Limited and 814 shares in the case of Pakistan State Oils Limited have been withheld by CDC. Market value of these shares as at 30 June 2022 amounted to Rs. 8,613 and Rs. 139,879 respectively, and are included in the Fund's investments in these financial statements. Above provision regarding the taxation of bonus shares have since been deleted vide the Finance Act, 2018.

6.2 Term Finance Certificates (unlisted)

Name of Security Note	Date of Maturity	Mark-up rate	Holding as at 01 July 2021	Purchases during the year during the	Disposed / matured during the year	Holding as at 30 June 2022	Carrying value as of the year ended 30 June 2022	Market value as of the year ended 30 June 2022 before revaluation	Unrealised depreciation/elimination	Credit rating	Market value as % of total investments	Market value as % of net assets	Face value as % of size of the issue
	Number of certificates						(Rupees)						
Bank Al-Habib Limited 6.2.1	6-Dec-28	6 months KIBOR + 1.00%	2,000	-	-	2,000	10,067,758	10,425,384	357,626	AAA (dated 25 June 2022)	2.29%	1.99%	0.25%
NRSP-Microfinance Bank 6.2.2	9-Jul-21	3 months KIBOR + 3.00%	-	150	-	150	15,000,000	15,000,000	-	A (dated 29 April 2022)	3.29%	2.87%	1.95%
25,067,758 25,425,384 357,626													
Total cost as at June 30, 2022													
25,673,867													
Total as at June 30, 2021													
9,744,238 10,071,758 327,520													
Name of Security Note	Date of Maturity	Mark-up rate	Holding as at 01 July 2021	Purchases during the year during the	Disposed / matured during the year	Holding as at 30 June 2022	Carrying value as of the year ended 30 June 2022	Market value as of the year ended 30 June 2022 before revaluation	Unrealised depreciation/elimination	Credit rating	Market value as % of total investments	Market value as % of net assets	Face value as % of size of the issue
	Number of certificates						(Rupees)						
Silk Bank Limited 6.2.3	10-Aug-25	6 months KIBOR + 1.85%	8,000	-	-	8,000	35,413,827	(3,442,627)	-	Not rated	-	-	-
Total cost as at June 30, 2022													
39,300,133													
Total as at June 30, 2021													
35,877,328 - 35,421,827													

6.2.1 This represents investments in Term Finance Certificates of Bank Al-Habib Limited . The instrument is structured to redeem 0.36% of the issue amount during the first 9 years of issue while the remaining 99.64% in the last 2 equal semi annual instalments of 49.82% each from June 06, 2019 to December 06, 2028. These are secured by first pari passu charge on the bank's assets with 25% margin. Total face value of the individual investment is Rs. 2,000 (Rs. 9.99 million in total).

6.2.2 This represents investments in Term Finance Certificates of NRSP Microfinance Bank Limited. The instrument is structured to redeem 100% of the issue amount in the last 4 equal quarterly instalments of 25.00% each from September 01, 2027 to June 01, 2028. These term finance certificates are unsecured. Total face value of the individual investment is Rs. 100,000 (Rs. 15 million in total).



6.2.3 This represents unlisted term finance certificates issued by Silk Bank Limited. Total size of the issue is Rs. 2,000 million and the term of the TFCs is eight years commencing from the date of issue of TFCs which was August 2017 and ending on August 2025. Profit on the instrument is receivable on semi-annually basis in arrears on the outstanding balance and the first such profit payment is due at the expiry of 6 months from the issue date and subsequently every six months thereafter. Profit rate on this term finance certificate is six months average KIBOR + 1.85% per annum. The instrument is structured to redeem 0.14% of the issue amount during the first 7 years and remaining 99.86% in the last two semi annual instalments of 49.93% each. The instrument is unsecured and subordinated to all other indebtedness of the Bank. The latest available rating of the instrument is BBB+ rated on December 23, 2021.

During the year, the issuer defaulted the coupon payment which was due on February 10, 2022, as a result the investment was classified as non-performing asset on February 25, 2022 and the markup income / coupon was suspended accordingly. As per the requirements of Circular No. 33 of 2012 issued by the SECP on October 24, 2012, the profit accrued until February 10, 2022 was reversed and an unrealised loss of Rs. 7.99 million, which is 20% of outstanding principal amount of Rs. 39.96 million was recorded as an unrealised loss. No credit rating is available for this TFC as this has become a non-performing security.

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

Name of non-compliant investment	Note	Type of investment	Value of investment before provision	Provision held, if any	Value of investment after provision	Investment as percentage of Net Assets	Investment as percentage of Gross Assets
Silk Bank Limited	6.2.3	Term finance certificates	35,413,827	(3,442,627)	31,971,200	6.11%	6.06%

6.3 Government securities - at fair value through profit or loss

6.3.1 Pakistan Investment Bonds

Name of investee company	Date of issue	Mark-up rate	Holding as at 01 July 2021	Purchases during the year	Disposed / matured during the year	Holding as at 30 June 2022	Carrying value as of the year ended Jun 30, 22 before reclassification for the current year	Market value as of the year ended June 30, 2021	Unrealised appreciation / (diminution)	Market value as % of total investments (based on market value)	Market value as % of net assets (based on market value)
10 years Pakistan Investment Bond	6.3.1.1	May 31, 18	11.32%	250,000	-	250,000	24,800,000	25,000,000	200,000	5.9%	4.0%
Total as at June 30, 2022											
Total as at June 30, 2021											

6.3.1.1 This represents investments in 10 years Pakistan Investment Bond carrying an effective profit rate of 11.32% and having maturity on May 31, 2028. The face value of Pakistan Investment Bond as at June 30, 2022 amounts to Rs. 25 million.

6.3.2 Market Treasury Bills

8 DEPOSITS AND OTHER RECEIVABLES

Security deposit to:			
- National Clearing Company of Pakistan Limited	8.1	2,500,000	2,500,000
- Central Depository Company of Pakistan Limited	8.2	100,000	100,000
Advance tax	8.3	1,177,436	982,842
Advance against book building		-	1,547,749
Other receivable		28,820	112,322
		<hr/>	<hr/>
		3,806,256	5,242,913

- 8.1 This represents deposit with NCCPL in respect of the trading of listed securities.

8.2 This represents deposit with CDC on account of initial deposit for opening of investor account for electronic transfer of book-entry securities.

8.3 As per Clause 47(B) of Part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax. The amount of withholding tax deducted on markup on bank deposits has been shown as advance tax as at June 30, 2022, as in the opinion of the management, the amount of tax deducted at source will be refunded.

9. PAYABLE TO THE MANAGEMENT COMPANY

	Note	June 30, 2022	June 30, 2021
		(Rupees)	
Remuneration payable to the Management Company	9.1	621,924	700,146
Sindh Sales Tax payable on remuneration of Management Company	9.2	337,480	345,169
Federal Excise Duty on Management Company	9.3	1,686,556	1,686,556
Federal Excise Duty Sales load payable		2,480	2,480
		<u>2,648,440</u>	<u>2,734,352</u>

- 9.1 As per Regulation 61 of the NBFC Regulations, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the offering document subject to the total expense ratio limit. Currently the effective rate of Management Company remuneration for the year end June 30, 2022 is 1.31% of average net assets. Remuneration is paid to the Management company in arrears on a monthly basis.
- 9.2 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 9.3.
- 9.3 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, being prudent the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 1.69 million (2021: 1.69 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. 0.29 (June 30, 2021: Rs.0.27) per unit.

10. REMUNERATION PAYABLE TO THE TRUSTEE

The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provision of Trust Deed. Effective from July 01, 2019 the Trustee has revised the trustee fee as under:

Net assets up to 1 billion 0.20% per annum of the daily average net assets of the Fund.

**Net assets exceeding
Rs. 1 billion** Rs. 2.0 million plus 0.10% per annum of the daily average net assets of the Fund exceeding Rs 1 billion.

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

11. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

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

12.	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	(Rupees)	
			June 30, 2022	June 30, 2021
	Provision for Sindh Workers' Welfare Fund	12.1	-	6,776,542
	Brokerage charges payable		534,665	864,482
	Fee payable to National Clearing Company of Pakistan		4,876	104,806
	Auditors' remuneration		288,564	402,019
	Fee payable to Central Depository Company		98,914	86,612
	Other liabilities	12.2	132,045	1,659,742
	Mutual Fund rating fee		128,357	-
	Professional Fee Payable		32,924	-
			1,220,345	9,894,203

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

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

In the wake of the aforesaid clarification of SRB, the MUFAP called its Extraordinary General Meeting (EOGM) on August 13, 2021, wherein the MUFAP recommended to its members

that effective from August 13, 2021, SWWF recognised earlier should be reversed in light of the clarification issued by SRB. Subsequently, MUFAP approached SECP and obtained the clarification with respect to this matter as well.

The Fund ceased to charge further provision for SWWF and has reversed full provision for SWWF amounting to Rs. 6.7 million charged till June 30, 2021.

13. TOTAL EXPENSE RATIO

Securities and Exchange Commission of Pakistan (SECP) vide its directive no. SCD/PRDD/Direction/18/2016 dated 20 July 2016, required that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS / the Fund. TER of the Fund for the year ended June 30, 2022 is 2.34% (June 30, 2021: 2.41%) which includes 0.23% (June 30, 2021: 0.36%) representing government levies (comprising of SECP fee, etc.). As per NBFC Regulation the total expense ratio of the Asset Allocation Scheme shall be capped up to 4.5% (excluding government levies).

14. CONTINGENCIES AND COMMITMENTS

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

15.	NUMBER OF UNITS IN ISSUE	Note	June 30,	June 30,
			2022	2021
	Total outstanding as of 1 July		6,048,514	5,791,696
	Issued during the year		148,066	1,262,410
	Redemptions during the year		(459,047)	(1,005,592)
	Total units in issue as of 30 June		<u>5,737,533</u>	<u>6,048,514</u>

16. AUDITORS' REMUNERATION

Annual audit fee	300,000	261,101
Fee for the review of half yearly financial statements	100,000	50,000
Report on the compliance on foreign investment agreed upon procedures report	34,854	25,766
Out of pocket and sales tax expenses	<u>40,000</u>	<u>31,023</u>
	<u>474,854</u>	<u>367,890</u>

17. TAXATION

The Fund is exempt from taxation under Clause 99 of the Part I of the 2nd Schedule of the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders. The Fund is also exempt from the provisions of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since Fund has incurred loss during the year ended June 30, 2022 so no distribution has been made during the year.

18. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties include Lakson Investments Limited being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the



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

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

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

	June 30, 2022	June 30, 2021
	(Rupees)	
Lakson Investments Limited - Management Company of the Fund		
Remuneration payable	<u>621,924</u>	<u>700,146</u>
Sindh Sales Tax on Management Company's remuneration*	<u>337,480</u>	<u>345,169</u>
Federal Excise Duty		
Management Company's remuneration*	<u>1,686,556</u>	<u>1,686,556</u>
Sales load payable to the Management Company*	<u>2,480</u>	<u>2,480</u>

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

Central Depository Company of Pakistan Limited - Trustee of the Fund

Remuneration payable	<u>199,953</u>	<u>221,016</u>
Security deposit	<u>100,000</u>	<u>100,000</u>
Settlement charges payable	<u>98,914</u>	<u>86,612</u>

Habib Bank AG Zurich - Custodian

Bank balance	<u>945,728</u>	<u>729,215</u>
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18.2 Details of transactions with related parties / connected persons during the year

Lakson Investments Limited - Management Company of the Fund

Remuneration for the year	<u>7,753,234</u>	<u>8,253,372</u>
Sindh sales tax on remuneration of Management Company *	<u>1,007,920</u>	<u>1,072,938</u>

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

Central Depository Company of Pakistan Limited - Trustee of the Fund

Remuneration for the year (including Sindh sales tax of Rs. 153,615 (2021: Rs. 156,757))	<u>1,335,268</u>	<u>1,362,579</u>
CDS charges for the year	<u>82,264</u>	<u>55,154</u>

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

	Year ended June 30, 2022						Rupees			Balance at the June 30, 2022 (investment at current NAV)
	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 at 01 July 2021	Units issued during the year	Units redeemed during the year		
Directors, Chief Executive and their spouse and minors	121,645	-	1	121,644	-	12,619,574	-	-	1,091,038	
Other key management personnel	16,475	1	-	16,476	-	1,709,133	-	-	5,502,219	
Lakson Investments Limited - Management Company	1,636,986	-	-	1,636,986	-	169,822,565	-	-	149,254,163	
Associated companies / undertakings of the Management Company	-	-	-	-	-	-	-	-	-	
Accurate Surgical Limited - Employees Contributory Provident Fund Trust	47,090	2	2,433	44,659	-	4,895,164	-	-	235,490	
Century Insurance Company Limited Employees	444,538	-	-	444,538	-	46,116,817	-	-	4,071,820	
Century Insurance Company Limited Employees	52,446	16,189	6,515	62,120	-	5,440,800	1,558,659	-	40,531,108	
Contributory Provident Fund Trust	45,481	498	620	45,359	-	4,718,244	47,314	-	5,663,799	
Century Insurance Company Limited Gratuity Fund	-	-	-	-	-	-	-	-	4135,643	
Century Paper & Board Mills Limited Employees	630,447	-	20,671	610,176	-	65,444,699	-	-	2,001,192	
Contributory Provident Fund Trust	532,117	2	5,387	546,532	-	57,277,170	-	-	540,904	
Century Paper & Board Mills Limited Employees Gratuity Fund	-	-	-	-	-	-	-	-	48,830,492	
Colgate Palmolive (Pakistan) Limited Employees	655,030	-	77,498	577,532	-	67,953,467	-	-	7,513,530	
Contributory Provident Fund Trust	726,660	37,078	128,982	634,656	-	75,374,061	3,589,452	-	13,050,000	
Colgate Palmolive (Pakistan) Limited Employees Gratuity Fund	-	-	-	-	-	-	-	-	52,656,942	
Cyber Internet Services (Private) Limited Employees	280,800	26,605	18,843	288,558	-	29,130,473	2,551,074	-	1,863,000	
Contributory Provident Fund Trust	-	-	-	-	-	-	-	-	26,309,517	
GAW Corporation (Private) Limited Employees	194,586	-	-	194,586	-	20,186,546	-	-	-	
Contributory Provident Fund Trust	8,877	-	389	8,488	-	920,909	-	-	37,634	
Hasan Ali Karbail Foundation Employees	5,650	-	-	5,650	-	586,137	-	-	773,900	
Contributory Provident Fund Trust	-	-	-	-	-	-	-	-	515,143	
Lakson Business Solutions Limited Employees	-	-	-	-	-	-	-	-	-	
Contributory Provident Fund Trust	-	-	-	-	-	-	-	-	-	
Lakson Investments Limited Employees	-	-	-	-	-	-	-	-	-	
Contributory Provident Fund Trust	-	-	-	-	-	-	-	-	-	
Mert Packaging Limited Employees Gratuity Fund	33,095	3,775	4,879	31,901	-	3,433,308	360,639	479,713	2,916,826	
SIZA Foods (Private) Limited Employees Contributory Provident Fund Trust	62,909	50,978	39,174	74,713	-	6,526,243	4,921,734	3,918,476	6,812,026	
SIZA Foods (Private) Limited Employees Contributory Provident Fund Trust	37,112	5,307	3,287	39,132	-	3,850,036	509,538	325,000	3,567,911	
SIZA Services (Private) Limited Employees Contributory Provident Fund Trust	164,049	-	4,677	159,372	-	17,018,607	-	-	454,022	
Sybird (Private) Limited Employees Contributory Provident Fund Trust	31,757	392	1	32,148	-	3,294,503	37,908	-	14,530,870	
Sybird (Private) Limited Employees Contributory Provident Fund Trust	59,212	7,098	3,035	63,275	-	6,142,712	683,091	-	2931,120	
									5,691,130	
									300,000	

Year ended June 30, 2021							Rupees								
Number of Units		Number of Units		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	
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	
122,389	4,679	5,423	121,645	629,054	10,706,322	4,688,078	500,000	16,619,574							
15,338	12,179	11,542	16,475	-	1,385,474	1,193,665	1,155,000	17,09,13							
1,572,891	64,095	-	1,636,966	7,864,458	137,593,034	6,684,790	-	16,822,565							
Associated Companies / Undertakings of the Management Company															
Lakson Business Solutions Limited Employees	5,467	183	5,650	27,335	478,262	19,135	-	-						586,137	
Contribution Provident Fund Trust	2,997	30,098	33,095	93,631	262,155	2,874,587	-	-						3,433,308	
Lakson Investments Limited Employees Contribution															
Provident Fund Trust															
Centra Insurance Company Limited Employees	48,071	4,375	52,446	245,771	4,205,178	438,293	-	-						5,440,800	
Contribution Provident Fund Trust	143,146	252,599	201,159	194,586	761	12,522,152	25,938,960	21,991,475	20,186,546						
GAM Corporation (Private) Limited Employees															
Contribution Provident Fund Trust															
SIZA Funds (Private) Limited Employees Contribution	102,715	217,879	156,545	164,049	642	8,985,314	22,394,369	17,107,045	17,018,607						
Provident Fund Trust															
Hasan Ali Parabha Foundation Employees Contribution	19,099	8,877	19,099	8,877	35	1,670,748	92,510	2,622,130	92,909						
Provident Fund Trust															
Colgate Palmolive (Pakistan) Limited Employees	604,981	50,049	655,030	3,079,952	52,922,399	5,034,769	-	-						67,953,467	
Contribution Provident Fund Trust	513,464	213,096	-	726,560	3,024,181	44,916,741	20,688,408	-	-					75,374,061	
Colgate Palmolive (Pakistan) Limited Employees Gratuity Fund															
SIZA Services (Private) Limited Employees Contribution															
Provident Fund Trust	27,224	34,753	30,220	31,757	124	2,373,630	3,602,853	3,302,394	3,294,503						
Cyber Internet Services (Private) Limited Employees															
Contribution Provident Fund Trust															
Merit Packaging Limited Employees Contribution Provident Fund Trust	243,569	37,231	-	280,800	1,279,788	21,306,521	3,674,560	-						23,130,473	
Merit Packaging Limited Employees Contribution Gratuity Fund	93,666	62,910	93,667	62,909	246	8,193,749	6,560,605	10,560,260	6,526,243						
Century Paper & Board Mills Limited Employees	39,234	37,112	39,234	37,112	145	3,432,142	3,870,245	4,290,132	3,850,036						
Contribution Provident Fund Trust															
Century Paper & Board Mills Limited Employees - Gratuity Fund	601,988	28,859	-	630,847	3,009,941	52,660,592	3,009,941	-						65,444,699	
Century Insurance Company Limited Employees	501,873	50,244	-	552,117	444,558	43,902,821	5,026,810	5,026,810	5,026,810	5,026,810	5,026,810	5,026,810	5,026,810	57,277,170	
Century Insurance Company Limited Employees - Gratuity Fund	614,358	17,405	187,225	-	2,135,664	53,742,748	1,815,514	1,815,514	1,815,514	1,815,514	1,815,514	1,815,514	1,815,514	46,116,817	
Premier Fashions (Private) Limited Employees Contribution Provident Fund Trust	111,175	-	111,175	-	-	9,725,401	-	11,041,304	-						
Sybird (Private) Limited Employees Contribution Provident Fund Trust	55,584	60,131	56,038	59,212	232	4,882,385	6,264,408	6,174,656	6,142,791						
Century Insurance Company Limited Employees - Gratuity Fund	40,704	4,777	-	45,481	210,914	3,560,714	47,3414	-						47,18,244	
Accurate Surgical Limited - Employees Contribution Provident Fund Trust	56,453	47,090	56,453	47,090	184	-	27,877,001	26,184,652	5,108,621						



19. FINANCIAL RISK MANAGEMENT

Introduction and overview

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

- credit risk (refer note 19.1)
- liquidity risk (refer note 19.2)
- market risk (refer note 19.3)
- operational risk (refer note 19.4)
- Unitholders' fund risk (refer note 19.5)

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

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

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

19.1 Credit risk

Credit risk is the risk of financial loss to the Fund if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from bank balances, receivable against sale of marketable securities, security deposits and profit receivables, dividend receivable on equity securities and profit receivable on Term Finance Certificates.

Management of credit risk

The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed and the requirements of NBFC rules and regulations. Before making investment decisions, the credit rating and credit worthiness of the issuer is taken into account along with the financial background so as to minimize the risk of default.

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

- Where the investment committee makes an investment decision, the credit rating and credit worthiness of the issuer is taken into account along with the financial background so as to minimize the risk of default.



- 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:

	June 30, 2022		June 30, 2021	
	Balance as per the Statement of Asset and Liabilities	Maximum exposure	Balance as per the Statement of Asset and Liabilities	Maximum exposure
Bank balances (including profit due)	66,739,341	66,739,341	211,135,757	211,135,757
Investments (including profit due)	457,017,655	57,396,584	425,397,881	45,493,585
Dividend receivable	24,624	24,624	243,397	243,397
Deposits and other receivable	2,628,820	2,628,820	4,260,071	4,260,071
Receivable against sale of instruments	-	-	2,006,636	2,006,636
	526,410,440	126,789,369	643,043,742	263,139,446

Difference in the balance as per the statement of assets and liabilities and maximum exposure in investments is due to the fact that investment in equity securities of Rs. 288.297 million (2021 Rs. 353.44 million) and government securities of Rs. 110.422 million (2021 Rs. 24.80 million) do not carry credit risk.

Bank balances (including profit)

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

Rating	2022	2021	2022	2021
	(Rupees)		(%)	
AAA	129,065	26,748,565	0.19	12.67
AA+	2,315,153	28,656,150	3.47	13.57
AA	10,327	10,186	0.02	0.00
AA-	63,235,676	48,198	94.75	0.02
A+	18,670	124,365,218	0.03	58.90
A	57,771	30,564,896	0.09	14.48
A-	13,982	13,329	0.02	0.01
Other*	958,697	729,215	1.44	0.35
Total balance	66,739,340	211,135,757	100.00	100.00

* This includes balance in Habib Bank AG Zurich Switzerland. Rating of this bank is not available, however, the management considers that this is a reputable bank of good credit standing.



Concentration of credit risk

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

	2022	2021		
	(Rupees)	(%)	(Rupees)	(%)
Commercial banks (including profit due)	4,318,418	6.23	133,294,029	50.66
Micro Finance Bank	62,420,923	89.99	123,335,313	46.87
National Clearing Company of Pakistan Limited	2,500,000	3.60	4,618,958	1.76
Oil and Gas Marketing Companies - Dividend receivable	24,624	0.04	243,397	0.09
Food and personal care products - advance against book building	-	-	1,547,749	0.59
Financial Services	100,000	0.14	100,000	0.04
	69,363,965	100	263,139,446	100

Past due and impaired assets and collaterals held

None of the financial assets of the Fund are past due or impaired as at 30 June 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.

19.2

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Fund's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they 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 redemption price per unit at the time of redemption calculated in accordance with the Fund's constitutive document and guidelines laid down by Securities and Exchange Commission of Pakistan (SECP).

Management of liquidity risk

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



day after the sale, while redemptions have to be paid within a period of six working days from the date of the redemption request.

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

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

Maturity analysis for financial liabilities

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

2022		
Contractual cash flows		
Non-derivative financial liabilities (excluding unit holders' fund)	Carrying amount	Less than 3 month
	----- (Rupees)-----	
Payable to the Management Company *	621,924	621,924
Remuneration payable to the Trustee *	176,953	176,953
Accrued expenses and other liabilities *	927,019	927,019
Payable against purchase of securities	274,235	274,235
	<u>2,000,131</u>	<u>2,000,131</u>
 Unit holders' fund	 <u>523,126,762</u>	 <u>523,126,762</u>
2021		
Contractual cash flows		
Non-derivative financial liabilities (excluding unit holders' fund)	Carrying amount	Less than 3 month
	----- (Rupees)-----	
Payable to the Management Company *	700,146	700,146
Remuneration payable to the Trustee *	207,361	207,361
Accrued expenses and other liabilities *	1,457,919	1,457,919
Payable against purchase of securities	3,577,090	3,577,090
FED on Management Company's remuneration*	1,686,556	1,686,556
Sindh Sales Tax payable on Management Company's remuneration and Trustee fees*	360,480	368,173
	<u>7,989,551</u>	<u>7,997,245</u>

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

Above financial liabilities do not carry any mark-up.



19.3 Market risk

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

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 maximum risk resulting from financial instruments equals their fair values.

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

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund has a bank balance in foreign currency exposed to foreign exchange risk. The Fund has no foreign currency denominated liability.

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

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

	2022	
	(Rupees)	(USD)
Financial Assets		
Bank balance	945,728	4,617
	945,728	4,617
	2021	
	(Rupees)	(USD)
Financial Assets		
Bank balance	729,215	4,630
	729,215	4,630

Fair value sensitivity analysis of foreign currency exposure:

	Average rates		Balance sheet date rate	
	2022	2021	2022	2021
Rupees / US Dollars	177.45	160.33	204.85	157.54

A five percent strengthening of Pakistani Rupee against US dollar would have decreased the net assets of the fund by Rs. 47,262 (2021: Rs. 36,461). This analysis assumes that all other variables in particular interest rate remain constant. Weakening of Pakistani Rupee by the same percentage would had a vice versa impact.



19.3.1 Interest rate risk

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

Exposure to interest rate risk

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

	June 30, 2022	June 30, 2021
Variable-rate instruments	(Rupees)	
Bank balances	64,882,307	208,975,548
Term Finance Certificate	57,396,584	45,493,585
Government Securities	110,421,933	24,800,000
	232,700,824	279,269,133

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. 2.33 million (2021: Rs. 2.79 million). The analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

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

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

Fair value sensitivity analysis for fixed rate instruments

As at June 30, 2022 there are no investments that carries a fixed rate interest

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

Financial assets	Note	June 30, 2022			
		Exposed to interest rate risk		Not exposed to interest rate risk	Total
		No later than one year	Between two months to one year		
		Rupees			
Investments					
- Listed equity securities	6.1	-	-	288,296,818	288,296,818
- Term Finance Certificates	6.2	-	57,396,584	584,802	57,981,386
- Government Securities	6.4		110,421,933	317,518	110,739,451
Bank Balances (including profit due)	5.1	64,882,307	-	1,857,034	66,739,341
Dividend receivable		-	-	24,624	24,624
Deposits and other receivable		-	-	2,628,820	2,628,820
Receivable against sale of securities		-	-		
		64,882,307	167,818,517	293,709,616	526,410,440



Note	June 30, 2021				
	Exposed to interest rate risk		Not exposed to interest rate risk	Total	
	No later than one year	Between two months to one year			
Rupees					
Financial assets					
Investments					
- Listed equity securities	6.1	-	-	353,439,991	
- Term Finance Certificates	6.2	-	45,493,585	1,506,358	
- Government Securities	6.4	-	24,800,000	157,947	
Bank Balances (including profit due)	5.1	208,975,548	-	2,160,209	
Dividend receivable		-	-	243,397	
Deposits and other receivable		-	-	4,260,071	
Receivable against sale of securities				2,006,636	
				2,006,636	
	<u>208,975,548</u>	<u>70,293,585</u>	<u>363,774,609</u>	<u>643,043,742</u>	

19.3.2 Price risk

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

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

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

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

Sensitivity analysis - Price risk

A change of 5% in the fair values of investments classified as fair value through profit or loss would affect income statement and statement of unit holder fund by Rs. 22.806 million (2021: Rs. 21.186 million).

19.4 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. This responsibility encompasses the controls in the following areas:

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

19.5 Unit holder's fund risk management

The Fund's capital is represented by redeemable units. The Fund is required by the NBFC Regulations, to maintain a minimum fund size of Rs.100 million, to be maintained all the time during the life of the scheme. The units issued by the Fund provides an investor with the right to require redemption for cash at a value proportionate to the unit holder's share in the Fund's net assets at the redemption date.

The Fund's objective in managing the unit holders' fund is to ensure a stable base to maximise returns to all investors and to manage liquidity risk arising from redemption. In accordance with the risk management policies, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption, such liquidity being augmented by disposal of investments.

20. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

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

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

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

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

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

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



June 30, 2022							
On-balance sheet financial instruments	Note	Carrying amount			Fair Value		
		Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3
		(Rupees)					
Financial assets measured at fair value							
Investment in listed equity securities	6	288,296,818	-	288,296,818	-	-	288,296,818
Term finance certificates	6	57,396,584	-	57,396,584	-	60,839,211	(3,442,627)
Government Securities	6	110,421,933	-	110,421,933	-	110,421,933	-
		456,115,335	-	456,115,335	288,296,818	171,261,144	(3,442,627)
Financial assets not measured at fair value	20.1						
Bank balances	5	-	65,836,538	65,836,538	-	-	-
Dividend and Markup receivable	8	-	1,854,371	1,854,371	-	-	-
Deposits and other receivables	-	-	2,628,820	2,628,820	-	-	-
Receivable against sale of securities	-	-	-	-	-	-	-
		-	70,319,729	70,319,729	-	-	-
Financial liabilities not measured at fair value	20.1						
Remuneration payable to the Management Company	9	-	621,924	621,924	-	-	-
Remuneration payable to the Trustee	10	-	176,953	176,953	-	-	-
Accrued expenses and other liabilities	12	-	1,220,345	1,220,345	-	-	-
Payable against purchase of securities	-	-	274,235	274,235	-	-	-
		-	2,293,457	2,293,457	-	-	-
June 30, 2021							
On-balance sheet financial instruments	Note	Carrying amount			Fair Value		
		Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3
		(Rupees)					
Financial assets measured at fair value							
Investment in listed equity securities	6	353,439,991	-	353,439,991	-	-	353,439,991
Term finance certificates	6	57,396,584	-	57,396,584	-	-	57,396,584
Government Securities	6	24,800,000	-	24,800,000	-	-	24,800,000
		435,636,575	-	435,636,575	353,439,991	82,196,584	-
Financial assets not measured at fair value	20.1						
Bank balances	5	-	209,713,266	209,713,266	-	-	-
Dividend and Markup receivable	8	-	3,573,590	3,573,590	-	-	-
Deposits and other receivables	-	-	4,260,071	4,260,071	-	-	-
Receivable against sale of securities	-	-	2,006,636	2,006,636	-	-	-
		-	219,553,563	219,553,563	-	-	-
Financial liabilities not measured at fair value	20.1						
Remuneration payable to the Management Company	9	-	700,146	700,146	-	-	-
Remuneration payable to the Trustee	10	-	207,361	207,361	-	-	-
Accrued expenses and other liabilities	12	-	1,457,919	1,457,919	-	-	-
Payable against purchase of securities	-	-	3,577,090	3,577,090	-	-	-
		-	5,942,516	5,942,516	-	-	-

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

21. RECONCILIATION OF LIABILITIES ARISING OUT OF FINANCING ACTIVITIES

	Receivable against issuance of units	Payable against redemption of units	Total
	(Rupees)		
Opening balance as at July 01, 2021	-	-	-
Receivable against issuance of units	(14,275,082)	-	(14,275,082)
Payable against redemption of units	-	-	-
	(14,275,082)	-	(14,275,082)
Amount received on issuance of units	-	-	-
Amount paid on redemption of units	14,275,082	-	14,275,082
	14,275,082	-	14,275,082
Closing balance as at June 30, 2022	-	-	-



22. 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:

22.1 Unit holding pattern of the Fund

Category	June 30, 2022		
	No. of Investors	Investment amount (Rupees)	% of total asset
Individuals	10	5,837,412	1.12%
Associated Companies and Directors	20	364,849,589	69.74%
NBFC's (Management Company)	1	149,254,163	28.53%
Retirement Funds	2	3,185,598	0.61%
Total	33	523,126,762	100%

Category	June 30, 2021		
	No. of Investors	Investment amount (Rupees)	% of total asset
Individuals	10	6,162,731	1.18%
Associated Companies and Directors	20	447,868,959	85.61%
NBFC's (Management Company)	1	169,822,565	32.46%
Retirement Funds	2	3,625,087	0.69%
Total	35	627,479,341	100%

22.2 List of top ten brokers by percentage of commission paid

Name of Broker	2022	2021
	Commission paid (Percentage)	
Inter Market Securities Limited	12.62%	9.54%
Vector Securities (Pvt.) Ltd.	10.64%	7.78%
Ismail Iqbal Securities (Private) Limited	9.33%	10.26%
Topline Securities Limited	9.23%	9.13%
JS Global Capital Limited	8.77%	16.14%
EFG Hermes Pakistan	8.44%	6.20%
Alfalah Securities (Private) Limited	7.16%	9.79%
Insight Securities	6.69%	0.00%
KASB Securities Private Limited	5.07%	3.78%
Arif Habib Limited	5.00%	14.91%



22.3 Particulars of the Investment Committee and Fund manager

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

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

Mr. Babar Ali Lakhani - Chief Executive Officer

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

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

Mr. Lakhani is a member of the Global Association of Risk Professionals (GARP), the Society of Financial Service Professionals and the Young Presidents' Organization (YPO). Mr. Lakhani is a member of the Alumni Trustee Committee of Brandeis University and is the school's representative in Pakistan.

Mr. Lakhani was looking after Lakson Asset Allocation Emerging Market Fund and Lakson Asset Allocation Global Commodities Fund. Subsequently, Mr. Umair and Mr. Pasha have designated to manage the Lakson Asset Allocation Emerging Market Fund and Lakson Asset Allocation Global Commodities Fund respectively.

Mr. Kashif Mustafa – Executive Director and COO

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

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

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

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

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

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

Mr. Abdul Samad Khanani - Fund Manager

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

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

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	✓	✓	✗	✗
- 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 1.4.

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.)	627.00	507	757	1,226	706
Net Assets - Ending (PKR Mil.)	523.00	627	507	757	1,220
Net Asset value per share	91.1762	103.7410	87.4778	89.6785	100.6215
Selling Price for units	93.4557	106.3346	89.6648	91.9205	103.1371
Repurchase Price for units	91.1762	103.741	87.4778	89.6785	100.6215
Highest Offer Price (PKR)	109.6536	113.6923	109.1208	107.1488	110.2289
Lowest Offer Price (PKR)	91.7546	90.7696	80.6125	91.1526	96.0606
Highest Redemption Price (PKR)	106.9791	110.9193	106.4593	104.5354	107.5403
Lowest Redemption Price (PKR)	90.1741	88.5557	78.6463	88.9293	93.7176
Beginning NAV - Ex-Div. (PKR)	103.7410	87.4778	89.6785	100.6215	106.6898
Interim Distributions (PKR)	Nil	5.0000	4.9542	Nil	Nil
Final Distribution (PKR)	Nil	Nil	Nil	Nil	Nil
Ending NAV - Ex-Div. (PKR)	91.1762	103.741	87.4778	89.6785	100.6215
Return	-12.11%	24.28%	24.28%	-10.88%	-5.70%
Net Income / (loss) (PKR Mil.)	-74	107	27	(104)	-67
Income Distribution	0	25	25	Nil	Nil
Accumulated Capital Growth	(86)	(11)	(92)	(94)	9
Average Annual return of the Fund					
One Year	-12.11%	24.28%	3.09%	-10.88%	-5.69%
Two year	15.43%	28.12%	-8.12%	-15.94%	10.56%
Three year	12.60%	14.19%	-13.35%	-1.47%	18.13%
Since inception	47.27%	67.14%	34.49%	30.45%	46.37%

Distributions

	FY22	FY21	FY20	FY19	FY18
Interim Distribution	Nil	5.0000	4.9542	Nil	Nil
Final Distribution	Nil	0	-	Nil	Nil
NAV before Distribution	Nil	109.2963	92.0989	Nil	Nil
NAV after Distribution	Nil	104.2963	87.1447	Nil	Nil
Distribution Date	Nil	26-Jun-21	29-Jun-20	Nil	Nil

Disclaimer

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

During FY22

Summary of Actual Proxy voted by CIS:

	Resolutions	For	Against	Abstain*
Number	4	4	-	-
(%ages)	100%	100%	-	-

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



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