

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

Management Company

Lakson Investments Limited
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Lakson Square, Building No.2,
Sarwar Shaheed Road,
Karachi-74200, Pakistan.
Phone: (9221) 3840.0000
Fax: (9221) 3568.1653
Web site: www.li.com.pk
E-mail: info@li.com.pk

**Board of Directors of
the Management Company**

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

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

Mr. Junaid Arshad

Audit Committee

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

**Human Resource and
Remuneration Committee**

Mr. Babar Ali Lakhani
Mr. Iqbal Ali Lakhani

Trustee

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

Auditors

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

Bankers to the Fund

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/Sukus, 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.

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 اکم فنڈ

30 ستمبر 2022 کو ختم ہونے والی سماں کے لیے
میجنٹ کپنی کے ڈائریکٹر زکی چائزہ روپرٹ

لیکن اکم فنڈ ("LIF" یا فنڈ) کی میجنٹ کپنی، لیکن انویسٹمنٹس لینڈنگ کے پورٹ فولیو میں انویسٹمنٹ کے ذریعے مالکیتی جماعتی منافع جات فراہم کرنا ہے۔ یہ ایکم
لیکن اکم فنڈ کی طرف سے امروز رہنمائی میں اسکے متوافق پورٹ فولیو میں انویسٹمنٹ کے ذریعے مالکیتی جماعتی منافع جات فراہم کرنا ہے۔ یہ ایکم
میجنٹ کپنی کے امروز رہنمائی میں اسکے متوافق پورٹ فولیو کا جماعتی و سطمدتی اور طویل مدتی
میچورریز کے انتخاب کے ساتھ مختلف فنڈ ایکم سکیو ریز میں سرمایہ کاری کرے گی۔

فندکا مقصد

اس ایکم کی انویسٹمنٹ کا مقصد فائدہ ایکم سکیو ریز کے متعدد پورٹ فولیو میں انویسٹمنٹ کے ذریعے مالکیتی جماعتی منافع جات فراہم کرنا ہے۔ یہ ایکم
میجنٹ کپنی کے امروز رہنمائی میں اسکے متوافق پورٹ فولیو کا جماعتی و سطمدتی اور طویل مدتی
میچورریز کے انتخاب کے ساتھ مختلف فنڈ ایکم سکیو ریز میں سرمایہ کاری کرے گی۔

نمایاں سرگرمیاں

LIF ایک اوپن اینڈ اکم فنڈ ہے اور پاکستان اسٹاک اکچیچ لینڈنڈ میں اسٹاک ہے۔ LIF انویسٹمنٹ گریڈ ڈبیٹ سکیو ریز، گورنمنٹ سکیو ریز، ہر ٹکنیش آف
انویسٹمنٹ، ڈرمڈ پاکیٹ ریٹیس اور دیگر فنڈ ایکم انسرو منٹس میں سرمایہ کاری کرتا ہے۔ پورٹ فولیو کا جماعتی و سطمدتی
4 سال سے کم رکھا جاتا ہے اور خالص اٹاٹش جات کا کم ایکم 25% کیش یا زیادہ سے زیاد 90 دن کی میچورری و اسٹریٹری بذریک ٹھکل میں رکھا جاتا ہے۔
LIF کا ظمانتیم کے بل پر پیش قدمی کرنے والی، اوپر سے نیچے شعبوں کی تو اتر سے استعمال کے عوں کا استعمال کرنے والی، دورانیے اور پیداوار میں
توازن پر لینکن رکھنے والی میجنٹ چلاتی ہے۔ امروز رہنمائی میں تبدیلوں کی پیش گوئی کے لیے معاشی صورت حال کی مسلسل گرانی کی جاتی ہے۔ LIF کی
قدرویت میں اصل اضافی مختلف میچورریز اور مختلف انسرو منٹس کے درمیان انویسٹمنٹس کی متعلقی کے موقع کی شناخت سے آتا ہے۔ LIF کو یہ میچورریز
مکمل کے لیے خالص اٹاٹوں کے 15% تک قرض لینے کی اجازت ہے، تاہم LIF نے اس سہولت کو زیر جائزہ دمت کے دوران استعمال نہیں کیا۔

فندکی کارکردگی

LIF نے سالانہ نیچے کارک منافع 15.90% کے مقابلے میں مالی سال 2023 کی پہلی سماں 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% کی کیش میں، 58.4% TFCs/ٹکلکوں
میں، 13.4% PIBs میں اور 4.9% کی دیگر میں سرمایہ کاری کی گئی، جبکہ LIF پورٹ فولیو کی تجیس شدہ اوسط میچورری 1829 دن ہے۔ 30 ستمبر
2022 کے مطابق LIF کے فندکا جمجمہ 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 یونٹس کا تین اور پن اینڈ فنڈز کے لیے قابل عمل نہیں ہے۔

محاشی جائزہ

ماہی سال 2023 کا آغاز دشکل صورتحال سے ہوا کیونکہ مبکر ادا کا کم معاشرات بدستور تشویش کا تھے، ذار کے مقابلے میں روپے کی شرح مبادر سماں ہی ہے سماں ہی 11.5% کی کے ساتھ 228.5 پر بند ہوئی تھی۔ آپ ایم ایف کے ساتھ اضافی لیوں معاہدہ، جس کے نتیجے میں 1.2 ارب ڈالر ملکی راہ ہموار ہوئی، کامیابی سے ملے پا جانے کے باوجود ایسا ہوا۔ پنجاب میں خصیٰ انتخابات کے بعد سیاسی شور شراب سے اضافے سیالاں سے اضافی اور فضلوں کی چاہی اور اب تک کے سب سے زیادہ آئنکل ایمپورٹ بل سے سرمایکاری کی حوصلہ تھی ہوئی اور اثاثہ بیک کرنی مارکیٹ پر دباؤ آیا۔ اس کے نتیجے میں ہمارے زر مبادرہ ڈنار 8.8 ارب ڈالر کے کرد گئے، جو حصہ 6 ہفتواں کی درآمدات کیلئے کافی تھے۔

حالیہ سیالاں سے جہاں اموات ہوئیں اور لوگ رُخی ہوئے، وہاں بنیادی ڈھانچے کو کبھی کافی لفڑان پہنچا۔ تازہ ترین ہفتہ ہفتیوں میں لفڑانات 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 فضلوں کو پہنچنے والا لفڑان ہمارے تجارتی خسارے پر ختمی اثر ڈالے گا جبکہ بزرگوں اور جھوٹوں کی پیداوار متاثر ہونے کے باعث اشیائے خوارک کی قیمتیں بڑھ گئیں۔

کی پی آئی میڈ افراط از رکی شرح اگست میں بڑھ کر 27.3% تک جا پہنچی، جو ہمیشہ 1975 کے بعد کسی ایک میٹنے میں ریکارڈ کی جانے والی سب سے اوپری شرح تھی، سماں کے اختتام پر یہ شرح 23.2 پر آگئی۔ افراط از رکی شرح یونچے آنے کی وجہ بنیادی طور پر انتظامی مداخلات کے نتیجے میں بکھل کے زخوں میں ہونے والی کمی جبکہ کوڑا و فوفو افراط از رمیں مزید اضافہ ہوا۔ سیالاں کے باعث رسید متاثر ہونے سے اشیائے خوارک کی قیمتیں بڑھنے کے نتیجے میں آنے والے ہفتیوں میں ہمیشہ لائن افراط از رک پر اضافی دباؤ کا خدش ہے۔ ہم ماہی سال 2023 میں افراط از رکی اوسط شرح 46.3% رہنے کی توقع کرتے ہیں، آنے والے ہفتیوں میں افراط از رکی شرح سب سے زیادہ رہنے کا مکان ہے۔

بیرونی محاذ پر ماہی سال 2023 کی پہلی سماں کے دوران، درآمدات سال بہ سال 12.7% ارب ڈالر میں بچکہ برآمدات 1.8% اضافے کے ساتھ 7 ارب ڈالر ہو گئیں۔ نتیجے کے کرنٹ اکاؤنٹ خسارہ اگست میں مسلسل دوسرے ماہ کی کے ساتھ ہفتی 0.7 ارب ڈالر ہے گیا، جو لاہی کے مقابلے میں تقریباً انسف۔ تاہم یہ بات مدنظر رکھنا بھی اہم ہے کہ کرنٹ اکاؤنٹ خسارے میں یہ بہتری مذاکرات اور ایل ٹی کے اجراء میں اپنی احتیاط برتنے کے نتیجے میں درآمدات کم کر کرے مصروفی طور پر لاٹی گئی تھی۔ مزید برآمد گزشتہ سماں کے دوران خاہز بڑھ جانے کی وجہ سے تبل کی درآمدات کم رہیں۔ ہم پیش گوئی کر سکتے ہیں کہ درآمدات پر پابندیاں دہمہ تک جاری رہیں گی، اس وقت تک درآمدات کم رہیں گی اور طبقائیت کا احساس اگلے چند ہفتیوں تک برقرار رہے گا۔ جب ڈیم ہو گا تو خدشے کے طلب میں اضافہ کرنٹ اکاؤنٹ ہفتیوں کے حوالے سے تمام کامیابیاں بھالے جائے گا اور یوں امکان ہے کہ ماہی سال 2023 میں کرنٹ اکاؤنٹ خسارہ ہفتیں 14 ارب ڈالر تک جا پہنچے گا۔ تاہم عالمی کساد بازاری سے متعلق خدشات کے باعث ہفتی کی قیمتیوں میں کمی سے کمچھ فائدہ ہو سکتا ہے اور ہمارے ہفتیوں میں واقعی تبدیلی آسکتی ہے۔

مالیتی نظر نگاہ سے، جبکہ سماں کے دوران، ایفی بی آر کے جمیں کردہ محصولات 1.63 بیلیون روپے تک پہنچ گئے، جو ہدف سے 27 ارب روپے زائد تھے۔ آگے چل کر درآمدات پر مسلسل پابندیوں اور سیالاں سے ہونے والی چاہی کے تناظر میں حکومت کے لیے مالیتی ایجاد کمکھوں ملکی ہو گا اور کسی بھی قدم کے مالی مسائل سے بچنے کے لیے بیرون ملک سے اضافی مسائل درکار ہوں گے۔

فائدہ اکم مارکیٹ کا جائزہ

ماں سال 2023 کی پہلی سماں میں، اسٹریٹ بینک آف پاکستان نے شرح سود کی تبدیلی کے بغیر 15% پر قرار کی۔ یاداً مام معاشی سرگرمی میں مسلسل ست روی کے ساتھ ساتھ ہیڈ لائن افراطر میں کی اور کرنٹ اکاؤنٹ خسارے کے پیش نظر کیا گیا۔ سماں کے دوران، 3 ماہ اور 12 ماہ کی میعاد کے لیے Kibor کی سماں پر سماں شرح 60bps b.c. 15.91%， 15.77% کرتا تر تسبیب 16.21% اور 15.98% T-bill۔ اضافی جات میں بھی سماں پر سماں 1% اضافی اور 3 ماہ، 6 ماہ اور 12 ماہ کی میعاد کے لیے شرح بالترتیب 15.95%， 15.97% اور 15.98% اور 15.98% ہو گئی۔ اس کے بعد، 3 سال اور 10 سال میعاد کے لیے PIB کے منافع جات میں کی واقع ہوئی۔

مستقبل کی توقعات

اسٹریٹ بینک نے ماں سال 2022 کی دوسرا ششماہی میں اپنالپیسی ریٹ بڑھا کر 13.75% کر دیا اور جولائی میں اس میں مزید 125bps کا اضافہ کر دیا۔ اس وقت پالسی ریٹ 15.0% ہے۔ یا افراطر کی بڑھتی ہوئی شرح (جو 25% کل جائی ہے) اور کرنٹ اکاؤنٹ خسارے کی گزٹی ہوئی صورتحال کا جواب تھا۔

پاکستان نے بالآخر سیکی نیشنلیٹی کے 7 دیس اور 8 دیس جائزے کے لیے آئی ایف بورڈ کی منظوری حاصل کر لی۔ سیکی میں اضافے کی وجہ سے آئی ایف پروگرام کا تسلیل اور اس پر القدامات و معیار کر کر دی کا نفاذ بدستور مسئلہ بننے ہوئے ہیں۔ عام انتخابات کا انعقاد جون 2023 میں متوقع ہے، تاہم حزب اختلاف کے ملک گیر جلسے جاری ہیں اور وہ قابل از وقت انتخابات کا مطالیب کر رہی ہے۔ سیاہ نے بلوچستان اور سندھ کے وسیع حصے میں جاتی چائی اور اس کی وجہ سے تین کروڑ افراد ملکی پر محروم ہو گئے۔ حالیہ نہتوں کے دوران جاتی کی وسعت سامنے آنے کے بعد انتخابات کے انتدابی تجھیں تین گناہ بڑھ کر 10 ارب ڈالر سے 30 ارب ڈالر تک جا پہنچے۔ سیاہ سے زرعی اراضی کوئی بڑے پیمانے پر نقصان پہنچا۔ کپاس، بچلوں، پیاز، نمک اور دیگر اچانس کی فضیلیں متاثر ہوئی ہیں۔

آگے چل کر مستقبل کی توقعات کا انحرافی است کی سمت، انتخابات کے وقت اور اس مشکل سورجیاں میں آئی ایف پروگرام کا جاری رکھنے پر ہو گا۔ پاکستان کے یورڈ بانڈز کے سودے بدستور کم منافع پر ہو رہے ہیں۔ اشیائے تجارت کی قیمتیں بدستور زیادہ ہیں؛ اگرچہ ہوم برگ کوڈیں اینکس میں حال ہی میں 20% کی آئی ہے، پھر بھی یہ قابل از باعثہ 50% اور پر ہے۔ اشیائے تجارت کی جاری مہنگائی یہ وہی اکاؤنٹ میں کوتھا کے کسی بھی امکان کو متاثر کر سکتی ہے۔

عالیٰ سطح پر مالیاتی امور میں خفت گیری کا آغاز ہو چکا ہے۔ امریکی فیڈرل ریزرو 75 پاؤنڈس کے اضافے سے شرح سود کو 3%-3.25% تک کی رہنچ میں لے جانے والا ہے۔ یہ 2 دہائیوں میں سب سے زیادہ شرح ہے جبکہ افراطر کی شرح 4 دہائیوں میں بلدر تین سطح پر ہے۔ افراطر کی بلدر شرح کے باعث دنیا بھر میں سیکی عدم انتظام بڑھ گیا ہے۔ چنان، روس اور امریکا اپنا اثر و نفع بڑھا رہے ہیں، جس کی وجہ سے جیو پلٹکل کشیدگی میں اضافہ ہو گیا ہے۔ تاریخی طور پر گلو بیانزیشن کو افراطر میں کی لانے والی تقوت سمجھا جاتا رہا ہے: تاہم اب وقت ڈی گلو بیانزیشن، وسائل کو قومیائے جانے اور عوامی حکومتوں کے حق میں کروٹ لے چکا ہے۔ عالیٰ محیثت سے تعلق ہوئے اوقات کا زیادہ تر اخصار ان تقوتوں کے ایک دوسرا کے ساتھ تعامل، میں الاقوامی سطح پر مہنگائی کی رفتار اور مالیاتی خفت گیری پر ہے۔

اعلیٰ تشریف

یہ بورڈ اپنے قابل قرار انویسٹر، سکیو رٹیرو ایڈ پیج کیشن آف پاکستان، اسٹیٹ بینک آف پاکستان، بند کریٹی سیسٹل ڈپاز یونی کپنی آف پاکستان لمبند اور پاکستان اسٹاک اسٹکچر لمبند کا، ان کے مسلسل تعاون اور مدد پر شکرگزار ہے۔ مجذوب کپنی کے ڈائریکٹرز فنڈ کی ترقی اور داشمندانہ انتظام و انصرام کے لیے مجذوب کپنی کی ثہم کی محنت اور کادشوں کا بھی اعتراف کرتے ہیں۔

برائے وضاحت بورڈ

چیف اگریکٹو افسر

تاریخ: 31 اکتوبر 2022

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

	Note	September 30, 2022 (Unaudited)	June 30, 2022 (Audited)
ASSETS			
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
TOTAL ASSETS		1,488,504,814	2,668,648,965
LIABILITIES			
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
TOTAL LIABILITIES		32,601,666	50,302,328
NET ASSETS		1,455,903,148	2,618,346,637
UNIT HOLDERS' FUND (as per statement of movement in unit holders' fund)			
		1,455,903,148	2,618,346,637
CONTINGENCIES AND COMMITMENTS			
Number of units in issue	9	(Number of units)	
		13,926,274	25,822,658
Net assets value per unit		(Rupees)	
		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

INCOME	Note	2022 (Rupees)	2021
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
		(7,040,692)	13,656,088
Markup on:			
- Bank balances		25,023,728	37,364,469
- Government and other debt securities		62,297,156	54,522,880
		87,320,884	91,887,349
Income from Margin Trading System		200,548	927,038
Reversal of Sindh Workers' Welfare Fund		-	25,648,166
		80,480,740	132,118,642
EXPENSES			
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		36,375	-
Bank and settlement charges		8,476,857	31,340
Net income from operating activities		72,003,883	20,064,649
Net income for the period before taxation		72,003,883	112,053,993
Taxation	10	-	-
Net income for the period after taxation		72,003,883	112,053,993
Allocation of Net Income for the period:			
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)
		43,632,000	102,008,651
Accounting income available for distribution		-	13,603,545
Relating to capital gains		43,632,000	88,405,106
Excluding capital gains		43,632,000	102,008,651

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 (Rupees)	2021
Net income for the period after taxation	72,003,883	112,053,993
Other comprehensive income	-	-
Total comprehensive income for the period	<u>72,003,883</u>	<u>112,053,993</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

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	Total	Capital Value	Undistributed income
			(Rupees)			(Rupees)
Net assets at beginning of the period	2,575,601.975	42,740.662	-	2,618,346.637	5,064,663,876	35,610,953
Issue of 5,545,995 units (2021:9,423,204 units)						- 5,100,274,829
-Capital Value	3,604,264.364	-	-	3,604,264.364	758,905,283	
-Element of income/(loss)	43,131,013	-	-	43,131,013	-	758,905,283
Redemption of 47,442,380 units (2021:10,580,098 units)	3,647,395.377	-	-	3,647,395.377	758,905,283	-
-Capital Value	(4,810,524,457)	(23,371,883)	-	(4,810,524,457)	(1,513,677,256)	
-Element of income/(loss)	(62,966,408)	(23,371,883)	-	(62,966,408)	(1,513,677,256)	
Redemption of 4,853,470,866 units (2021:10,580,098 units)	(4,853,470,866)	(23,371,883)	-	(4,853,470,866)	(1,513,677,256)	
Total comprehensive income for the period	-	72,003,883	-	72,003,883	-	112,053,993
Net assets at end of the period	1,369,526,486	86,376,662	-	1,455,903,148	4,309,891,903	337,619,604
Undistributed Income brought forward						- 4,457,556,850
-Realized income	41,578,656				30,241,737	
-Unrealized income	1,166,006				5,369,216	
	<u>42,744,662</u>				<u>35,610,953</u>	
Accounting (loss) / Income available for distribution						
Relating to capital gains						
Excluding capital gains						
	<u>43,632,000</u>				<u>13,603,545</u>	
Undistributed Income at end of the period	<u>86,376,662</u>				<u>88,405,106</u>	
Undistributed Income carried forward comprises of:						
- Realized income	90,991,796				132,131,532	
- Unrealized income	(4,615,134)				5,488,072	
	<u>86,376,662</u>				<u>137,619,604</u>	
Net assets value per unit at beginning of the period					101.397	
Net assets value per unit at end of the period					104.5436	
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 (Rupees)	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	72,003,883	112,053,993
Adjustments for non-cash charges and other items:		
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>
(Decrease) / Increase in assets		
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
	<u>824,084,702</u>	<u>(267,247,596)</u>
(Decrease) in liabilities		
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)
	<u>(17,700,662)</u>	<u>(163,238,637)</u>
Net cash generated / (used in) operating activities	883,003,056	(323,920,312)
CASH FLOWS FROM FINANCING ACTIVITIES		
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)
Net cash (used in) / generated from financing activities	<u>(1,234,447,372)</u>	<u>(754,771,972)</u>
Net (decrease) / increase in cash and cash equivalents	(351,444,316)	(1,078,692,284)
Cash and cash equivalents at the beginning of the period	698,062,481	2,962,897,726
Cash and cash equivalents at the end of the period	<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.

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

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	
			1,069,550,188		1,753,320,058	

Classified as at amortized cost

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

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% 18.70%
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 (Rupees)	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%	
NRSB 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 until 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 installments. 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
	Note	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	
MUGHAL-1Y-27072021-CP		130	-	130	-	-	-	Rupees	
Total as at September 30, 2022									
PAYABLE TO THE MANAGEMENT COMPANY	Note				September 30, 2022 (Unaudited)		June 30, 2022 (Audited)		
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		
					18,890,205		21,454,226		

- 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.

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

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)
11.1	Details of balance with related parties / connected persons for the period ended		
	Lakson Investments Limited - Management Company		
	Remuneration payable	<u><u>286,947</u></u>	2,553,971
	Sindh Sales Tax payable on Management Company's remuneration*	<u><u>57,898</u></u>	352,610
	Federal Excise Duty	<u><u>18,545,360</u></u>	18,545,360
	Sales load payable	<u><u>-</u></u>	2,285
	Central Depository Company of Pakistan Limited - Trustee		
	Remuneration payable	<u><u>108,969</u></u>	167,176
	Sindh Sales Tax payable on Trustee remuneration*	<u><u>49,426</u></u>	56,993
	Security deposit	<u><u>100,000</u></u>	100,000
11.2	Details of transaction with related parties / connected persons during the period ended	September 30, 2022 (Unaudited) (Rupees)	2021
	Lakson Investments Limited - Management Company Company of the Fund		
	Remuneration to the Management Company	<u><u>6,319,258</u></u>	15,219,575
	Sindh Sales Tax on Remuneration to the Management Company	<u><u>821,504</u></u>	2,039,848
	Central Depository Company of Pakistan Limited - Trustee		
	Remuneration to the Trustee	<u><u>448,182</u></u>	914,926
	Sindh Sales Tax on Trustee remuneration*	<u><u>58,264</u></u>	118,940
	Settlement charges	<u><u>2,260</u></u>	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			
	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, 2022	Units issued during the period
Lakson Investments Limited - Management Company Directors, Chief Executive and their spouse and minors Other Key Management personnel	4,731,345 11,264,336	47,991 -	10,499,009 -	4,731,345 812,718	479,745,098 1,142,172,080	5,013,339 -
Associated companies						
Accuracy Surgical Limited Employees Contributory Provident Fund	66,608		66,608	6,753,859	-	6,963,435
Alan Private Limited	28,819		28,819	2,922,197	-	3,012,875
Century Insurance Co. Ltd., GF	137,690		137,690	13,963,393	-	14,994,624
Century Insurance Company Limited Employees Contributory Provident Fund Trust	689,220		689,220	69,885,024	-	72,053,605
Century Paper & Board Mills Limited ECPFT	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	-	128,256,871
Colgate Palmolive Pakistan Limited	-		-	-	-	-
Colgate Palmolive Pakistan Limited EGF	459,111		459,111	46,552,576	-	47,997,135
Colgate Palmolive Pakistan Limited EGP	679,863		679,863	68,936,194	-	71,075,332
Cyber Internet Services (Pvt) Ltd. Emply. CPF	766,914		766,914	77,762,926	-	80,475,964
Gam Corporation Private Limited Employees Contributory Provident Fund	551,315		551,315	55,901,792	-	57,536,464
Hasan Ali & Gulbano Lakhami Foundation	140,840		142,712	14,280,750	-	14,319,391
Hasan Ali Karabhai Foundation ECP Trust	27,072		24,482	2,745,072	-	2,559,479
Lakson Business Solutions Limited Employees Contributory Provident Fund Trust	5,630		5,630	570,916	-	588,632
Lakson Investments Limited ECPFT	106,345		106,345	10,783,081	-	11,117,688
Lakson Power Limited	-		-	-	-	-
Merit Packaging Limited Employees Contributory Provident Fund Trust	82,313		2,911	79,401	8,346,298	300,000
Merit Packaging Limited Employees Gratuity Fund	25,513		25,513	2,586,956	-	8,300,920
Premier Fashions Private Limited Employees Contributory Provident Fund Trust	-		-	-	-	2,667,231
Princeton Travels Private Limited Employees Contributory Provident Fund Trust	-		-	-	-	-
Siza Commodities Private Limited	-		-	-	-	-
Siza Foods Private Limited Employees Contributory Provident Fund Trust	468,090		468,090	47,462,965	-	48,935,774
Siza Private Limited	3,248		3,248	329,301	-	339,520
Siza Services Private Limited Employees Contributory Provident Fund Trust	-		1,340	-	140,027	140,134
Sybird (Private) Limited ECPFT	94,831		94,831	9,615,604	-	9,913,983
Sybird Private Limited	199,699		199,699	20,248,926	-	20,377,264
	662		662	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



LAKSON INVESTMENTS

WE MANAGE YOUR MONEY, AS WE MANAGE OUR OWN

WE MANAGE YOUR MONEY, AS WE MANAGE OUR OWN

LAKSON INCOME FUND

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 -----				
Financial assets measured at fair value				
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		

As at June 30, 2022			
----- Audited -----			
Level 1	Level 2	Level 3	Total
Rupees			
Financial assets measured at fair value			
Government securities			
- Market Treasury Bills	- 256,935,650	-	256,935,650
- Pakistan Investment Bonds	- 614,480,000	-	614,480,000
Term Finance Certificates - Listed	- 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

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