

LAKSON INCOME FUND  
Quarterly Report (September 30, 2022)



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

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**Fund's Information**

<b>Management Company</b>	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: <a href="http://www.li.com.pk">www.li.com.pk</a> E-mail: <a href="mailto:info@li.com.pk">info@li.com.pk</a>
<b>Board of Directors of the Management Company</b>	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
<b>Chief Financial Officer &amp; Company Secretary of the Management Company</b>	Mr. Junaid Arshad
<b>Audit Committee</b>	Mr. Jacques John Visser - Chairman Mr. Amin Mohammed Lakhani Mr. Iqbal Ali Lakhani Mr. Jamil Ahmed Mughal
<b>Human Resource and Remuneration Committee</b>	Mr. Babar Ali Lakhani Mr. Iqbal Ali Lakhani
<b>Trustee</b>	Central Depository Company of Pakistan Limited CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi, Pakistan.
<b>Auditors</b>	Yousuf Adil Chartered Accountants Cavish Court, A-35 Shahrah-e-Faisal, K.C.H.S.U Block 7 & 8 Bangalore Town, Karachi, Pakistan.

**Bankers to the Fund**

AlBaraka Bank Pakistan limited  
 Allied Bank Limited  
 Askari Bank Limited  
 Bank Al-Falah Limited  
 Faysal Bank Limited  
 FINCA Microfinance Bank Limited  
 Habib Bank Limited  
 Habib Metropolitan Bank Limited  
 JS Bank Limited  
 National Bank of Pakistan  
 MCB Bank Limited  
 Silk Bank Limited  
 Sindh Bank Limited  
 Soneri Bank Limited  
 Telenor Microfinance Bank Limited  
 United Bank Limited  
 U Microfinance Bank Limited  
 NRSP Microfinance Bank Limited  
 Mobilink Microfinance Bank Limited

**Legal Adviser**

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

**Registrar**

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

**Distributors**

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

**Rating by PACRA**

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

## **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 Income Fund ("LIF") is pleased to submit its review report together with Condensed Interim Financial Information for the period ended September 30, 2022.

### **Fund Objective**

The investment objective of the Scheme is to provide competitive total returns through investment in a diversified portfolio of fixed income securities. The Scheme shall invest in various fixed income securities with a mix of short term, medium term, and longer-term maturities depending on the assessment by the Management Company of interest rate trends and prospective returns.

### **Principal activities**

The Fund is an open-end income fund and is listed on Pakistan Stock Exchange Limited. LIF invests in Investment-grade Debt Securities, Government Securities, Certificate of Investments, Clean Placements, Term Deposit Receipts, and other fixed income instruments. The overall duration of the portfolio is kept below 4 years while at least 25% of Net Assets are kept in the form of cash or Treasury Bills of maximum 90 days maturity. LIF is managed through a team-driven, top-down process utilizing active sector rotation, duration, and yield curve management. Economic conditions are constantly monitored to forecast interest rate changes. The added value for LIF comes from identifying opportunities to shift investments between various maturities and between different instruments. LIF is allowed to borrow up to 15% of Net Assets to meet redemptions however LIF did not utilize this facility during the period under review.

### **Fund performance**

The LIF yielded an annualized return of 12.31% in the 1QFY23 against the benchmark return of 15.90% p.a. The LIF underperformed by -3.59%. As of September 30, 2022, the LIF portfolio was invested 23.3% in cash, 58.4% in TFCs/Sukuks, 13.4% in PIBs, and 4.9% in others while the weighted average maturity of the LIF portfolio stood at 1829 days. The fund size of the LIF As of September 30, 2022 is PKR 1,456 million.

### **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.

#### **Fixed Income Market Review**

In 1QFY23, the State Bank of Pakistan kept the benchmark policy rate unchanged at 15.0%. The current stance was taken in lieu of a continued deceleration in economic activity as well as a decline in headline inflation and current account deficit. During the quarter, Kibor rates inched up by c.60bps QoQ to 15.77%, 15.91% and 16.21% for 3M, 6M and 12M rates. T-bill yields also increased by c.1% QoQ with 3M/6M/12M rates clocking in at 15.97%/15.95%/15.98%. On the flip side, PIB yields saw a decrease for the 3 Year and 10 Year tenor.

#### **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.



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**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**

### لیکسن انکم فنڈ

30 ستمبر 2022 کو ختم ہونے والی سرمایہ کے لیے

مینجمنٹ کمپنی کے ڈائریکٹرز کی جائزہ رپورٹ

لیکسن انکم فنڈ ("LIF") یا فنڈ کی مینجمنٹ کمپنی، لکسن انویسٹمنٹس لمیٹڈ کے بورڈ آف ڈائریکٹرز کے لیے 30 ستمبر 2022 کو ختم ہونے والی سرمایہ کے لیے اپنی جائزہ رپورٹ مع مختصر عبوری مالیاتی گوشوارے پیش کرنا باعث مسرت ہے۔

#### فنڈ کا مقصد

اس اسکیم کی انویسٹمنٹ کا مقصد فکسڈ انکم سیکورٹیز کے متنوع پورٹ فولیو میں انویسٹمنٹ کے ذریعے مساوی مجموعی منافع جات فراہم کرنا ہے۔ یہ اسکیم مینجمنٹ کمپنی کی طرف سے انٹرسٹ ریٹ ٹریڈز اور ممکنہ منافع جات کے حوالے سے مینجمنٹ کمپنی کی تشخیص کے لحاظ سے مختصر مدتی، وسط مدتی اور طویل مدتی میچورٹیز کے امتزاج کے ساتھ مختلف فکسڈ انکم سیکورٹیز میں سرمایہ کاری کرے گی۔

#### نمایاں سرگرمیاں

LIF ایک اوپن اینڈ انکم فنڈ ہے اور پاکستان اسٹاک ایکسچینج لمیٹڈ میں لسٹڈ ہے۔ LIF انویسٹمنٹ گریڈڈ ریٹ سیکورٹیز، گورنمنٹ سیکورٹیز، سرٹیفیکیٹس آف انویسٹمنٹ، Clean Placements، ٹرم ڈپازٹ ریٹس اور دیگر فکسڈ انکم انسٹرومنٹس میں سرمایہ کاری کرتا ہے۔ پورٹ فولیو کا مجموعی دورانیہ 4 سال سے کم رکھا جاتا ہے اور خالص اثاثہ جات کا کم از کم 25% کیش یا زیادہ سے زیادہ 90 دن کی میچورٹی والے ٹریڈز کی شکل میں رکھا جاتا ہے۔ LIF کا نظم و نسق ٹیم کے بل پر پیش قدمی کرنے والی، اوپر سے نیچے تک شعبوں کی تواتر سے استعمال کے عمل کو استعمال کرنے والی، دورانیے اور پیداوار میں توازن پر یقین رکھنے والی مینجمنٹ چلاتی ہے۔ انٹرسٹ ریٹ میں تبدیلیوں کی پیش گوئی کے لیے معاشی صورت حال کی مسلسل نگرانی کی جاتی ہے۔ LIF کی قدروقیمت میں اصل اضافہ مختلف میچورٹیز اور مختلف انسٹرومنٹس کے درمیان انویسٹمنٹس کی منتقلی کے مواقع کی شناخت سے آتا ہے۔ LIF کوریڈر میپشن کی تکمیل کے لیے خالص اثاثوں کے 15% تک قرض لینے کی اجازت ہے، تاہم LIF نے اس سہولت کو زیر جائزہ مدت کے دوران استعمال نہیں کیا۔

#### فنڈ کی کارکردگی

LIF نے سالانہ بیچ مارک منافع 15.90% کے مقابلے میں مالی سال 2023 کی پہلی سرمایہ میں 12.31% سالانہ منافع حاصل کیا۔ LIF نے 3.59% کم تر کارکردگی کا مظاہرہ کیا۔ 30 ستمبر 2022 کے مطابق LIF پورٹ فولیو کے 23.3% کیش میں، 58.4% TFCs/سکوکس میں، 13.4% PIBs میں اور 4.9% دیگر میں سرمایہ کاری کی گئی، جبکہ LIF پورٹ فولیو کی تجدید شدہ اوسط میچورٹی 1829 دن ہے۔ 30 ستمبر 2022 کے مطابق LIF کے فنڈ کا حجم 1,456 ملین روپے ہے۔



### فی شیئر آمدنی (EPU)

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

### معاشی جائزہ

مالی سال 2023 کا آغاز مشکل صورتحال سے ہوا کیونکہ نیکیرو اکنامک معاملات بدستور تشویشناک تھے، ڈالر کے مقابلے میں روپے کی شرح مبادلہ سہ ماہی پہ 11.5% کمی کے ساتھ 228.5 پر بند ہوئی تھی۔ آئی ایم ایف کے ساتھ اسٹاف لیول 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 ضمنی انتخابات کے بعد سیاسی شورش راہ میں اضافے، سیلاب سے اراضی اور فصلوں کی تباہی اور اب تک کے سب سے زیادہ آئل اپپورٹ ہل سے سرمایہ کاری کی حوصلہ شکنی ہوئی اور انٹر بینک کرنسی مارکیٹ پر دباؤ آیا۔ اس کے نتیجے میں ہمارے زرمبادلہ ذخائر 8.8 ارب ڈالر کے رہ گئے، جو محض 6 ہفتوں کی درآمدات کیلئے کافی تھے۔

حالیہ سیلاب سے جہاں اموات ہوئیں اور لوگ زخمی ہوئے، وہاں بنیادی ڈھانچے کو بھی کافی نقصان پہنچا۔ تازہ ترین تخمینوں میں نقصانات کا اندازہ 30 ارب ڈالر سے زائد لگایا گیا ہے جو کہ پاکستان کی جی ڈی پی کے 10% سے زیادہ ہے۔ بالخصوص کپاس اور چاول کی فصلوں کو پہنچنے والا نقصان ہمارے تجارتی خسارے پر منفی اثر ڈالے گا جبکہ ہزیوں اور پھلوں کی پیداوار متاثر ہونے کے باعث اشیائے خوراک کی قیمتیں بڑھ گئیں۔

سی آئی بی ایف افراط زر کی شرح اگست میں بڑھ کر 27.3% تک جا پہنچی، جو مئی 1975 کے بعد کسی ایک مہینے میں ریکارڈ کی جانے والی سب سے اونچی شرح تھی۔ سہ ماہی کے اختتام پر یہ شرح 23.2 پر آگئی۔ افراط زر کی شرح نیچے آنے کی وجہ بنیادی طور پر انتظامی مداخلت کے نتیجے میں بجلی کے نرخوں میں ہونے والی کمی تھی جبکہ کوراؤ اور فوڈ افراط زر میں مزید اضافہ ہوا۔ سیلاب کے باعث رسد متاثر ہونے سے اشیائے خوراک کی قیمتیں بڑھنے کے نتیجے میں آنے والے مہینوں میں ہیڈ لائن افراط زر پر اضافی دباؤ خدشہ ہے۔ ہم مالی سال 2023 میں افراط زر کی اوسط شرح 26.3% رہنے کی توقع کرتے ہیں، آنے والے مہینوں میں افراط زر کی شرح سب سے زیادہ رہنے کا امکان ہے۔

بیرونی محاذ پر، مالی سال 2023 کی پہلی سہ ماہی کے دوران، درآمدات سال بہ سال 12.7% کمی کے ساتھ 16.3 ارب ڈالر ہیں جبکہ برآمدات 1.8% اضافے کے ساتھ 17 ارب ڈالر ہو گئیں۔ نتیجے کے طور پر کرنٹ اکاؤنٹ خسارہ اگست میں مسلسل دوسرے ماہ کی کے ساتھ محض 0.7 ارب ڈالر رہ گیا، جولائی کے مقابلے میں تقریباً نصف۔ تاہم یہ بات مد نظر رکھنا بھی اہم ہے کہ کرنٹ اکاؤنٹ خسارے میں یہ بہتری مذاکرات اور ایل سی کے اجراء میں انتہائی احتیاط برتنے کے نتیجے میں درآمدات کم کر کے مصنوعی طور پر لائی گئی تھی۔ مزید برآں گزشتہ سہ ماہی کے دوران ذخائر بڑھ جانے کی وجہ سے تیل کی درآمدات کم رہیں۔ ہم پیش گوئی کر سکتے ہیں کہ درآمدات پر پابندیاں دسمبر تک جاری رہیں گی، اس وقت تک درآمدات کم رہیں گی اور طمانیت کا احساس اگلے چند مہینوں تک برقرار رہے گا۔ جب یہ ختم ہوگا تو خدشہ ہے کہ طلب میں اضافہ کرنٹ اکاؤنٹ بیلنس کے حوالے سے تمام کامیابیاں بہالے جائے گا اور یوں امکان ہے کہ مالی سال 2023 میں کرنٹ اکاؤنٹ خسارہ بیلنس 14 ارب ڈالر تک جا پہنچے گا۔ تاہم عالمی کساد بازاری سے متعلق خدشات کے باعث تیل کی قیمتوں میں کمی سے کچھ فائدہ ہو سکتا ہے اور ہمارے تخمینوں میں واقعتاً تبدیلی آ سکتی ہے۔

مالیاتی نقطہ نگاہ سے، پہلی سہ ماہی کے دوران، ایف بی آر کے جمع کردہ محصولات 1.635 ٹریلین روپے تک پہنچ گئے، جو ہدف سے 27 ارب روپے زائد تھے۔ آگے چل کر درآمدات پر مسلسل پابندیوں اور سیلاب سے ہونے والی تباہی کے تناظر میں حکومت کے لیے مالیاتی استحکام کا حصول مشکل ہوگا اور کسی بھی قسم کے مالی مسائل سے بچنے کے لیے بیرون ملک سے اضافی وسائل درکار ہوں گے۔

### فلسفہ انکم مارکیٹ کا جائزہ

مالی سال 2023 کی پہلی سہ ماہی میں، اسٹیٹ بینک آف پاکستان نے شرح سود کی تبدیلی کے بغیر 15% پر برقرار رکھی۔ یہ اقدام معاشی سرگرمی میں مسلسل سست روی کے ساتھ ساتھ ہیڈ لائن افراط زر میں کمی اور کرنٹ اکاؤنٹ خسارے کے پیش نظر کیا گیا۔ سہ ماہی کے دوران، 3 ماہ، 6 ماہ اور 12 ماہ کی میعاد کے لیے Kibor کی سہ ماہی بہ سہ ماہی شرح c.60bps بڑھ کر بالترتیب 15.77%، 15.91% اور 16.21% ہو گئی۔ T-bill منافع جات میں بھی سہ ماہی بہ سہ ماہی 1% اضافہ ہوا اور 3 ماہ، 6 ماہ اور 12 ماہ کی میعاد کے لیے شرح بالترتیب 15.97%، 15.95% اور 15.98% ہو گئی۔ اس کے برعکس، 3 سالہ اور 10 سالہ میعاد کے لیے PIB کے منافع جات میں کمی واقع ہوئی۔

### مستقبل کی توقعات

اسٹیٹ بینک نے مالی سال 2022 کی دوسری ششماہی میں اپنا پالیسی ریٹ بڑھا کر 13.75% کر دیا اور جولائی میں اس میں مزید 125bps کا اضافہ کر دیا۔ اس وقت پالیسی ریٹ 15.0% ہے۔ یہ افراط زر کی بڑھتی ہوئی شرح (جو 25% تک جا پہنچی ہے) اور کرنٹ اکاؤنٹ خسارے کی بگڑتی ہوئی صورتحال کا جواب تھا۔

پاکستان نے بالآخر توسیعی فنڈ پیلیٹی کے 7 ویں اور 8 ویں جائزے کے لیے آئی ایم ایف بورڈ کی منظوری حاصل کر لی۔ سیاسی پے بیقی میں اضافے کی وجہ سے آئی ایم ایف پروگرام کا تسلسل اور اسٹرکچرل اقدامات و معیار کا کردگی کا نفاذ بدستور مسئلہ بنے ہوئے ہیں۔ عام انتخابات کا انعقاد جون 2023 میں متوقع ہے، تاہم حزب اختلاف کے ملک گیر جلسے جاری ہیں اور وہ قبل از وقت انتخابات کا مطالبہ کر رہی ہے۔

سیلاب نے بلوچستان اور سندھ کے وسیع حصے میں تباہی مچائی اور اس کی وجہ سے تین کروڑ افراد نقل مکانی پر مجبور ہو گئے۔ حالیہ ہفتوں کے دوران تباہی کی وسعت سامنے آنے کے بعد نقصانات کے ابتدائی تخمینے تین گنا بڑھ کر 10 ارب ڈالر سے 30 ارب ڈالر تک جا پہنچے۔ سیلاب سے زرعی اراضی کو بھی بڑے پیمانے پر نقصان پہنچا۔ کپاس، پھلوں، پیاز، ٹماٹر اور دیگر اجناس کی فصلیں متاثر ہوئی ہیں۔

آگے چل کر، مستقبل کی توقعات کا انحصار سیاست کی سمت، انتخابات کے وقت اور اس مشکل صورتحال میں آئی ایم ایف پروگرام کو جاری رکھنے پر ہوگا۔ پاکستان کے یورو بانڈز کے سودے بدستور کم منافع پر ہو رہے ہیں۔ اشیائے تجارت کی قیمتیں بدستور زیادہ ہیں؛ اگرچہ بلوم برگ کموڈٹی انڈیکس میں حالیہ میں 20% کمی آئی ہے، پھر بھی یہ قبل از رو باء سطح سے 50% اوپر ہے۔ اشیائے تجارت کی جاری مہنگائی بیرونی اکاؤنٹ میں استحکام کے کسی بھی امکان کو متاثر کر سکتی ہے۔

عالمی سطح پر مالیاتی امور میں سخت گیری کا آغاز ہو چکا ہے۔ امریکی فیڈرل ریزرو 75 بیس پوائنٹس کے اضافے سے شرح سود کو 3.25%-3% تک کی رینج میں لے جانے والا ہے۔ یہ 2 دہائیوں میں سب سے زیادہ شرح ہے جبکہ افراط زر کی شرح 4 دہائیوں میں بلند ترین سطح پر ہے۔ افراط زر کی بلند شرح کے باعث دنیا بھر میں سیاسی عدم استحکام بڑھ گیا ہے۔ چین، روس اور امریکا اپنا اثر و نفوذ بڑھا رہے ہیں، جس کی وجہ سے جیو پالیٹیکل کشیدگی میں اضافہ ہو گیا ہے۔ تاریخی طور پر گلوبلائزیشن کو افراط زر میں کمی لانے والی قوت سمجھا جاتا رہا ہے؛ تاہم اب وقت ڈی۔ گلوبلائزیشن، وسائل کو قومیائے جانے اور عوامی حکومتوں کے حق میں کروٹ لے چکا ہے۔ عالمی معیشت سے متعلق توقعات کا زیادہ تر انحصار ان قوتوں کے ایک دوسرے کے ساتھ تعامل، بین الاقوامی سطح پر مہنگائی کی رفتار اور مالیاتی سخت گیری پر ہے۔



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

**LAKSON INCOME FUND**

اظہار تشکر

یہ بورڈ اپنے قابل قدر انویسٹرز، سکیورٹیز اینڈ ایڈجسٹمنٹ کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان، فنڈ کے ٹرسٹی سینٹرل ڈیپازٹری کمپنی آف پاکستان لمیٹڈ اور پاکستان اسٹاک ایسچینج لمیٹڈ کا، ان کے مسلسل تعاون اور مدد پر شکریہ ادا کرتا ہے۔ منجھٹ کمپنی کے ڈائریکٹرز فنڈ کی ترقی اور دانش مندانہ انتظام و انصرام کے لیے منجھٹ کمپنی کی ٹیم کی محنت اور کاوشوں کا بھی اعتراف کرتے ہیں۔

برائے و مخائب بورڈ

ڈائریکٹر

چیف ایگزیکٹو آفیسر

تاریخ: 31 اکتوبر 2022

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

		September 30, 2022 (Unaudited)	June 30, 2022 (Audited)
	Note	(Rupees)	
<b>ASSETS</b>			
Bank balances	5	346,618,165	698,062,481
Investments	6	1,069,550,188	1,882,696,942
Receivable from Margin Trading System		-	-
Mark-up accrued		45,727,048	61,398,680
Deposits, prepayments and other receivables		26,609,412	26,490,862
<b>TOTAL ASSETS</b>		<b>1,488,504,814</b>	<b>2,668,648,965</b>
<b>LIABILITIES</b>			
Payable to the Management Company	7	18,890,205	21,454,226
Payable to the Trustee		158,396	224,169
Annual fee payable to Securities and Exchange Commission of Pakistan		119,490	799,510
Accrued expenses and other liabilities	8	13,433,575	27,824,423
<b>TOTAL LIABILITIES</b>		<b>32,601,666</b>	<b>50,302,328</b>
<b>NET ASSETS</b>		<b>1,455,903,148</b>	<b>2,618,346,637</b>
<b>UNIT HOLDERS' FUND (as per statement of movement in unit holders' fund)</b>		<b>1,455,903,148</b>	<b>2,618,346,637</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	9		
		(Number of units)	
Number of units in issue		13,926,274	25,822,658
		(Rupees)	
Net assets value per unit		104.5436	101.3972

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**

		2022	2021
		(Rupees)	
<b>INCOME</b>	<b>Note</b>		
Realized gain / (loss) on sale of investment at fair value through profit or loss - net		(2,425,558)	8,168,016
Unrealised (diminution) / appreciation on re-measurement of investments		(4,615,134)	5,488,072
		<u>(7,040,692)</u>	<u>13,656,088</u>
<b>Markup on:</b>			
- Bank balances		25,023,728	37,364,469
- Government and other debt securities		62,297,156	54,522,880
		<u>87,320,884</u>	<u>91,887,349</u>
Income from Margin Trading System		200,548	927,038
Reversal of Sindh Workers' Welfare Fund		-	25,648,166
		<u>80,480,740</u>	<u>132,118,642</u>
<b>EXPENSES</b>			
Remuneration to the Management Company	7.1	6,319,258	15,219,575
Sindh Sales tax on remuneration to the Management Company	7.2	821,504	2,039,848
Remuneration to the Trustee		506,446	1,033,866
Annual fee to the Securities and Exchange Commission of Pakistan		119,515	243,980
Annual Supervisory fee of SECP on PSX Listing Fee		628	628
Auditors' remuneration		209,531	130,013
Fees and subscription		456,422	653,304
Brokerage expenses		7,179	712,095
Impairment Losses		-	-
Bank and settlement charges		36,375	31,340
		<u>8,476,857</u>	<u>20,064,649</u>
<b>Net income from operating activities</b>		<u>72,003,883</u>	<u>112,053,993</u>
<b>Net income for the period before taxation</b>		<u>72,003,883</u>	<u>112,053,993</u>
Taxation	10	-	-
<b>Net income for the period after taxation</b>		<u>72,003,883</u>	<u>112,053,993</u>
<b>Allocation of Net Income for the period:</b>			
Net income for the year after taxation		72,003,883	112,053,993
Income already paid on units redeemed		(28,371,883)	(10,045,343)
		<u>43,632,000</u>	<u>102,008,651</u>
Accounting income available for distribution			
Relating to capital gains		-	13,603,545
Excluding capital gains		43,632,000	88,405,106
<b>Accounting income available for distribution</b>		<u>43,632,000</u>	<u>102,008,651</u>

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

	2022	2021
	(Rupees)	
Net income for the period after taxation	72,003,883	112,053,993
Other comprehensive income	-	-
<b>Total comprehensive income for the period</b>	<b>72,003,883</b>	<b>112,053,993</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 Movement In Unit Holders' Fund (Unaudited)**  
**For the quarter ended September 30, 2022**

	2022			2021		
	Capital Value	Undistributed income	Unrealised (losses)/ gains on investment (Rupees)	Capital Value	Undistributed income	Unrealised (losses)/ gains on investment
<b>Net assets at beginning of the period</b>	2,575,601,975	42,744,662	-	5,064,663,876	35,610,953	-
<b>Issuance of 35,545,995 units (2021: 9,423,204 units)</b>						
- Capital Value	3,604,264,364	-	-	758,905,283	-	-
- Element of Income/(loss)	43,131,013	-	-	43,131,013	-	-
<b>Redemption of 47,442,380 units (2021: 10,580,098 units)</b>						
- Capital Value	(4,810,524,457)	-	-	(758,905,283)	-	-
- Element of Income/(loss)	(42,946,408)	(28,371,883)	-	(71,318,292)	(10,045,343)	-
<b>Total comprehensive income for the period</b>	(4,853,470,866)	(28,371,883)	-	(1,513,677,256)	(10,045,343)	-
<b>Net assets at end of the period</b>	1,369,526,486	86,376,662	-	4,309,891,903	137,619,604	-
<b>Undistributed income brought forward</b>						
- Realized income	41,578,656			30,241,737		
- Unrealized income	1,166,006			5,369,216		
<b>Accounting (loss) / income available for distribution</b>	42,744,662			35,610,953		
Relating to capital gains	-			13,603,545		
Excluding capital gains	43,632,000			88,405,106		
<b>Undistributed income at end of the period</b>	86,376,662			102,008,651		
<b>Undistributed income carried forward comprises of:</b>						
- Realized income	90,991,796			137,619,604		
- Unrealized income	(4,615,134)			132,131,532		
	86,376,662			5,488,072		
<b>Net assets value per unit at beginning of the period</b>						
<b>Net assets value per unit at end of the period</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 Cash Flow Statement (Unaudited)  
For the quarter ended September 30, 2022**

	2022	2021
	(Rupees)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation	72,003,883	112,053,993
<b>Adjustments for non-cash charges and other items:</b>		
Unrealised appreciation in the fair value of investments classified as 'held for trading' - net	4,615,134	(5,488,072)
	<u>76,619,016</u>	<u>106,565,921</u>
<b>(Decrease) / Increase in assets</b>		
Investments - net	808,531,621	(420,011,659)
Receivable against Margin Trading System	-	74,466,680
Mark-up receivable	15,671,632	(38,718,785)
Deposits, prepayments and other receivables	(118,550)	117,016,168
	824,084,702	(267,247,596)
<b>(Decrease) in liabilities</b>		
Payable to the Management Company	(2,564,021)	(447,923)
Payable to the Trustee	(65,773)	(3,338)
Annual fee payable to Securities and Exchange Commission of Pakistan	(680,020)	(485,629)
Payable against purchase of investments	-	(120,823,912)
Accrued expenses and other liabilities	(14,390,848)	(41,773,835)
	(17,700,662)	(163,238,637)
<b>Net cash generated / (used in) operating activities</b>	<u>883,003,056</u>	<u>(323,920,312)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash received from issue of units	3,647,395,377	758,778,182
Cash paid on redemption of units	(4,881,842,749)	(1,513,550,154)
<b>Net cash (used in) / generated from financing activities</b>	<u>(1,234,447,372)</u>	<u>(754,771,972)</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>	(351,444,316)	(1,078,692,284)
Cash and cash equivalents at the beginning of the period	698,062,481	2,962,897,726
<b>Cash and cash equivalents at the end of the period</b>	<u>346,618,165</u>	<u>1,884,205,441</u>

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 Information (Unaudited)  
For the quarter ended September 30, 2022**

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

The Lakson Income Fund (the "Fund") was established under the Trust Deed executed on August 18, 2009 between the Lakson Investments Limited as its Management Company and the Central Depository Company of Pakistan Limited (CDC) as its Trustee. The Fund has been registered as a Notified Entity on September 18, 2009 by the Securities and Exchange Commission of Pakistan (SECP) in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations). The Management Company of the Fund has been licensed by SECP to undertake Asset Management and Investment Advisory Services as a Non-Banking Finance Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The registered office of the Management Company is located at 14-Ali Block, New Garden Town, Lahore.

The Fund is an open end mutual fund and is listed on Lahore Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

The Fund is categorised as "Income Scheme" as per the Circular 07 of 2009 issued by Securities and Exchange Commission of Pakistan (SECP) and it primarily invests in Government securities, certificates of investment, certificates of deposits, term deposit receipts, commercial papers, reverse repo, preference shares, spread transactions and corporate debt securities, etc. subject to the guidelines issued by SECP from time to time.

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

The Pakistan Credit Rating Agency Limited (PACRA) has maintained A+(f) (Fund Stability Rating) to the Fund on March 09, 2022 and has also maintained asset manager rating of the Company to AM2+ (stable outlook), on August 26, 2022.

**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.

The comparative Statement of Assets and Liabilities presented in these condensed interim financial information as at 30 September has been extracted from the audited financial statements of the Company for the year ended 30 June 2022, whereas the comparative profit and loss account, statement of comprehensive income, the cash flow statement and statement of changes in equity for the quarter ended 30 September 2022 have been extracted from the unaudited condensed interim financial information for the quarter ended 30 September, 2021.

- 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 financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements for the year ended June 30, 2022.

			September 30, 2022 (Unaudited) (Rupees)	June 30, 2022 (Audited)
<b>5</b>	<b>BANK BALANCES</b>	<b>Note</b>		
	Local currency			
	In profit and loss sharing accounts	5.1	346,610,692	698,055,008
	In current accounts		7,473	7,473
			<u>346,618,165</u>	<u>698,062,481</u>

5.1 These represents profit and loss account maintained with banks carrying profit rates ranging from 10.75% to 16.26% (2022: 10.75% to 16.26%) per annum.

## 6 INVESTMENTS

At fair value through profit or loss

Government Securities				
Market Treasury Bills	6.1	-	256,935,650	
Pakistan Investment Bonds - Fixed Rate	6.2	200,000,000	614,480,000	
Term Finance Certificates - Unlisted	6.3	869,550,188	881,904,408	
		<u>1,069,550,188</u>	<u>1,753,320,058</u>	

Classified as at amortized cost

Loans and Receivables				
Commercial Paper		-	129,376,884	
		-	129,376,884	
		<u>1,069,550,188</u>	<u>1,882,696,942</u>	

### 6.1 Market Treasury Bills

Note	Number of treasury bills				Balance as at September 30, 2022			Market value as a percentage of net assets of the fund	Market value as a percentage of total investments
	Number of holdings at the beginning of the period	Acquired during the period	Disposed/ matured during the period	Number of holdings at the end of the period	Carrying value	Market value	Unrealized appreciation / (diminution)		
					Rupees				
Treasury Bills - 03 months	-	1,820,000	1,820,000	-	-	-	-	-	-
Treasury Bills - 03 months	-	250,000	250,000	-	-	-	-	-	-
Treasury Bills - 03 months	-	320,000	320,000	-	-	-	-	-	-
Treasury Bills - 06 months	-	350,000	350,000	-	-	-	-	-	-
Treasury Bills - 06 months	-	130,000	130,000	-	-	-	-	-	-
Treasury Bills - 03 months	-	1,664,000	1,664,000	-	-	-	-	-	-
Treasury Bills - 01 year	2,900,000	-	2,900,000	-	-	-	-	-	-
Total as at September 30, 2022					-	-	-	0.00%	0.00%

### 6.2 Pakistan Investment Bond - Fixed Rate

Note	Number of Pakistan Investment bond				Balance as at September 30, 2021			Market value as a percentage of net assets of the fund	Market value as a percentage of total investments
	Number of holdings at the beginning of the period	Acquired during the period	Disposed/ matured during the period	Number of holdings at the end of the period	Carrying value	Market value	Unrealized appreciation		
					Rupees				
3 years Pakistan Investment Bond (face value of Rs. 100,000 each)	6.2.1	22-Oct-23	650	-	650	-	-	-	-
10 years Pakistan Investment Bond (face value of Rs. 100,000 each)	6.2.1	25-Jul-29	2,000	-	2,000	199,925,112	200,000,000	74,888	13.74%
10 years Pakistan Investment Bond (face value of Rs. 100,000 each)	6.2.1	22-Aug-29	3,500	-	3,500	-	-	-	-
Total as at September 30, 2022					199,925,112	200,000,000	74,888	13.74%	18.70%

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

### 6.3 Term Finance Certificates - Un-listed

Name of Security	Note	Number of certificates				Balance as at September 30, 2022			Market value as percentage of net assets of the Fund	Market value as percentage of total investment	Face value as percentage of size of the issue
		Number of holdings at beginning of the period	Acquired during the period	Disposed / matured during the period	Number of holdings at the end of the period	Carrying Value	Market value	Unrealized (diminution) / appreciation			
Commercial Banks											
Silk Bank Limited PPTFC - 08 years (face value of Rs. 5,000 each)	6.3.1	16,000	-	-	16,000	63,934,400	55,944,000	(7,990,400)	3.84%	5.23%	0.02%
BAHL Tier-II TFCs 10 years (face value of Rs. 5,000 each)	6.3.2	58,000	-	-	58,000	302,336,136	302,336,136	-	20.77%	28.27%	0.02%
Samba Bank Limited TFC (face value of Rs. 100,000 each)	6.3.3	2,900	-	-	2,900	290,876,321	291,036,893	160,572	19.99%	27.21%	0.00%
Jahangir Siddiqui Company Limited PPTFC (face value of Rs. 5,000 each)	15,000	-	-	-	15,000	19,569,237	19,429,575	(139,662)	1.33%	1.82%	0.04%
Jahangir Siddiqui Bank Limited PPTFC (face value of Rs. 5,000 each)	1,250	-	-	-	1,250	127,524,115	130,803,584	3,279,469	8.98%	12.23%	
NRSP PPTFC (face value of Rs. 5,000 each)	700	-	-	-	700	70,000,000	70,000,000	-	4.81%	6.54%	0.00%
Total as at September 30, 2022						874,240,209	869,550,188	(4,690,021)	59.73%	81.30%	0.09%

6.3.1 This represents unlisted term finance certificates issued by Silk Bank Limited. Total size of the issue is Rs. 2,000 million and the term of the TFCs is eight years commencing from the date of issue of TFCs which was August 2017 and ending on August 2025. Profit on the instrument shall be payable semi-annually in arrears on the outstanding balance and the first such profit payment shall fall due 6 months from the issue date and subsequently every six months thereafter. Profit rate shall be the average six months KIBOR + 1.85% per annum. The instrument will be 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 rating of the instrument is BBB+.

During the previous 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 upto February 10, 2022 was reversed and an unrealised loss of Rs. 23.97 million, which is 30% of outstanding principal amount of Rs. 79.93 million was recorded as an unrealised loss.

6.3.1.1 The Securities & Exchange Commission of Pakistan vide circular No. 16 of 2010 dated July 7, 2010, prescribed specific disclosures for the scheme holding investments that are non-compliant either with the minimum investment

specified for the category assigned to such schemes or with investment requirements of their constitutive documents.

Name of non-compliant investment	Note	Type of investment	Value of investment before provision	Provision held, if any	Value of investment after provision	Investment as percentage of Net Assets	Investment as percentage of Gross Assets
Silk Bank Ltd. - PPTFC - 08 years (face value of Rs. 5,000 each)	6.3.1	Term finance certificates	70,827,654	14,878,054	55,949,600	3.84%	3.76%

6.3.2 This represent unlisted term finance certificates and carry rate of mark-up equal to the base rate of 6 months Karachi Inter Bank Offer Rate (KIBOR) per annum (plus margin of 1.40%) receivable semi-annually in arrears with no floor or cap and will mature in July 2022. The principal shall be redeemed in 8 equal semi annually instalments. These term finance certificates are secured. The rating of the instrument is AA.



- 6.3.3 This represent unlisted term finance certificates and carry rate of mark-up equal to the base rate of 6 months Karachi Inter Bank Offer Rate (KIBOR) per annum (plus margin of 1.40%) receivable semi-annually in arrears with no floor or cap and will mature in July 2022. The principal shall be redeemed in 8 equal semi annually installments. These term finance certificates are secured. The rating of the instrument is AA+.

Commercial Papers	(Number of Commercial Papers)				Balance as at September 30, 2022			Market value as a percentage of net assets of the fund	Market value as a percentage of total investments
	Number of holdings at the beginning of the period	Acquired during the period	Disposed/ matured during the period	Number of holdings at the end of the period	Carrying value	Market value	Unrealized appreciation		
Note					Rupees				
MUGHAL-1Y-27072021-CP	130	-	-	130	-	-	-	-	-
Total as at September 30, 2022					-	-	-	-	-

		September 30, 2022 (Unaudited)	June 30, 2022 (Audited)
7. PAYABLE TO THE MANAGEMENT COMPANY	Note	(Rupees)	
Remuneration payable	7.1	286,947	2,553,971
Sindh Sales Tax on remuneration to Management Company	7.2	57,898	352,610
Federal Excise Duty on remuneration to Management Company	7.3	18,545,360	18,545,360
Sale Load Payable to Management Company		-	2,285
		<u>18,890,205</u>	<u>21,454,226</u>

- 7.1 The Management Company is entitled to remuneration for services rendered to the Fund under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, of an amount not exceeding 1.5% per annum of the average annual net assets of the Fund. However, The Management Company is currently charging a fee at the rate of 1.03% of the average daily net assets of the fund. Remuneration is paid to management company in arrears on a monthly basis.
- 7.2 The Sindh Revenue Board has levied Sindh Sales Tax (SST) at the rate of 13% (June 30, 2021: 13%) on the remuneration of management company through Sindh Sales Tax on Services Act, 2011. This includes Sindh Sales Tax charged on Federal Excise Duty which is not paid due to the case pending for adjudication in Supreme Court of Pakistan as disclosed in note 8.3.
- 7.3 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016. During the year ended 30 June 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services

(to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 01, 2016. However, being prudent the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 18.54 million (2022: 18.54 million) is being retained in these financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been made, the net asset value of the Fund as at September 30, 2022 would have been higher by Rs. 1.33 (September 30, 2021: Re.0.43) per unit.

		<b>September 30, 2022 (Unaudited) (Rupees)</b>	<b>June 30, 2022 (Audited)</b>
<b>9. ACCRUED EXPENSES AND OTHER LIABILITIES</b>	<b>Note</b>		
Auditors' remuneration		<b>126,840</b>	325,632
Sindh Workers' Welfare Fund	9.1	-	25,648,166
Brokerage payable		<b>647,583</b>	142,343
NCCPL payable		<b>924,498</b>	1,023,147
Printing and stationery payable		-	20,550
Withholding tax payable		<b>922,591</b>	21,546,922
PACRA rating fee payable		-	-
Others		<b>8,561,777</b>	3,954,364
		<b><u>11,183,289</u></b>	<b><u>52,661,124</u></b>

**9 CONTINGENCIES AND COMMITMENTS**

There are no contingencies and commitments as at September 30, 2022.

**10 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.

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

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

	September 30, 2022 (Unaudited) (Rupees)	June 30, 2022 (Audited)
<b>11.1 Details of balance with related parties / connected persons for the period ended</b>		
<b>Lakson Investments Limited - Management Company</b>		
Remuneration payable	286,947	2,553,971
Sindh Sales Tax payable on Management Company's remuneration*	57,898	352,610
Federal Excise Duty	18,545,360	18,545,360
Sales load payable	-	2,285
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	108,969	167,176
Sindh Sales Tax payable on Trustee remuneration*	49,426	56,993
Security deposit	100,000	100,000
<b>11.2 Details of transaction with related parties / connected persons during the period ended</b>	September 30, 2022 (Unaudited) (Rupees)	2021
<b>Lakson Investments Limited - Management Company of the Fund</b>		
Remuneration to the Management Company	6,319,258	15,219,575
Sindh Sales Tax on Remuneration to the Management Company	821,504	2,039,848
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration to the Trustee	448,182	914,926
Sindh Sales Tax on Trustee remuneration*	58,264	118,940
Settlement charges	2,260	46,287

11.3 Details of transaction and balances with directors, key management personnel, employees, associated company/ undertaking of the Management Company and connected person are as follows:

Quarter ended September 30, 2022										
	Number of Units			Rupees						
	Number of Units as at July 01, 2022	Units issued during the period	Refund / Adjustment or Units as element of income	Units redeemed during the period	Number of holdings at the end of the period	Balance as at July 01, 2022	Units issued during the period	Bonus Units as element of income	Units redeemed during the period	Balance at the end of the period (Investment at current NAV)
Lakson Investments Limited - Management Company	4,731,345	-	-	-	4,731,345	479,745,098	-	-	-	494,631,922
Directors, Chief Executive and their spouse and minors	11,264,336	47,991	-	10,499,609	812,718	1,142,172,080	5,013,339	-	1,088,345,487	84,964,467
Other key management personnel	-	-	-	-	-	-	-	-	-	-
Associated companies										
Accury Surgical Limited Employees Contributory Provident Fund	-	-	-	-	-	-	-	-	-	-
Alan Private Limited	66,608	-	-	-	66,608	6,753,859	-	-	-	6,963,435
Century Insurance Co. Ltd., GF	28,819	-	-	-	28,819	2,922,197	-	-	-	3,012,875
Century Insurance Company Limited	137,690	-	-	-	137,690	13,961,393	-	-	-	14,394,624
Century Insurance Company Limited Employees Contributory Provident Fund Trust	689,220	-	-	-	689,220	69,885,024	-	-	-	72,053,605
Century Paper & Board Mills Limited ECPF	153,348	-	-	-	153,348	15,549,009	-	-	-	16,031,506
Century Paper & Board Mills Limited EGF	1,238,383	-	-	-	1,238,383	125,568,562	-	-	-	129,465,041
Clover Pakistan Limited Employees Contributory Provident Fund Trust	1,227,783	-	-	-	1,227,783	124,493,743	-	-	-	128,356,871
Colgate Palmolive Pakistan Limited	-	-	-	-	-	-	-	-	-	-
Colgate Palmolive Pakistan Limited ECPF	459,111	-	-	-	459,111	46,552,576	-	-	-	47,997,135
Colgate Palmolive Pakistan Limited EGF	679,863	-	-	-	679,863	68,936,194	-	-	-	71,075,332
Cyber Internet Services (Pvt.) Ltd. Empl. CPFT	766,914	-	-	-	766,914	77,762,936	-	-	-	80,175,964
Gam Corporation Private Limited Employees Contributory Provident Fund	551,315	-	-	-	551,315	55,901,792	-	-	-	57,636,464
Hasanali & Gulbanoor Lakhani Foundation	140,840	-	-	-	142,712	14,280,750	-	-	-	14,919,591
Hasanali Karabhai Foundation ECPF Trust	27,072	1,872	-	2,590	24,482	2,745,072	195,550	-	263,000	2,559,479
Lakson Business Solutions Limited Employees Contributory Provident Fund Trust	5,630	-	-	-	5,630	570,916	-	-	-	588,632
Lakson Investments Limited ECPF Trust	106,345	-	-	-	106,345	10,783,081	-	-	-	11,117,688
Lakson Power Limited	-	-	-	-	-	-	-	-	-	-
Merit Packaging Limited Employees Contributory Provident Fund Trust	82,313	-	-	-	79,401	8,346,298	-	-	-	8,300,920
Merit Packaging Limited Employees Gratuity Fund	25,513	-	-	2,911	25,513	2,586,956	-	-	300,000	2,667,231
Premier Fashions Private Limited	-	-	-	-	-	-	-	-	-	-
Princeton Travels Private Limited Employees Contributory Provident Fund Trust	-	-	-	-	-	-	-	-	-	-
Siza Commodities Private Limited	-	-	-	-	-	-	-	-	-	-
Siza Foods Private Limited Employees Contributory Provident Fund Trust	-	5,859	-	-	5,859	-	612,103	-	-	612,572
Siza Private Limited	468,090	-	-	-	468,090	47,462,965	-	-	-	48,935,774
Siza Services Private Limited	3,248	-	-	-	3,248	329,301	-	-	-	339,520
Siza Services Private Limited Employees Contributory Provident Fund Trust	-	1,340	-	-	1,340	-	140,027	-	-	140,134
Siza Services Private Limited Employees Contributory Provident Fund Trust	94,831	-	-	-	94,831	9,615,604	-	-	-	9,913,983
Sybird (Private) Limited ECPF Trust	199,699	-	-	-	199,699	20,248,926	-	-	-	20,877,264
Sybird Private Limited	682	-	-	-	682	69,170	-	-	-	71,317

\*Holding increased above 10% due to investment of Unit holder / divestment from other Unit holders.





# LAKSON INVESTMENTS

WE MANAGE YOUR MONEY, AS WE MANAGE OUR OWN

## LAKSON INCOME FUND

Quarter ended September 30, 2021									
Number of Units					Rupees				
Number of Units as at July 01, 2021	Units issued during the period	Refund / Adjustment of Units as element of income	Units redeemed during the period	Number of holdings at the end of the period	Balance as at July 01, 2021	Units issued during the period	Bonus Units as element of income	Units redeemed during the period	Balance at the end of the period (Investment at current NAV)
Lakson Investments Limited - Management Company Directors, Chief Executive and their spouse and minors Other key management personnel	4,209,313 20,990,683	147,105 639,851	- -	- -	4,356,419 2,122,735,327	- -	- -	- -	450,979,063 2,007,858,028
<b>Associated companies</b>									
Accurat Surgical Limited Employees Contributory Provident Fund	79,613	5,916	-	64,818	8,051,045	-	-	-	6,710,043
Alan Private Limited	26,855	-	-	26,855	2,715,757	-	-	-	2,780,023
Century Insurance Co. Ltd., GF	127,516	-	-	127,516	12,895,425	-	-	-	13,200,585
Century Insurance Company Limited Employees	109,155	468,610	-	165,855	11,038,561	-	-	-	17,169,456
Contributory Provident Fund Trust	166,338	-	-	166,338	16,821,348	-	-	-	17,219,412
Century Paper & Board Mills Limited ECPFT	1,521,896	77,405	-	277,053	153,905,496	-	-	-	136,879,885
Century Paper & Board Mills Limited EGF	1,410,191	66,312	-	244,099	142,609,051	-	-	-	127,579,112
Clover Pakistan Limited Employees Contributory Provident Fund Trust	-	-	-	-	-	-	-	-	-
Colgate Palmolive Pakistan Limited	1,986,902	122,521	-	2,109,423	200,930,419	-	-	-	218,368,694
Colgate Palmolive Pakistan Limited ECPFT	1,258,189	88,745	-	912,538	127,237,465	-	-	-	94,466,460
Colgate Palmolive Pakistan Limited EGF	1,593,955	90,470	-	1,359,644	161,192,640	-	-	-	140,751,179
Cyber Internet Services (Pvt.) Ltd. Empl. CPFT	862,307	-	-	862,307	87,202,975	-	-	-	89,266,563
Gam Corporation Private Limited Employees Contributory Provident Fund	562,630	-	-	562,630	56,897,375	-	-	-	58,243,806
Hasanali & Gulbanoo Lakhani Foundation	624,734	147,665	-	604,983	63,177,762	-	-	-	62,628,170
Hasanali Karabhal Foundation ECPF Trust	25,440	-	-	25,440	2,572,686	-	-	-	2,633,567
Lakson Business Solutions Limited Employees Contributory Provident Fund Trust	5,311	-	-	5,311	537,044	-	-	-	549,752
Lakson Investments Limited ECPFT	97,745	-	-	97,745	9,884,728	-	-	-	10,118,642
Lakson Power Limited	-	-	-	-	-	-	-	-	-
Merit Packaging Limited Employees Contributory Provident Fund Trust	56,775	-	-	56,775	5,741,538	-	-	-	-
Merit Packaging Limited Employees Gratuity Fund	88,374	29,582	-	2,601	8,936,992	-	-	-	11,941,525
Premier Fashions Private Limited	-	-	-	-	-	-	-	-	-
Princeton Travels Private Limited Employees Contributory Provident Fund Trust	-	-	-	-	-	-	-	-	-
Siza Commodities Private Limited	-	-	-	-	-	-	-	-	-
Siza Foods Private Limited Employees Contributory Provident Fund Trust	485,455	-	-	7,697	49,092,874	-	-	-	49,457,860
Siza Private Limited	-	-	-	-	-	-	-	-	-
Siza Services Private Limited	-	-	-	-	-	-	-	-	-
Siza Services Private Limited Employees Contributory Provident Fund Trust	99,438	-	-	511	10,055,961	-	-	-	10,241,038
Sybird (Private) Limited ECPFT	178,758	4,930	-	26,608	18,077,338	-	-	-	16,261,041
Sybird Private Limited	636	-	-	636	64,284	-	-	-	65,805
<b>Connected person due to holding more than 10% units</b>									
English Biscuit Manufacturers (Private) Limited	4,520,481	-	-	4,520,481	457,144,977	-	-	-	467,962,941

\*Holding increased above 10% due to investment of Unit holder / divestment from other Unit holders.

**12 Total Expense Ratio (TER)**

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 2.70% (September 30, 2021: 1.64%) which includes 17% (September 30, 2021: 0.21%) representing government levies (comprising of Government Levies and SECP fee, etc.). As per NBFC Regulation the total expense ratio of the Income Scheme shall be capped up to 2.5% (Sep 30, 2021: 2.5%).

**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.

As at September 30, 2022			
----- Un-audited -----			
Level 1	Level 2	Level 3	Total
----- Rupees -----			
<b>Financial assets measured at fair value</b>			
Government securities	- 200,000,000	-	200,000,000
Term Finance Certificates - Listed	- 869,550,188	-	869,550,188
	- 1,069,550,188	-	1,069,550,188

**Financial assets measured at fair value**

Government securities

- Market Treasury Bills

- Pakistan Investment Bonds

Term Finance Certificates - Listed

As at June 30, 2022			
----- Audited -----			
Level 1	Level 2	Level 3	Total
----- Rupees -----			
-	256,935,650	-	256,935,650
-	614,480,000	-	614,480,000
-	881,904,408	-	881,904,408
-	1,753,320,058	-	1,753,320,058

**14 GENERAL**

14.1 The corresponding figures have been re-arranged wherever necessary

14.2 Figures have been rounded off to the nearest rupee

**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)

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director



A Lakson Group Company

**Lakson Investments Limited**  
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**Lakson Investments (DIFC) Limited**  
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