

**LAKSON EQUITY FUND**  
Quarterly Report (September 30, 2022)



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## Fund's Information

**Management Company**

Lakson Investments Limited  
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Sarwar Shaheed Road,  
Karachi-74200, Pakistan.  
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Fax: (9221) 3568.1653  
Web site: [www.li.com.pk](http://www.li.com.pk)  
E-mail: [info@li.com.pk](mailto:info@li.com.pk)

**Board of Directors of  
the Management Company**

Mr. Iqbal Ali Lakhani - Chairman  
Mr. Babar Ali Lakhani - Chief Executive Officer  
Mr. Jamil Ahmed Mughal  
Mr. Amin Mohammed Lakhani  
Mr. Jacques John Visser  
Ms. Roxanne Davies

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

Mr. Junaid Arshad

**Audit Committee**

Mr. Jacques John Visser - Chairman  
Mr. Amin Mohammed Lakhani  
Mr. Iqbal Ali Lakhani  
Mr. Jamil Ahmed Mughal

**Human Resource and  
Remuneration Committee**

Mr. Babar Ali Lakhani  
Mr. Iqbal Ali Lakhani

**Trustee**

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

**Auditors**

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

**Bankers to the Fund**

Allied Bank Limited  
 Askari Bank Limited  
 Bank Al-Falah Limited  
 Faysal Bank Limited  
 Habib Bank Limited  
 Habib Metropolitan Bank Limited  
 JS Bank Limited  
 National Bank of Pakistan  
 Silk Bank Limited  
 Sindh Bank Limited  
 Telenor Microfinance Bank Limited  
 United 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

**Distributors**

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

**Rating by PACRA**

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

## **Review Report of the Directors of the Management Company For the quarter ended September 30, 2022**

The Board of Directors of Lakson Investments Limited, the Management Company of the Lakson Equity Fund ("LEF") is pleased to submit its review report together with Condensed Interim Financial Information for the period ended September 30, 2022.

### **Fund Objective**

The objective of the Fund is to provide long term capital appreciation by investing mainly in equity and related listed securities. Investments will be made in companies of substance, financial strength and demonstrably superior management skills with some exposure given to smaller capitalized value stocks.

### **Principal activities**

The Fund is an actively managed open-end equity fund and is listed on Pakistan Stock Exchange Limited. LEF maintains an average exposure of 70% of Net Assets in listed equity securities. The asset allocation to different sectors and stocks is made on the basis of relative attractiveness of each sector and individual stocks in that particular sector. The allocations may change from time to time keeping in view the market conditions, opportunities, political and economic factors. LEF is allowed to borrow up to 15% of Net Assets to meet redemptions however LEF did not utilize this facility during the period under review.

### **Fund performance**

The LEF closed 1QFY23 with a return of 1.02% vs -0.99% of the benchmark, outperforming the benchmark by 2.01%. As of September 30, 2022, the fund had 90% exposure in equities and 10% in cash. Sector allocation is skewed towards Commercial Banks (21%), Oil & Gas Exploration (22%), Technology (12%), Oil & Gas Marketing (6%), Fertilizer (15%) and others (15%).

### **Earning per Unit (EPU)**

EPU has not been disclosed as we feel the determination of weighted average units for calculating EPU is not practicable for open end funds

### **Economic Review**

The fiscal year 2023 started on a challenging note as macroeconomic concerns remain heightened with Pakistan rupee depreciating by 11.5% QoQ to close at 228.5 against the greenback. This was despite the successful staff level agreement with the IMF, which paved the way for disbursement of around USD 1.2 billion, however increased political noise post Punjab by-elections, devastation of land and crops from flooding and highest ever oil import bill dampened investor sentiment and put pressure on the interbank currency market. Resultantly our FX reserves dropped to USD 8.8 billion, enough for just 6 weeks of imports.

The recent floods have caused considerable damage to the infrastructure along with loss of life and injuries. Latest estimates suggest damages of more than \$30 billion; this is more than 10% of Pakistan's GDP. Damage to cotton and rice crops in particular will negatively impact our trade deficit, while the loss of perishable crops has led to higher food inflation.

CPI based inflation jumped to 27.3% in August, the highest monthly reading since May 1975 before settling in at 23.2% at the end of the quarter. The decrease in inflation was primarily driven by a reduction in electricity prices due to an administrative intervention, while both core and food inflation picked up further. Looking ahead, the supply-shock to food prices from the floods is expected to put additional pressure on headline inflation in the coming months. We expect FY23 inflation to average at 26.3%, with inflation peaking in the next couple of months.

On the external front, during the first quarter of FY23, imports have declined by 12.7% YoY to \$16.3 billion while exports have grown by 1.8% to \$7 billion. Resultantly the current account deficit shrank for the second consecutive month in August to only \$0.7 billion almost half the level in July. It is

however important to consider that this improvement in the CAD has been artificially driven by squeezing imports through extreme care in issuance of LCs and negotiations. Moreover, oil imports were lower due to build up of inventory in the previous quarter. We foresee import curbs to continue till December, till such time imports will be low and the feel good factor will be stretched for a few months. Whenever this opens, we expect pent up demand to wash away all the gains on the current account balance and as such we expect CAD balance for FY23 to come in at USD 14bn. A decline in oil prices on account of global recessionary concerns may however, provide respite and will materially change our estimates.

On the fiscal end, during the first quarter, FBR tax collection rose to Rs 1.635 trillion, surpassing the target by Rs 27 billion. Looking forward, with continued curbs placed on imports and the devastation caused by the floods, fiscal consolidation will be challenging for the government and addition foreign inflows will be needed to prevent any fiscal slippages.

#### **Equity Market Review**

The outgoing quarter, remained sluggish for equity markets, even though Pakistan received the much-awaited foreign inflow of US \$1.16 billion from International Monetary Fund (IMF). Amidst thin trading volumes reflecting lack of investors' interest, the benchmark KSE-100 index fell by 412 points (down 1%) on a quarter on quarter basis. This decline was primarily driven by economic uncertainty compounded by the ongoing impact assessment of floods. Average daily traded value decreased to US\$23.83mn in 1QFY23, from US\$26.99mn in 4QFY22 exhibiting a decrease of 11.73%. Foreign selling however, saw a reversal as investors bought equities worth US\$16.7mn, largely concentrated in Tech and Oil and Gas Exploration sectors.

#### **Future Outlook**

The SBP has raised its Policy Rate to 13.75% in 2HFY22 and raised it by a further 125 bps in July. The Policy Rate currently stands at 15.0%. This has been a response to rising inflation (which has reached 25%) and the worsening current account deficit.

Pakistan finally received Board approval from the IMF for its 7th and 8th review of the Extended Fund Facility. IMF program continuity and implementation of structural measures & performance criteria remains an ongoing issue due to heightened political uncertainty. General elections are expected to be held in June 2023 however the opposition continues to hold nationwide rallies and demand for early elections.

Floods have devastated large parts of Baluchistan & Sindh and displaced 30 million people. Initial estimates of the losses have risen threefold from USD 10 BN to USD 30 BN as the scale of devastation has become apparent in recent weeks. The floods have damaged vast areas of agricultural land and damaged harvests of cotton, fruits, onions, tomatoes and other crops.

Going forward, the outlook is contingent on the direction of politics, the timing of elections and maintaining the IMF program through this turbulent time. Pakistan's Eurobonds continue to trade at distressed yields. Commodity prices remain high; while the Bloomberg Commodity index has dropped 20% recently, it remains 50% above its pre-pandemic level. Continued high commodity prices can derail any expected stabilization in the external account.

Globally, monetary tightening has kicked off. The US Federal Reserve is set to raise the Federal Funds Rate by 75 basis points to a range of 3% - 3.25%. These are the highest rates in 2 decades as inflation is at a 4-decade high. Domestic political instability has risen globally, due to high inflation. Geopolitical tensions have risen as China, US & Russia carve out their own spheres of influence. Historically, globalization has been counted upon as a force for deflation, however the tides have turned in favor of de-globalization, resource nationalization and populist regimes. The outlook for the global economy depends greatly on how these forces interact and the pace of global inflation and monetary tightening.

**Acknowledgement**

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

**For and on Behalf of the Board**

**Director**

**Chief Executive Officer**

**Dated: October 31, 2022**

### لیکن ایکوئی فنڈ

30 ستمبر 2022 کو ختم ہونے والی سماں کے لیے  
 میجنڈ سکپنی کے ڈائریکٹری جائزہ رپورٹ

لیکن ایکوئی فنڈ ("LEF" یا فنڈ) کی میجنڈ سکپنی، لیکن اوت سٹمپٹس لیمیٹڈ کے بورڈ آف ڈائریکٹریز کے لیے 30 ستمبر 2022 کو ختم ہونے والی سماں کے لیے اپنی جائزہ رپورٹ مع منحصرہ عبوری مالیاتی گوشوارے پیش کرنا باعث صرفت ہے۔

#### فنڈ کا مقصد

فنڈ کا مقصد بنیادی طور پر ایکوئی اور متعلقہ لیڈ سکپنیوں میں سرمایکاری کے ذریعے سرمایی کی مالیت میں طویل مدتی اضافہ حاصل کرنا ہے۔ سرمایکاری مالیاتی استکام اور غمیاں طور پر اعلیٰ انتظامی مبارتوں کا مظاہرہ کرنے والی اہم کپنیوں میں کی جائے گی جس میں سے کچھ سرمایکم مالیاتی تدریوالے اسٹاکس میں لگایا جائے گا۔

#### غمیاں سرگرمیاں

LEF ایک فعال انداز میں چلایا جانے والا اپنے ایڈا کیوئی فنڈ ہے اور پاکستان اسٹاک ایچیومنٹ لیمیٹڈ میں لیڈ ہے۔ LEF خالص اٹاٹوں کا کم از کم 70% حصہ لیڈ ایکوئی سکپنیوں میں رکھتا ہے۔ مختلف شعبوں اور اسٹاکس میں اٹاٹے کوہر شعبے اور اس مخصوص شعبے میں انفرادی اسٹاکس متعلقہ کشش کی بنیاد پر مخصوص کیا جاتا ہے۔ یہ تخصیص مارکیٹ کے حالات، موقع، سیاسی اور اقتصادی عوامل کو پیش نظر رکھتے ہوئے وقایوں قائمہ میں کی جا سکتی ہے۔ LEF کو ریپیڈیشن کی تکمیل کے لیے خالص اٹاٹوں کے 15% تک قرض لینے کی اجازت ہے، تاہم LEF نے اس سہولت کو زیر جائزہ مدت کے دوران استعمال نہیں کیا۔

#### فنڈ کی بہتر کردگی

LEF نے پیچارک میانچے 0.99% - 0.01% کے مقابلے میں 1.02% کی سماں کا اختتام پیچارک کے مقابلے میں 2.01% بہتر کردگی کے ساتھ کیا۔ 30 ستمبر 2022 کے مطابق فنڈ ایکوئی میں 90% اور کیش میں 10% سرمایکاری رکھتا ہے۔ شعبجاتی تفویض کا جگہ اس طرح ہے۔ کمرش ٹکس (21%)، آئل ایڈیگیس ایک پلوریشن (22%)، بیجناتا لوگی (12%)، آئل ایڈیگیس مارکیٹنگ (6%)، فریلائزر (15%) اور دیگر (15%)۔

#### فی شیئر آمدی (EPU)

فی شیئر آمدی (EPU) نتائجیں کی گئی ہے کیوں کہ ہم محسوس کرتے ہیں کہ EPU شمار کرنے کے لیے موزوں اوس طبقہ کا تھیں اپنے ایڈا فنڈ کے لیے قابل عمل نہیں ہے۔

### معاشی جائزہ

مالي سال 2023 کا آغاز مشکل صورتحال سے ہوا کیونکہ میکرو اکنامک معاملات بدستور تشویشاں ک تھے، ڈالر کے مقابلے میں روپے کی شرح مبادلہ سے مابالی ہے 11.5% کی کے ساتھ 228.5 پر بند ہوئی تھی۔ آئی ایف کے ساتھ اضافی یول معاہدہ، جس کے نتیجے میں 1.2 ارب ڈالر ملنے کی راہ ہموار ہوئی، کامیابی سے طے پا جانے کے باوجود ایسا ہوا۔ پنجاب میں ٹکنی انتخابات کے بعد سیاسی شورش اپنے اضافے، سیالب سے اضافی اور فضلوں کی جانی اور اب تک کے سب سے زیادہ آئل امپورٹ مل سے سرمایہ کاری کی حوصلہ لئی ہوئی اور اخیر پینک کرنی مارکیٹ پر دباؤ آیا۔ اس کے نتیجے میں ہمارے زر مبادلہ ذخیرہ 8 ارب ڈالر کے درجے گے، جو حکم 6 ہفتوں کی درآمدات کیلئے کافی تھے۔

حالی سیالب سے جہاں امدادات ہوئیں اور لوگ زخمی ہوئے، وہاں بنیادی ڈھانچے لوگوں کافی لفڑان پہنچا۔ تاہم تین چینیوں میں لفڑانات کا اندازہ 30 ارب ڈالر سے زائد لگایا گیا ہے جو کہ پاکستان کی جو ڈی پی کے 10% سے زیادہ ہے۔ باخصوص کیاں اور چاول کی فضلوں کو چینیں والا لفڑان ہمارے تجارتی خسارے پر منفی اثر ڈالے گا جبکہ بزرگ یوں اور چکلوں کی پیپر اور متاثر ہونے کے باعث اشیائے خوراک کی قیمتیں بڑھ گیں۔

سی پی آئی میڈیا فرماز کی شرح اگست میں بڑھ کر 27.3% تک جا چکی، جو 1975 کے بعد کسی ایک میٹنے میں ریکارڈ کی جانے والی سب سے اوپر ٹھیک، سہ ماہی کے اختتام پر یہ شرح 23.2 پر گئی۔ افرماز کی شرح یچھے نے کی وجہ بنیادی طور پر انتظامی مداخلات کے نتیجے میں بکھر کے رخوں میں ہونے والی کمی تھی جبکہ کوادرو فرماز میں اضافہ ہوا۔ سیالب کے باعث رسماڈتھونے سے اشیائے خوراک کی قیمتیں بڑھنے کے نتیجے میں آنے والے چینیوں میں ہیئت لائن افرماز پر اضافہ دباؤ کا خدش ہے۔ ہم مالي سال 2023 میں افرماز کی اوسط شرح 26.3% رہنے کی توقع کرتے ہیں، آنے والے چینیوں میں افرماز کی شرح سب سے زیادہ رہنے کا امکان ہے۔

بیرونی محاذ پر، مالي سال 2023 کی پہلی سہ ماہی کے دوران، درآمدات سال پر سال 12.7% ارب ڈالر میں جکہ درآمدات 11.8% اضافے کے ساتھ 7 ارب ڈالر ہو گئیں۔ نتیجے کے طور پر کرنٹ کا وہ خسارہ اگست میں مسلسل دوسرا مہینے 0.7 ارب ڈالر ہ گیا، جو ایسی کے مقابلے میں لفڑیاً اضافہ۔ تاہم یہ بات مدنظر رکھنا بھی اہم ہے کہ کرنٹ کا وہ خسارے میں یہ بہتری مذاکرات اور ایل سی کے اجراء میں انتباہی احتیاط برتنے کے نتیجے میں درآمدات کم کرے مصروفی طور پر لائی گئی تھی۔ ہر یہ ڈالر گر شدہ سہ ماہی کے دوران ذخیرہ بڑھ جانے کی وجہ سے تیل کی درآمدات کم رہیں۔ ہم پیش گوئی کر سکتے ہیں کہ درآمدات پر پاندیاں وکھر تک جاری رہیں گی، اس وقت تک درآمدات کم رہیں گی اور طمانیت کا احساس اگلے چند چینیوں تک برقرار ہے گا۔ جب یہ تمہارا تو نہ شدہ ہے کہ طلب میں اضافہ کرنٹ کا وہ خسارہ ہیں جو والے سے تمام کامیابیاں بہالے جائے گا اور یوں امکان ہے کہ مالي سال 2023 میں کرنٹ کا وہ خسارہ ہیں 14 ارب ڈالر تک جا چکنے گا۔ تاہم غالباً سادا بازاری میں مختلف خدشات کے باعث تیل کی قیمتیوں میں کمی سے کچھ فائدہ ہو سکتا ہے اور ہمارے چینیوں میں واقعی تبدیلی آتی ہے۔

مالیاتی نفڑکاہ سے، پہلی سہ ماہی کے دوران، ایف پی آر کے جمیع کردار میں 1.635 تریلیون روپے تک پہنچ گئے، جو ہدف سے 27 ارب روپے زائد تھے۔ آگے چل کر درآمدات پر مسلسل پاندیاں اور سیالب سے ہونے والی جانی کے تاثر میں حکومت کے لیے مالیاتی اسکھاں کا حصول مشکل ہو گا اور کسی بھی قسم کے مالی مسائل سے بچنے کے لیے یہ وہ ملک سے اضافی وسائل درکار ہوں گے۔

### اکیوئٹی مارکیٹ کا جائزہ

اختتام پذیر ہونے والی سہ ماہی میں اکیوئٹی مارکیٹ میں اکیوئٹی مارکیٹ روپی کا شکار میں حاصل کریں گے۔ ایم ایف سے 16 ارب ڈالر کا وہ بیرونی سرمایہ کی میں گیا، جس کا بڑی شدت سے انتظار تھا۔ مخفی کاروباری چم، جو سرمایہ کاروں کی دلچسپی میں کمی کا مظہر تھا، کے ساتھ ہی بیچ مارک کے ایس ای 100 ائمیں کیس

میں سماں ہے سماں ہے بنیادوں پر 412 پاؤنس (1%) کی کی آئی۔ یکی بنیادی طور پر معاشی بے یقینی شمول سیالاب سے ہونے والے انتصارات کے جاری تجھیں کے باعث آئی۔ اوسط یومیہ کاروباری جم میں 11.73% کی کی واقع ہوئی، جو مالی سال 2022 کی چوتھی سماں ہی کے جم 99.26 ملین ڈالر کے مقابلے میں مالی سال 2023 کی بیکاری میں گھٹ کر 23.83 ملین ڈالر ہے۔ ہم یہ کلی فری خدمت میں اس کے برکس رام جان دیکھا گیا، سرمایہ کاروں نے 16.7 ملین ڈالر مالیت کے حصہ کی خریداری کی، جن میں سے زیادہ تر کا تعلق ہے بنیادی، اور آئل اینڈ گیس ایک پوری شیشہ کنٹرول سے تھا۔

#### مُستقبل کی توقعات

اسٹیٹ بینک نے مالی سال 2022 کی دوسری ششماہی میں اپنا پالیسی ریٹ بڑھا کر 13.75% کا اس میں مزید 125bps اضافہ کر دیا۔ اس وقت پالیسی ریٹ 15.0% ہے۔ یافراطز کی بڑھتی ہوئی شرخ (جو 25% تک جا چکی ہے) اور کوتہ اکاؤنٹ خسارے کی بڑھتی ہوئی صورت حال کا جواب تھا۔

پاکستان نے بالآخر تو سعی فذیتی کے 7 ویں اور 8 ویں چائزے کے لیے آئی ایف بورڈ کی منظوری حاصل کر لی۔ سیاسی بے یقینی میں اضافے کی وجہ سے آئی ایف پروگرام کا تسلیم اور اسٹرپکر اقدامات و معیار کرکو گی کا تفاہ بددستور مسئلہ بنتے ہوئے ہیں۔ عام انتخابات کا انعقاد جون 2023 میں متوقع ہے، تاہم حزب اختلاف کے لئے گیر جلسے جاری ہیں اور وہ قابل از وقت انتخابات کا مطالبہ کر رہی ہے۔ سیالاب نے بلوچستان اور سندھ کے سعی حصے میں بنیادی چائی اور اس کی وجہ سے تین کروڑ افراد اعلیٰ مکانی پر مجبور ہو گئے۔ حالیہ غتوں کے دران بنیادی کی وسعت سامنے آنے کے بعد انتصارات کے ابتدائی تجھیں تین گناہ بڑھ کر 10 ارب ڈالر سے 30 ارب ڈالر تک جا پہنچے۔ سیالاب سے زرعی اراضی کو بھی بڑے پیمانے پر انتصاف پہنچا۔ کپاس، ہپلوں، پیاز، بٹاٹا اور دیگر اجتناس کی فصلیں متاثر ہوئی ہیں۔

آگے جل کر، مُستقبل کی توقعات کا انحصار سیاسی کی سمت، انتخابات کے وقت اور اس مشکل صورت حال میں آئی ایف پروگرام کو جاری رکھنے پر ہو گا۔ پاکستان کے بورڈ بینڈز کے سودے بددستور کم منافع پر ہو رہے ہیں۔ اشیائی تجارت کی تجھیں بددستور یادہ ہیں؛ اگرچہ بلوگر بگ کوڈیٹی انڈیکس میں حال ہی میں 20% کی آئی ہے، پھر بھی یہ قابل از وہابع سے 50% اپر ہے۔ اشیائی تجارت کی جاری مہیگانی ایروپی افکاؤنٹ میں انتظام کے کمیں امکان کو متاثر کر سکتی ہے۔

عالیٰ سطح پر مالیاتی امور میں سخت گیری کا آغاز ہو چکا ہے۔ امریکی فیڈرل ریزرو 75 بیس پاؤنس کے اضافے سے شرح سود کو 3.25% سے 3% تک کی رٹن میں لے جانے والا ہے۔ یہ 2 دنیوں میں سب سے زیادہ شرح ہے جبکہ افراطز کی شرخ 4 دنیوں میں بلند ترین سطح پر ہے۔ افراطز کی بلند شرح کے باعث دنیا بھر میں سیاسی عدم انتظام بڑھ گیا ہے۔ چین، روس اور امریکا اپنا اثر و تفویض بڑھا رہے ہیں، جس کی وجہ سے جیوبنڈیکل کشیدگی میں اضافہ ہو گیا ہے۔ تاریخی طور پر گلو بارزیش کو افراطز میں کیا گیا تھا۔ نالے وقت سمجھا جاتا رہا ہے: تاہم اب وقت ڈی گلو بارزیش، وسائل کو قومی جانے اور عوامی حکومتوں کے حق میں کروٹ لے چکا ہے۔ عالمی معیشت سے مختلف توقعات کا زیادہ تر انحصار ان قوتوں کے ایک دوسرے کے ساتھ تھا، میں الاؤائی سٹھ پر ہمہ گانی کی رفتار اور مالیاتی سخت گیری پر ہے۔

#### اظہار تکمیر

یہ بورڈ اپنے قابل قدر انویسٹر، سیکیوریٹیز اینڈ اکچیچ کیشن آف پاکستان، اسٹیٹ بینک آف پاکستان، فڈنکے ٹریسیسٹر ڈپارٹمنٹ کی پاکستان لینڈڈ اور پاکستان اسٹاک اکچیچ لینڈڈ کا، ان کے مسلسل تعاون اور مدد پر شکر گزار ہے۔ مُجہد کپنی کے ڈائریکٹر فذی ترقی اور داشمندان انتظام و انصرام کے

لیے پھر کمپنی کی ثیم کی محنت اور کاوشوں کا بھی اعتراف کرتے ہیں۔

برائے و مجاہد بورڈ

ڈائریکٹر

چیف ایگزیکیوٹیو آفیسر

تاریخ: 31 اکتوبر 2022

**Condensed Interim Statement of Assets and Liabilities**  
**As at September 30, 2022**

ASSETS	Note	September 30, 2022 (Unaudited)	June 30, 2022 (Audited)
		(Rupees)	(Rupees)
Bank balances	5	168,386,054	276,575,247
Investments	6	1,868,268,596	2,100,446,835
Dividend and other receivables		20,336,626	1,171,735
Mark-up accrued on bank balances		2,950,215	4,365,146
Advances and deposit		2,650,000	2,650,000
Receivable against investments		11,649,968	-
<b>TOTAL ASSETS</b>		<b>2,074,241,468</b>	<b>2,385,208,963</b>
<b>LIABILITIES</b>			
Payable to the Management Company	7	22,212,934	25,625,765
Remuneration payable to the Trustee		298,481	308,065
Annual Fee Payable to Securities and Exchange Commission of Pakistan		117,391	592,933
Accrued expenses and other liabilities		928,807	1,120,146
Payable against purchase of investments		-	14,561,168
<b>TOTAL LIABILITIES</b>		<b>23,557,613</b>	<b>42,208,077</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
<b>NET ASSETS</b>	10	<b>2,050,683,855</b>	<b>2,343,000,886</b>
<b>UNIT HOLDERS' FUND (as per statement of movement in unit holders' fund)</b>			
		<b>2,050,683,855</b>	<b>2,343,000,886</b>
(Number of units)			
Number of units in issue (face value: Rs 100 per unit)		<b>21,926,178</b>	<b>25,308,428</b>
(Rupees)			
Net assets value per unit		<b>93.5267</b>	<b>92.5778</b>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

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

**Chief Executive Officer**

**Chief Financial Officer**

**Director**

**Condensed Interim Income Statement (Unaudited)**  
**For the quarter ended September 30, 2022**

	Note	2022 (Rupees)	2021
<b>INCOME</b>			
Gain / (loss) on sale of held for trading investments - net		<b>21,853,805</b>	(1,711,881)
Unrealised (loss) on revaluation of held for trading investments - net	6.1	<b>(40,375,325)</b>	(243,590,405)
		<b>(18,521,520)</b>	<b>(245,302,286)</b>
Dividend income on held for trading investment		<b>55,105,367</b>	53,142,170
Return / markup on:			
- bank balances		<b>9,377,322</b>	6,074,048
-Government Securities		<b>-</b>	<b>57,225,008</b>
- Reversal of SWWF		<b>45,961,169</b>	<b>(128,861,060)</b>
<b>EXPENSES</b>			
Remuneration of the Management Company	7.1	<b>11,740,797</b>	16,098,722
Sindh Sales Tax on remuneration of the Management Company	7.2	<b>1,526,304</b>	2,092,834
Remuneration of the Trustee		<b>948,177</b>	1,194,400
Annual fee to the Securities and Exchange Commission of Pakistan		<b>118,052</b>	161,617
Auditors' remuneration		<b>135,516</b>	57,848
Fees and subscription		<b>362,696</b>	566,070
Brokerage expenses		<b>1,838,469</b>	3,078,452
Settlement charges		<b>352,119</b>	138,000
Bank and other charges		<b>1,075</b>	<b>-</b>
		<b>17,023,204</b>	23,387,943
<b>Net income / (loss) from operating activities</b>		<b>28,937,965</b>	<b>(152,249,002)</b>
<b>Net income / (loss) for the period before taxation</b>		<b>28,937,965</b>	<b>(152,249,002)</b>
Taxation	11	<b>-</b>	<b>-</b>
<b>Net income / (loss) for the period after taxation</b>		<b>28,937,965</b>	<b>(152,249,002)</b>
<b>Allocation of Net Income for the period:</b>			
Net income for the period		<b>28,937,965</b>	<b>-</b>
Income already paid on units redeemed		<b>(8,145,840)</b>	<b>-</b>
<b>Accounting income available for distribution</b>		<b>20,792,125</b>	<b>-</b>
Relating to capital gains		<b>-</b>	<b>-</b>
Excluding capital gains		<b>20,792,125</b>	<b>-</b>
<b>Accounting income available for distribution</b>		<b>20,792,125</b>	<b>-</b>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

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

**Chief Executive Officer**

**Chief Financial Officer**

**Director**

**Condensed Interim Statement of Comprehensive Income (Unaudited)**  
**For the quarter ended September 30, 2022**

	2022	2021
	(Rupees)	
Net income / (loss) for the period	<b>28,937,965</b>	(152,249,002)
Other comprehensive income for the period	-	-
<b>Total comprehensive income / (loss) for the period</b>	<b><u>28,937,965</u></b>	<b><u>(152,249,002)</u></b>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

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

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**Chief Executive Officer**

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**Chief Financial Officer**

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**Director**

**Condensed Interim Statement Of Movement In Unit Holders' Fund (Unaudited)**  
**For the quarter ended September 30, 2022**

	For the quarter ended September 30, 2022		For the quarter ended September 30, 2021	
	Capital value	Undistributed income	Total	Capital value
			(Rupees)	Undistributed income
<b>Net assets at beginning of the period</b>				
Issuance of 1,577 units (2021: 2,003,729)	2,786,190,399	(443,189,513)	2,343,000,886	3,023,016,359
- Capital value	145,151	-	145,151	249,678,359
- Element of loss	3,277	-	3,277	-
Total proceeds on issuance of units	149,228	-	149,228	249,678,359
Redemption of 3,383,826 units (2021: 596,348)	(313,267,208)	(8,145,840)	(313,267,208)	(52,859,982)
- Capital value	28,528	(8,145,840)	(8,137,016)	(52,859,982)
- Element of income	-	-	(321,404,223)	(52,859,982)
Total payments on redemption of units	(313,258,384)	-	-	-
Total comprehensive income / (loss) for the period	-	28,937,965	28,937,965	(152,249,002)
<b>Net assets as at end of the period</b>				
Undistributed income brought forward:				
- Realized income		(177,742,050)	(177,742,050)	(129,565,092)
- Unrealized income		(265,447,463)	(265,447,463)	266,222,234
Accounting income available for distribution:				
Relating to capital gains		(443,189,513)	(443,189,513)	136,654,142
Excluding capital gains		-	-	-
Net income / (loss) for the period after taxation		28,937,965	28,937,965	(152,249,002)
Undistributed income / (loss) at end of the period		(414,251,549)	(414,251,549)	(15,594,860)
Undistributed income brought forward:				
- Realized income		(373,876,224)	(373,876,224)	227,985,545
- Unrealized (loss)		(40,375,325)	(40,375,325)	(243,590,405)
Undistributed income / (loss) at end of the period		(414,251,549)	(414,251,549)	(15,594,860)
Net assets value per unit at beginning of the period			92,5778	114,5388
Net assets value per unit at end of the period			93,5267	109,2346

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

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

**Chief Executive Officer**

**Chief Financial Officer**

**Director**

**Condensed Interim Cash Flow Statement (Unaudited)**  
**For the quarter ended September 30, 2022**

	2022	2021
	(Rupees)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income / (loss) for the period	<b>28,937,965</b>	(152,249,002)
<b>Adjustments for:</b>		
(Gain) / loss on sale of held for trading investments - net	-	-
Unrealised loss on revaluation of held for trading investments - net	<b>40,375,325</b>	243,590,405
Dividend income on investment at fair value through profit or loss	<b>(55,105,367)</b>	(53,142,170)
Mark-up on bank balances - at amortised cost	<b>(9,377,322)</b>	(6,074,048)
	<b>4,830,600</b>	32,125,184
<b>Decrease / (Increase) in assets</b>		
Investments	<b>191,802,914</b>	(460,063,219)
Dividend and other receivables	<b>35,940,476</b>	14,679,881
Advances	-	13,481,699
Receivable Against Investments	<b>(11,649,968)</b>	-
Mark-up accrued on bank balances	<b>10,792,254</b>	5,987,010
	<b>226,885,676</b>	(425,914,629)
<b>(Decrease) / Increase in liabilities</b>		
Payable to the Management Company	<b>(3,412,831)</b>	(52,796)
Remuneration payable to the Trustee	<b>(9,584)</b>	(2,639)
Annual fee payable to Securities and Exchange Commission of Pakistan	<b>(475,542)</b>	(517,541)
Accrued expenses and other liabilities	<b>(191,349)</b>	(55,932,818)
Payable against purchase of investments	<b>(14,561,168)</b>	12,029,725
	<b>(18,650,474)</b>	(44,476,069)
<b>Net cash (flows) / generated from operating activities</b>	<b>213,065,802</b>	(438,265,514)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of units	<b>149,228</b>	249,678,959
Payments on redemption of units	<b>(321,404,223)</b>	(52,859,982)
<b>Net cash (used in) / generated from financing activities</b>	<b>(321,254,995)</b>	196,818,977
<b>Net decrease in cash and cash equivalents during the period</b>	<b>(108,189,193)</b>	(241,446,537)
Cash and cash equivalents at beginning of the period	<b>276,575,247</b>	401,454,771
<b>Cash and cash equivalents at end of the period</b>	<b>168,386,054</b>	160,008,234

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

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

Chief Executive Officer

Chief Financial Officer

Director

**Notes to the Condensed Interim Financial Statements (Unaudited)**  
**For the quarter ended September 30, 2022**

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

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

The Fund is categorised as "Equity Scheme" as per the Circular 07 of 2009 issued by Securities and Exchange Commission of Pakistan (SECP) and it primarily invests in listed equity securities and other avenues of investment, which include cash or near cash instruments, cash in bank accounts (excluding TDR) and treasury bills not exceeding 90 days maturity and any other investment authorised by SECP.

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

- 1.4 The Pakistan Credit Rating Agency Limited (PACRA) has maintained asset manager rating of the Company to AM2+ (stable outlook), on August 26, 2022.

On July 27, 2022, PACRA assigned following rankings to the Fund based on the performance review for the period ended September 30, 2022 (trailing 12 months for 1 Year ranking, trailing 36 months for 3 Year ranking, and trailing 60 months for 5 Year ranking.)

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

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

These condensed interim 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) and requirements of the Trust Deed.

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

- 2.2 This condensed interim financial information do not include all the information required for a complete set of annual financial statements and should be read in conjunction with the latest annual financial statements as at and for the year ended 30 June 2022. However, selected explanatory notes are included to explain events and transactions that are significant.
- 2.3 This condensed interim financial information is being submitted to the unit holders as required under Regulation 38 (g) of the Non-Banking Finance Companies and notified Entities Regulations, 2008 (NBFC Regulations) and are unaudited.

In compliance with schedule V of the NBFC Regulations the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at September 30, 2022.

**2.4 Basis of measurement**

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

**2.5 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.

**2.6 Significant judgement and estimates**

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the year ended June 30, 2022.

**3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial informations are the same as those applied in the preparation of the financial statements as at and for the year ended June 30, 2022.

**4 FINANCIAL RISK MANAGEMENT**

The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements for the year ended 30 June 2022.

		Note	September 30, 2022 (Unaudited)	June 30, 2022 (Audited) (Rupees)
<b>5</b>	<b>BANK BALANCES</b>			
	In profit and loss sharing accounts	5.1	<b>168,378,351</b>	276,567,544
	Current Account		<b>7,703</b>	7,703
			<b>168,386,054</b>	<b>276,575,247</b>
5.1	These accounts carry profit at the rates of 6.50% to 16.24% (June 30, 2022: 6.50% to 16.24%) per annum.			
<b>6</b>	<b>INVESTMENTS</b>			
	At fair value through profit or loss			
	- held for trading			
	Listed equity securities	6.1	<b>1,868,268,596</b>	<b>2,100,446,835</b>

**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

Name of investee company	Holding as at July 01, 2022	Purchased during the period	Number of Shares	Period ended September 30, 2022				Market value as percentage of total investments	Market value as percentage of net assets	Par value of shares held as a percentage of total paid up capital of the investee company (%)	
				Bonus shares / letter of right received during the period	Disposed during the period	Holding as at September 30, 2022	Carrying value as of September 30, 2022				
<b>Commercial Banks</b>											
Bank Alfalah Limited	1,147,890	437,000	-	29,010	1,555,880	49,831,860	48,450,103	(1,381,757)	2.59	2.36	
Faysal Bank Limited	547,200	-	-	128,000	547,000	12,613,820	14,402,510	5,470,000	0.77	0.04	
Habib Bank Limited	712,636	-	-	41,569	584,636	53,400,652	40,754,976	(12,645,676)	2.18	1.99	
MCB Bank Limited	879,644	-	-	233,311	68,953	103,066,464	100,158,343	(2,006,121)	5.36	4.88	
Meezan Bank Limited	815,695	-	81,569	-	68,194,047	72,868,842	4,674,795	3.90	3.55	0.03	
United Bank Limited	1,317,932	35,700	-	23,318	1,330,214	150,547,562	152,828,286	2,280,724	8.18	7.45	
<b>Chemicals</b>											
Euro Polymer & Chemicals Limited	458,400	117,200	-	291,470	284,130	21,753,785	15,578,848	(6,174,937)	0.83	0.76	
Descon Dychem Limited	1,310,000	-	-	170,500	1,139,500	17,890,150	23,975,080	6,084,930	1.28	1.17	
<b>Fertilizers</b>											
Ergo Corporation Limited (6.1.1)	222,706	247,971	-	178,917	291,860	72,850,482	67,573,427	(6,726,055)	3.62	3.20	
Ergo Fertilizer Company Limited	1,040,506	505,730	-	-	1,576,336	131,741,372	122,777,933	(14,665,439)	6.58	6.00	
Fuji Fertilizer Company Limited	870,273	339,380	-	-	1,210,153	133,716,969	122,600,600	(10,160,359)	6.56	0.01	
<b>Pharma &amp; Bio Tech</b>											
Ferosons Laboratories Limited (6.1.2)	141,100	-	15,540	64,700	91,940	20,602,988	18,388,919	(2,214,659)	0.98	0.90	
The Searf Company Limited (6.1.2)	162,175	-	-	154,260	7,915	862,893	804,639	(58,254)	2.12	1.93	
<b>Textile Composite</b>											
Kohinoor Textile Mills Limited	13,000	-	-	13,000	-	83,147	5,071,967	5,234,104	-	-	
Interloop Pakistan Limited	342,937	-	-	456,789	171,029	5,782,490	5,149,683	(632,807)	0.28	0.26	
Gu Ahmed Textile Mills Limited	627,818	-	-	120,951	107,443	7,941,112	7,319,017	(622,095)	0.39	0.25	
Nishat Mills Limited	228,394	-	-	-	-	<b>18,795,570</b>	<b>17,702,804</b>	<b>(1,092,766)</b>	<b>0.95</b>	<b>0.26</b>	
<b>Cement</b>											
Lucky Cement Company Limited (6.1.2)	114,318	60,000	-	124,700	49,618	21,825,251	24,638,314	2,813,063	1.32	1.20	
Kohat Cement Company Limited	132,000	-	-	91,800	52,312,26	6,432,000	1,200,774	0.34	0.31	0.00	
D.G. Khan Cement Company Limited	474,300	-	-	622,224	23,059	1,380,943	1,397,837	16,894	0.07	0.01	
Maple Leaf Cement Factory Limited	1,873,417	-	-	791,744	1,081,673	29,583,757	30,135,410	551,653	1.61	1.47	
Pioneer Cement Limited	156,300	-	-	338,570	-	-	-	-	-	0.00	
Chera Cement Company Limited	177,947	-	-	177,947	-	52,500	22,817,905	24,366,245	1.548,250	1.30	
Fauji Cement Company Limited	1,368,500	309,500	-	-	-	<b>80,839,172</b>	<b>86,565,806</b>	<b>6,130,234</b>	<b>4.66</b>	<b>3.05</b>	
<b>Power Generation &amp; Distribution</b>											
Hub Power Company Limited	1,121,665	100,000	-	93,200	1,128,465	76,909,978	78,960,968	1,981,010	4.22	3.85	
<b>Oil and Gas Exploration Companies</b>						<b>76,909,978</b>	<b>78,960,968</b>	<b>1,981,010</b>	<b>4.22</b>	<b>3.85</b>	
Oil and Gas Development Company Limited (6.1.1)	58,502	52,728	-	-	3,300	107,930	185,402,104	168,889,943	(16,512,161)	9.04	8.24
Sur Northern Gas Pipelines Limited	1,239,552	-	-	-	104,250	1,135,302	89,314,208	85,965,067	(3,349,141)	4.60	4.19
Pakistan Oilfield Limited	903,673	888,500	-	-	1,167,473	584,700	39,233,643	39,250,442	(6,16,995)	6.52	5.94
Pakistan Petroleum Limited (6.1.1)	288,796	68,328	-	-	8,300	1,181,183	141,282,295	121,781,435	(19,500,860)	3.89	3.54
	1,280,333	-	-	99,150	-	<b>534,973,915</b>	<b>488,470,582</b>	<b>(46,503,333)</b>	<b>26.15</b>	<b>23.82</b>	



# LAKSON INVESTMENTS

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## LAKSON EQUITY FUND

Total as at September 30, 2022

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

	<b>September 30 2022</b>	<b>June 30 2022</b>	<b>September 30 2022</b>	<b>June 30 2022</b>
	<b>-----(Number of shares)-----</b>		<b>-----(Rupees)-----</b>	
Engro Corporation Limited	<b>160,000</b>	160,000	<b>37,043,200</b>	41,134,400
Oil and Gas Development Company Limited	<b>70,000</b>	70,000	<b>5,300,400</b>	5,506,900
Pakistan Petroleum Limited	<b>330,000</b>	330,000	<b>30,379,800</b>	133,917,300
	<b>560,000</b>	560,000	<b>93,001,900</b>	81,537,700

6.1.2 These investments include gross bonus shares as per Fund's entitlement declared by the investee companies. Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5% is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other Asset Management Companies and Mutual Fund Association of Pakistan, has filed a petition in Honorable High Court of Sindh to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Honorable High Court of Sindh has granted stay order till the final outcome of the case. However, the investee companies has withheld the share equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs.3.643 million at June 30, 2022(June 30, 2021: Rs. 12.56 million) and not yet deposited on CDC account of department of Income Tax. Management is of the view that the decision will be in favor of the Fund and accordingly has recorded the bonus shares on gross basis at fair value of its investments.

	<b>September 30, 2022</b>	<b>June 30, 2022</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
		<b>(Rupees)</b>
<b>7 PAYABLE TO THE MANAGEMENT COMPANY</b>	<b>Note</b>	
Remuneration payable to the Management Company	7.1	<b>911,572</b>
Sindh Sales Tax on Management Company's remuneration		<b>2,817,931</b>
Federal Excise Duty on Management Company's remuneration	7.2	<b>18,483,430</b>
Sales load payable to the Management Company		<b>-</b>
		<b>64,598</b>
	<b>22,212,934</b>	<b>25,625,765</b>

7.1 Under the provisions of Non-Banking Finance Companies and Notified Entities Regulations 2008, an Asset Management Company shall be entitled to remuneration equal to an amount not exceeding 2% of average annual net assets. Management Company has charged remuneration at 2% per annum based on the daily net assets of the Fund during the period ended 30 September 2022. Remuneration is paid to the Management company in arrears on a monthly basis.

The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (2020: 13%) on Management Company's remuneration. Above liability includes Rs. 2,699,429 (30 June 2022: Rs. 2,699,429) accrued on Federal Excise Duty (FED) on the management remuneration as more

fully explained in note 7.3 below. Had the provision on FED not been made, Net Asset Value per unit of the Fund as at 30 September 2022 would have been higher by Re. 0.1231 (30 June 2022: Re. 0.5318) per unit. The amount is payable to the management company for onwards payment to the Government

- 7.2 As per the requirements of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Management Company has been applied effective from 13 June 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan with the Sindh High Court (SHC) on 4 September 2013.

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

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

However, since the appeal is pending in the Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period up to 30 June 2016 aggregating to Rs. 18.483 million. Had the provision not been made, NAV per unit of the Fund as at 30 September 2022 would have been higher by Re. 0.8430 (30 June 2022: Re. 0.8430) per unit.

		Note	September 30, 2022 (Unaudited)	June 30, 2022 (Audited)
			(Rupees)	
<b>8</b>	<b>ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
	Withholding tax payable		<b>174,684</b>	-
	Auditors' remuneration		<b>135,516</b>	329,477
	Fee payable to National Clearing Company of Pakistan Limited		<b>149,444</b>	90,000
	Payable against Professional tax fee		<b>468,508</b>	660,709
	Other liabilities		<b>655</b>	39,960
			<b>928,807</b>	<b>1,120,146</b>

**9 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 quarter ended September 30, 2022 is 2.64% which includes 0.34% representing government levies (comprising of Workers Welfare Fund and SECP fee, etc.). As per NBFC Regulation the total expense ratio of the Asset Allocation Scheme shall be capped up to 4.5% (Sep 30, 2021: 4.50%).

**10 CONTINGENCIES AND COMMITMENTS**

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

**11 TAXATION**

The Fund's income is exempt from Income Tax as per clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. 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 management intends to distribute atleast 90% of the income earned by the year end by this Fund 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. Accordingly, no provision has been made in this condensed interim financial statement.

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

Connected persons / related parties include Lakson Investments Limited being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the trustee, Habib Bank AG Zurich Switzerland being the Custodian, Siza Services (Private) Limited being holding company of the Management Company, associated companies of the Management Company and the holding company, key management personnel, other funds being managed by the Management Company and entities having holding 10% or more in the units of the Fund as at 30 September 2021. It also includes staffretirement funds of the above related parties / connected persons.

Remuneration to the Management Company and the Trustee is determined in accordance with the provisions of NBFC Regulations and the Trust Deed respectively. Other transactions are in normal course of business, at contracted rates and terms determined in accordance with the market rates.

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

	September 30, 2022 (Unaudited)	June 30, 2022 (Audited) (Rupees)
<b>12.1 Balance as at period / year ended</b>		
<b>Lakson Investments Limited - Management Company of the Fund</b>		
Remuneration payable	911,572	3,874,610
Sindh Sales Tax payable on Management Company's remuneration*	2,817,931	3,203,127
Federal Excise Duty	18,483,430	18,483,430
Sales load payable	-	64,598
<b>Central Depository Company of Pakistan Limited - Trustee of the Fund</b>		
Remuneration payable	264,143	272,624
Sindh Sales Tax payable on Trustee remuneration*	34,339	35,441
Security deposit	100,000	100,000

\* Sales tax and FED is paid / payable to the management company for onward payment to the Government.

	Quarter ended September 30,	
	2022	2021
12.2 Transactions during the period	(Unaudited) (Rupees)	
<b>Lakson Investments Limited - Management Company of the Fund</b>		
Remuneration to the Management Company	<u>11,740,797</u>	<u>16,098,722</u>
Sindh sales tax on remuneration of Management Company *	<u>1,526,304</u>	<u>2,092,834</u>
<b>Central Depository Company of Pakistan Limited - Trustee of the Fund</b>		
Remuneration to the Trustee	<u>839,095</u>	<u>1,056,991</u>
Sindh Sales Tax on Trustee remuneration*	<u>109,082</u>	<u>137,409</u>

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**LAKSON EQUITY FUND**

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

	Quarter ended September 30, 2022						Balance at the Year ended 30 September 2022 (Investment at current NAV)
	Number of Units		Rupees		Units issued during the year		
	Number of units as at 01 July 2022	Units issued during the year	Units redeemed during the year	Number of holdings at the year ended 30 September 2022	Balance as at July 01, 2021	Units issued during the year	Units redeemed during the year
Lakson Investments Limited - Management Company of the Fund	-	-	-	-	160,388,776	-	-
Directors, Chief Executive and their spouse and minors	5,398,402	119	1,766,042	3,632,719	794,095,573	35,261,598	36,980,000
Other key management personnel	40,418	1,052	-	41,469	6,237,167	-	3,878,483
<b>Associated companies / undertakings of the Management Company</b>							
Accuray Surgical Limited / Employees Contributory Provident Fund	38,322	6,307	32,015	3,547,751	-	-	-
Century Insurance Co. Ltd. - GEF	44,407	7,391	37,015	4,111,090	-	-	-
Century Insurance Company Limited	-	-	-	-	695,000	3,461,937	-
Century Insurance Company Limited Employees Contributory Provident Fund Trust	56,457	8,880	47,577	5,226,652	-	-	-
Century Paper & Board Mills Limited ECPF	524,848	86,144	438,704	48,389,298	-	-	-
Century Paper & Board Mills Limited EGF	482,065	80,188	401,876	44,628,471	-	-	-
Colgate Palmolive Pakistan Limited ECPF	495,962	78,646	417,315	45,915,040	-	-	-
Colgate Palmolive Pakistan Limited EGF	546,010	93,769	452,441	50,348,430	-	-	-
Cyber Internet Services (Pvt.) Ltd. Empi. CPFT	244,803	40,945	203,857	22,663,278	-	-	-
Gam Corporation Private Limited Employees Contributory Provident Fund	148,497	24,418	124,079	13,747,316	-	-	-
Hasanali Karabhai Foundation ECPF Trust	7,370	1,106	6,264	682,343	-	-	-
Lakson Business Solutions Limited Employees Contributory Provident Fund Trust	1,283	-	-	1,283	-	-	-
Lakson Investments Limited ECPF	36,940	5,158	31,782	3,419,801	-	-	-
Merit Packaging Limited Employees Contributory Provident Fund Trust	65,549	10,422	55,127	6,068,320	-	-	-
Merit Packaging Limited Employees Gratuity Fund	33,251	5,477	27,773	3,078,259	-	-	-
Premier Fashions Private Limited	-	-	-	-	-	-	-
Princeton Travels Private Limited Employees Contributory Provident Fund Trust	-	-	-	-	-	-	-
Siza Commodities Private Limited	677,711	-	-	677,711	62,741,012	-	-
Siza Foods Private Limited Employees Contributory Provident Fund Trust	137,120	22,493	114,526	12,594,235	-	-	-
Siza Private Limited	-	380	380	-	-	-	-
Siza Services Private Limited	637,853	637,853	-	59,051,035	35,733	60,718,598	-
Siza Services Private Limited Employees Contributory Provident Fund Trust	27,622	4,733	22,989	2,057,144	-	-	-
Sybird (Private) Limited ECPF	54,472	8,933	45,539	5,042,921	-	-	-
<b>Holding more than 10% units</b>							
Bashir Dawood	3,080,034	-	-	3,080,034	285,142,758	-	-
Sindh General Provident Investment Fund	3,879,598	-	-	3,879,598	-	288,055,402	-
Sindh Province Pension Fund	5,695,581	-	-	5,695,581	-	362,845,981	-
						527,077,296	-

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## LAKSON EQUITY FUND

Quarter ended September 30, 2021						Rupees		
Number of units as at 01 July 2021	Number of Units issued during the year	Units redeemed during the year	Number of holdings at the year ended 30 September 2021	Balance as at July 01, 2021	Units issued during the year	Units redeemed during the year	Balance at the year ended 30 September 2021 Investment at current NAV	
1,400,301	-	-	1,400,301	160,388,776	794,095,573	33,261,598	36,980,000	152,961,301
6,932,983	298,705	321,479	6,910,029	54,455	6,237,167	-	-	5,948,329
<b>54,455</b>	<b>-</b>	<b>-</b>	<b>54,455</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Associated companies / undertakings of the Management Company</b>								
Accury Surgical Limited Employees Contributory Provident Fund	17,002	18,688	35,690	1,947,366	2,135,000	-	-	3,898,573
Century Insurance Co. Ltd. G/F	16,250	18,032	34,782	1,861,244	2,092,183	-	-	3,744,805
Century Insurance Company Limited	992,361	227,257	1,219,618	113,663,881	25,000,000	-	-	133,224,528
Century Insurance Company Limited Employees Contributory Provident Fund Trust	19,698	21,844	41,542	2,256,140	2,496,000	-	-	4,537,826
Century Paper & Board Mills Limited ECPFT	225,120	249,947	475,067	25,784,980	28,560,000	-	-	51,833,793
Century Paper & Board Mills Limited EGF	198,338	220,218	418,556	22,717,359	25,163,000	-	-	45,720,769
Colgate Palmolive Pakistan Limited ECPFT	235,216	261,124	496,240	26,941,382	29,837,000	-	-	54,217,527
Colgate Palmolive Pakistan Limited EGF	263,795	293,004	556,798	30,214,712	33,480,000	-	-	60,821,630
Cyber Internet Services (Pvt. Ltd. Empl. CPFT	104,561	116,125	220,686	11,376,326	13,269,000	-	-	24,106,585
Gam Corporation Private Limited Employees Contributory Provident Fund	69,779	77,487	147,766	7,992,124	8,990,427	-	-	16,086,561
Hasanali Karabhai Foundation ECPFT Trust	3,161	3,464	6,625	362,059	401,864	-	-	723,690
Lakson Business Solutions Limited Employees Contributory Provident Fund Trust	1,283	-	1,283	146,902	-	-	-	140,099
Lakson Investments Limited ECPFT	31,132	-	31,132	3,365,877	-	-	-	3,400,744
Merit Packaging Limited Employees Contributory Provident Fund Trust	23,733	11,879	35,513	2,718,388	2,409,274	-	-	3,890,122
Merit Packaging Limited Employees Gratuity Fund	13,488	14,905	28,394	1,544,939	1,721,452	-	-	3,101,555
Siza Commodities Private Limited	2,076,328	3,420	-	2,079,748	23,772,082	388,767	-	227,180,449
Siza Foods Private Limited Employees Contributory Provident Fund Trust	60,021	66,578	-	126,600	6,874,780	7,701,464	-	13,829,087
Siza Private Limited	468,327	1,610	-	469,938	53,641,651	183,047	-	51,333,466
Siza Services Private Limited	637,853	-	-	637,553	73,953,926	-	-	69,675,626
Siza Services Private Limited Employees Contributory Provident Fund Trust	11,936	13,216	-	25,152	1,367,158	1,531,780	-	2,747,474
Sybird (Private) Limited ECPFT	24,077	26,675	-	50,752	2,757,799	3,047,877	-	5,543,907
Holding more than 10% units								
Bashir Dawood	3,080,034	-	-	3,080,034	352,783,382	-	-	336,446,266
Sindh General Provident Investment Fund	3,879,588	-	-	3,879,588	444,164,479	-	-	423,786,316
Sindh Province Pension Fund	5,635,581	-	-	5,635,581	645,492,589	-	-	615,600,440

### 13 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the assets or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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

Investments of the Fund carried at fair value are categorised as follows:

As at September 30, 2022				
----- Un-audited -----				
	Level 1	Level 2	Level 3	Total
----- Rupees -----				
Financial assets at fair value through profit and loss account				
	<u>1,868,268,596</u>	-	-	<u>1,868,268,596</u>
As at June 30, 2022				
----- Audited -----				
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss account				
	<u>2,100,446,835</u>	-	-	<u>2,100,446,835</u>

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**14 GENERAL**

- 14.1 Figures have been rounded off to the nearest rupee.
- 14.2 Figures have been rounded off to the nearest ruppee

**15 DATE OF AUTHORIZATION OF ISSUE**

This condensed interim financial statements were authorized for issue by Board of Directors of the Management Company on October 31, 2022

For Lakson Investments Limited  
(Management Company)

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Chief Executive Officer

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Chief Financial Officer

---

Director



A Lakson Group Company

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