

LAKSON ISLAMIC MONEY MARKET FUND

Quarterly Report (September 30, 2022)



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Fund's Information

Management Company	Lakson Investments Limited Head Office Lakson Square, Building No.2, Sarwar Shaheed Road, Karachi-74200, Pakistan. Phone: (9221) 3840.0000 Fax: (9221) 3568.1653 Web site: www.li.com.pk E-mail: info@li.com.pk
Board of Directors of the Management Company	Mr. Iqbal Ali Lakhani - Chairman Mr. Babar Ali Lakhani - Chief Executive Officer Mr. Jamil Ahmed Mughal Mr. Amin Mohammed Lakhani Mr. Jacques John Visser Ms. Roxanne Davies
Chief Financial Officer & Company Secretary of the Management Company	Mr. Junaid Arshad
Audit Committee	Mr. Jacques John Visser - Chairman Mr. Amin Mohammed Lakhani Mr. Iqbal Ali Lakhani Mr. Jamil Ahmed Mughal
Human Resource and Remuneration Committee	Mr. Babar Ali Lakhani Mr. Iqbal Ali Lakhani
Trustee	Central Depository Company of Pakistan Limited CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi, Pakistan.
Auditors	BDO Ebrahim & Co. Chartered Accountants 2nd Floor, Block C, Lakson Square, Building No. 1, Sarwar Shaheed Road, Karachi - 74200.
Bankers to the Fund	Faysal Bank Limited Habib Metropolitan Bank Limited National Bank of Pakistan
Shari'ah Adviser	Al Hilal Shariah Advisors



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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

BMA Capital Management Limited
Rabia Fida

Rating by PACRA

AA(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 Islamic Money Market Fund ("LIMMF") is pleased to submit its review report together with Condensed Interim Financial Information for the period ended September 30, 2022.

Fund Objective

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

Principal activities

The Fund is an open-end Shariah compliant money market fund and is listed on Pakistan Stock Exchange Limited. The Fund invests in Shariah compliant Government Securities, Shariah compliant placements, Term Deposit Receipts, and other Islamic short-term debt instruments. The weighted average maturity of the portfolio is kept below 3 months. LIMMF invests in only those securities that have been assigned at least an "AA" rating by a rating agency in Pakistan and are of less than 6 months maturity. An in-depth credit analysis is conducted before taking any exposure to any counter party to mitigate the credit risk. Short maturity of the portfolio protects the Unit Holders against interest rate movements while enhancing the liquidity of the Fund.

Fund performance

The LIMMF generated return of 13.18% in 1QFY23 compared to Benchmark (70% average 3M T-Bills yield + 30% average 3M TDR rate of minimum AA rated banks) return of 5.76%. The LIMMF outperformed the benchmark by 7.42%. Asset allocation was concentrated mainly in Cash at 99.20% and others at 0.8%. The weighted average maturity (WAM) of the LIMMF portfolio stands at 1 day and fund size as of 30th September 2022 is PKR 211mn.

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.

During the quarter 3 GOP Ijarah Sukuk auctions were held for the 5Y tenor. Total auction size across the three auctions was PKR 195 BN with an accepted amount of PKR 100 BN. The variable rate sukuk were issued at a coupon of 13.5279% as of 27th April 2022 and the cut-offs came in below par at 99.6 - 99.67.

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 اسلامک منی مارکیٹ فنڈ
 30 ستمبر 2022 کو ختم ہونے والی سہ ماہی کے لیے
 منجمنٹ کمپنی کے ڈائریکٹرز کی جائزہ رپورٹ

لیکسن اسلامک منی مارکیٹ فنڈ ("LIMMF") یا فنڈ کی منجمنٹ کمپنی، لیکسن انویسٹمنٹس لمیٹڈ کے بورڈ آف ڈائریکٹرز کیلئے 30 ستمبر 2022 کو ختم ہونے والی سہ ماہی کے لیے اپنی جائزہ رپورٹ مع مختصر عبوری مالیاتی گوشوارے پیش کرنا باعث مسرت ہے۔

فنڈ کا مقصد

اس فنڈ کا مقصد کم اتار چڑھاؤ کے ساتھ مستحکم اور مسابقتی منافع جات فراہم کرنا ہے جو منی مارکیٹس سے ہم آہنگ اور سرمائے کے تحفظ سے مطابقت رکھتے ہوں۔ اسی طرح یہ سرمایہ کم خطرات، مختصر مدتی سرمایہ کاری کے لیکویڈ پورٹ فولیو پر مشتمل ہے۔

نمایاں سرگرمیاں

فنڈ ایک اوپن اینڈ شریعہ سے مطابقت رکھنے والا منی مارکیٹ فنڈ ہے اور پاکستان اسٹاک ایکسچینج لمیٹڈ میں لسٹڈ ہے۔ فنڈ شریعہ سے مطابقت رکھنے والی گورنمنٹ سیکورٹیز، شریعہ کے مطابق Placements، بزم ڈپازٹ ریسٹریکٹس اور دیگر اسلامک مختصر مدتی انسٹرومنٹس میں سرمایہ کاری کرتا ہے۔ پورٹ فولیو کی تخمینہ شدہ اوسط میچورٹی 3 ماہ سے کم رکھی جاتی ہے۔ LIMMF صرف ان سیکورٹیز میں سرمایہ کاری کرتا ہے جنہیں پاکستان میں کسی ریٹنگ ایجنسی نے کم از کم "AA" ریٹنگ دے رکھی ہو اور جن کی میچورٹی 6 ماہ سے کم ہو۔ کریڈٹ ریسک کم کرنے کے لیے سرمایہ کاری سے پہلے مقابل پارٹی کا کریڈٹ کے حوالے سے باریک بینی سے تجزیہ کیا جاتا ہے۔ پورٹ فولیو کی مختصر میچورٹی پوائنٹ ہولڈرز کو شرح سود کے اتار چڑھاؤ کے خلاف تحفظ دیتی ہے، جب کہ فنڈ کی لیکویڈیٹی میں اضافہ کرتی ہے۔

فنڈ کی کارکردگی

LIMMF نے منیج مارک منافع (سہ ماہی TBL کے اوسط منافع جات کا +70% کم از کم AA ریٹڈ ٹینکس کے اوسط سہ ماہی TDR ریٹ کا 30%) 5.76% کے مقابلے میں مالی سال 2023 کی پہلی سہ ماہی میں 13.18% منافع کمایا۔ فنڈ نے منیج مارک کے مقابلے میں 7.42% بہتر کارکردگی کا مظاہرہ کیا۔ اثاثوں کی تفویض بنیادی طور پر کیش میں 99.20% اور دیگر میں 0.8% مرکوز رہی۔ LIMMF پورٹ فولیو کی تخمینہ شدہ اوسط میچورٹی (WAM)، 1.0 دن ہے اور 30 ستمبر 2022 کے مطابق فنڈ ساٹھ 211 ملین روپے ہے۔

فی شیئر آمدنی (EPU)

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

معاشی جائزہ

مالی سال 2023 کا آغاز مشکل صورتحال سے ہوا کیونکہ میکرو اکنامک معاملات بدستور تشویشناک تھے، ڈالر کے مقابلے میں روپے کی شرح مبادلہ سہ ماہی بہ سہ ماہی 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 شورشراپہ میں اضافے، سیلاب سے اراضی اور فصلوں کی تباہی اور اب تک کے سب سے زیادہ آنکسل امپورٹ بل 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 بزیوں اور پھلوں کی پیداوار متاثر ہونے کے باعث اشیائے خوراک کی قیمتیں بڑھ گئیں۔ سی پی آئی میں ڈالر سے زائر 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 زخوں میں ہونے والی کمی تھی جبکہ کورونا وائرس اور 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 ہیڈلائن افراط زر پر اضافی دباؤ کا 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 معاذ پر، مالی سال 2023 کی پہلی سہ ماہی کے دوران، درآمدات سال بہ سال 12.7% کمی کے ساتھ 16.3 ارب ڈالر رہیں جبکہ برآمدات 1.8% اضافے کے ساتھ 7 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 وسمبر 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 واقعاً تبدیلی آسکتی 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 کو تبدیلی کے بغیر 15% پر برقرار رکھی۔ یہ اقدام معاشی سرگرمی میں



مستقل سرمایہ 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۔

تیسری سہ ماہی کے دوران پانچ سالہ میعاد کے لیے حکومت پاکستان کی اجارہ صلوک نیلامیوں کا انعقاد ہوا۔ 100 ارب روپے کی منظور شدہ رقم کے ساتھ تین نیلامیوں کا مجموعی حجم 195 ارب روپے تھا۔ متغیر شرح کے صلوکس 27 اپریل 2022 کے مطابق 13.5279% کے کوپن پر جاری کیے گئے تھے اور کٹ آف توقع سے کم 99.67-99.6 رہے۔

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 فنڈیشنٹی کے 7 ویں اور 8 ویں جائزے کے لیے آئی ایم ایف بورڈ کی منظوری حاصل کر لی۔ سیاسی بے یقینی میں اضافے کی وجہ سے آئی ایم ایف پروگرام کا تسلسل اور اسٹرکچرل اقدامات و معیار کارکردگی کا نفاذ بدستور مسئلہ بنے ہوئے ہیں۔ عام انتخابات کا انعقاد جون 2023 میں متوقع ہے، تاہم حزب اختلاف کے ملک گیر جلے 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 پورے بائڈز کے سودے بدستور کم منافع پر ہو رہے ہیں۔ اشیائے تجارت کی قیمتیں بدستور زیادہ ہیں؛ اگرچہ بلوم برگ کموڈیٹی انڈیکس میں حال ہی میں 20% کمی آئی ہے، پھر بھی یہ قبل از 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 پوائنٹس پوائنٹس کے اضافے سے شرح سود کو 3.25%-3% تک کی رینج میں لے جانے والا ہے۔ یہ 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 تو میاے 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 ہنگامی کی رفتار اور مالیاتی سخت گیری پر ہے۔



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

LAKSON ISLAMIC MONEY MARKET FUND

اظہار تشکر

یہ بورڈ اپنے قابل قدر انویسٹرز، سکیورٹیز اینڈ اینڈ ایکسچینج کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان، فنڈ کے ٹرسٹی سینٹرل ڈپازیری کمپنی آف پاکستان لمیٹڈ اور پاکستان اسٹاک ایکسچینج لمیٹڈ کی مہجنت کا، ان کے مسلسل تعاون اور مدد پر شکر گزار ہے۔ مہجنت کمپنی کے ڈائریکٹرز فنڈ کی ترقی اور دانش مندانہ انتظام و انصرام کے لیے مہجنت 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**

	Note	September 30, 2022 (Rupees)
ASSETS		
Bank balances	6	210,610,000
Deferred Formation Cost	7	1,522,300
Accrued mark-up and other receivable		155,021
Secutiry Deposit		100,000
TOTAL ASSETS		212,387,321
LIABILITIES		
Payable to the Management Company	8	1,652,300
Payable to the Trustee		714
Annual fee payable to the Securities and Exchange Commission of Pakistan		230
Accrued expenses and other liabilities	9	2,880
TOTAL LIABILITIES		1,656,124
NET ASSETS		210,731,197
UNIT HOLDERS' FUND (as per statement of movement in unit holders' fund)		210,731,197
CONTINGENCIES AND COMMITMENTS	10	
		(Number of units)
Number of units in issue		2,105,793
		(Rupees)
Net assets value per unit		100.0721

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

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

Chief Executive Officer

Chief Financial Officer

Director

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

	Note	2022 (Rupees)
INCOME		
Markup on bank balances		155,021
Total Income		<u>155,021</u>
EXPENSES		
Remuneration to the Management Company	8.1	-
Sindh Sales tax on remuneration to the Management Company	8.2	-
Remuneration to the Trustee		632
Sindh Sales tax on remuneration to the Trustee		82
Annual fee to the Securities and Exchange Commission of Pakistan		230
SECP supervisory fee		18
Auditors' remuneration		1,442
Shariah Advisory Fee		1,238
Fees and subscription		182
Total Expenses		<u>3,824</u>
Net Income for the period before Taxation		<u>151,197</u>
Taxation	11	-
Net income for the period after taxation		<u>151,197</u>
Allocation of Net Income for the period		
Net income for the year after taxation		151,197
Income already paid on units redeemed		-
		<u>151,197</u>
Accounting income available for distribution		
-Relating to capital gains		-
-Excluding capital gains		151,197
Accounting income available for distribution		<u>151,197</u>

The annexed notes from 1 to 16 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

	Note	2022 (Rupees)
Net income for the period after taxation		151,197
Other comprehensive income		-
Total comprehensive income for the period		<u><u>151,197</u></u>

The annexed notes from 1 to 16 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**

	September 2022		
	Capital value	Undistributed Income	Total
	------(Rupees)-----		
Net assets at beginning of the period	-	-	-
Issuance of 2,105,793 units			
- Capital value	210,579,261	-	210,579,261
- Element of income	739	-	739
Total proceeds on issuance of units	210,580,000	-	210,580,000
Redemption of Nil units			
- Capital value	-	-	-
- Element of loss	-	-	-
Total payments on redemption of units	-	-	-
Total comprehensive income for the period	-	151,197	151,197
Net income for the period less distribution	-	151,197	151,197
Net assets as at end of the period	<u>210,580,000</u>	<u>151,197</u>	<u>210,731,197</u>
Undistributed income brought forward:			
- Realized income		-	
- Unrealized income		-	
		-	
Accounting income available for distribution:			
Relating to capital gains		-	
Excluding capital gains		<u>151,197</u>	
		151,197	
Undistributed income at end of the period		<u>151,197</u>	
Undistributed income carried forward			
- Realized income		151,197	
- Unrealized income		-	
Undistributed income at end of the period		<u>151,197</u>	
Net assets value per unit at beginning of the period			-
Net assets value per unit at end of the period			<u>100.0721</u>

The annexed notes from 1 to 16 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

	Note	2022 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES		
Net Income for the period before Taxation		151,197
Adjustments for non-cash charges and other items:		
Mark-up receivable		(155,021)
		(3,824)
(Increase) in assets		
Investments - net		-
Security Deposit		(100,000)
Formation cost		(1,522,300)
		(1,622,300)
Increase in liabilities		
Payable to the Management Company		1,652,300
Payable to the Trustee		714
Annual fee to the Securities and		
Exchange Commission of Pakistan		230
Accrued expenses and other liabilities		2,880
		1,656,124
Net cash (used in) operating activities		30,000
CASH FLOW FROM FINANCING ACTIVITIES		
Cash received from issue of units		210,580,000
Cash paid on redemption of units		-
Net cash flow from financing activities		210,580,000
Net (decrease) in cash and cash equivalent during the period		210,610,000
Cash and cash equivalent at the beginning of the period		-
Cash and cash equivalent at the end of the period		210,610,000

The annexed notes from 1 to 16 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 Islamic Money Market Fund (the "Fund") was established under the Trust Deed executed on 29 September 2022 between the Lakson Investments Limited as its Management Company, a company incorporated under the repealed Companies ordinance 1984 (now Companies Act, 2017) and the Central Depository Company of Pakistan Limited (CDC) as its Trustee, also incorporated under the repealed Companies ordinance 1984 (now Companies Act, 2017). The Fund has been registered as a Notified Entity on 11 April 2022 by the Securities and Exchange Commission of Pakistan (SECP) in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations).

The Management Company of the Fund has been licensed by SECP to undertake Asset Management and Investment Advisory Services as a Non-Banking Finance Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The registered office of the Management Company is located at 14 - Ali Block, New Garden Town, Lahore, while the head office is in the Lakson Square Building No. 2, Karachi.

The Fund is an open end mutual fund. 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 "Shariah Compliant Islamic Money Market Scheme" as per the Circular 07 of 2009 issued by Securities and Exchange Commission of Pakistan (SECP) and is authorised to invest in Shariah compliant investments within the limits prescribed in the offering document so as to ensure a riba-free return on investments. All investments of the Fund are as per the guidelines of the Shariah principles provided by the Shariah Advisor of the Fund and comprise of the investments permissible as 'Authorised Investments' under the Trust Deed.

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

Pakistan Credit Rating Company Limited (PACRA) has maintained the rating of the Management Company of the Fund to the scale 'AM2+' (stable outlook) vide its report dated 26 August 2022. On September 06, 2022, PACRA assigned AA(f) rating to the Fund

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

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.

2.2 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.

2.3 Comparative figures on statement of assets and liabilities, condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim movement in unit holder fund has not been presented as the fund launched on September 29, 2022.

2.3 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention, except for investments that are stated at fair values.

2.4 Functional and presentation currency

This condensed interim financial information is presented in Pak Rupees which is the functional and presentation currency of the Fund. All amount have been rounded off to the nearest of rupees, unless otherwise indicated.

3. 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 reported amount of assets and liabilities, income and expenses. Actual results may differ from these estimates.

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

4. 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.

5. 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 30 June 2022.

		September 30, 2022 (Unaudited) (Rupees)
6. BANK BALANCES	Note	
In local currency		
In profit and loss sharing accounts	6.1	<u>210,610,000</u>
		<u>210,610,000</u>
6.1 These carry mark-up rates ranging from 11.00% to 13.50% per annum.		
7. DEFERRED FORMATION COST		
Formation cost incurred		1,522,300
Amortised to the income statement during the period		-
Unamortised cost at the end of the period		<u>1,522,300</u>

As per the offering document all preliminary and floatation expenses of the Fund including expenses incurred in connection with the establishment and authorization of the Fund, including execution and registration of the Constitutive Documents, issue, legal costs, printing, circulation and publication of the Offering Document, and all expenses incurred for announcing the Fund and other expenses during and up to the Initial Offering Period (IOP) subject to a maximum of one per cent (1.5%) of the net assets at the close of the IPO, shall be borne and reimbursed by the Fund to the Management Company subject to the audit of expenses. Such Formation Cost shall be amortized over a period of not less than five years.

		September 30, 2022 (Unaudited) (Rupees)
8. PAYABLE TO THE MANAGEMENT COMPANY	Note	
Remuneration payable to the Management Company	8.1	-
Sales tax payable on remuneration to the Management Company	8.2	-
Payable to Management Company on account of Security Deposit		130,000
Formation Cost Payable		1,522,300
		<u>1,652,300</u>
8.1	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% per annum of the average annual net assets of the Fund. The effective management fee rate for the quarter ended 30 September 2022 is Nil. Remuneration is paid to the Management company in arrears on a monthly basis.	
8.2	The Sindh Provincial Government has levied Sindh Sales Tax (SST) at the rate of 13% on the remuneration of management company through Sindh Sales Tax on Services Act, 2011.	
9. ACCRUED AND OTHER LIABILITIES		
Auditors' remuneration		1,442
Shariah advisory fee		1,238
SECP supervisory fee		18
PSX listing fee		182
		<u>2,880</u>
10. CONTINGENCIES AND COMMITMENTS		
	There were no other contingencies and commitments as at September 30, 2022.	
11. TAXATION		
11.1	The Fund's income is exempt from Income Tax as per clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders. The Fund is also exempt from the provisions of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Accordingly, no provision has been made in this condensed interim financial statement.	

12. TRANSACTIONS AND BALANCES WITH RELATED PARTIES / CONNECTED PERSONS

Related parties include Lakson Investments Limited being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the Trustee, SIZA Services (Private) Limited being the holding company of the Management Company, associated companies of the Management Company, key management personnel, other funds being managed by the Management Company and unit holders holding more than 10% in the units of the Funds as at September 30, 2022. It also includes staff retirement funds of the above related parties / connected persons.

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

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

12.1 Detail of balance with related parties / connected persons at the period end

	September 30, 2022 (Unaudited) (Rupees)
Lakson Investments Limited - Management Company	
Remuneration payable	-
Sindh Sales Tax payable on Management Company's remuneration*	-
Payable to Management Company on account of Security Deposit	130,000
Formation Cost Payable	1,522,300
Central Depository Company of Pakistan Limited - Trustee	
Remuneration payable	632
Sindh Sales Tax payable on Trustee remuneration*	82
Security Deposit	100,000

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

12.2 Detail of transaction with related parties / connected persons during the period

Lakson Investments Limited - Management Company of the Fund	
Remuneration to the Management Company	-
Sindh Sales Tax on Management Company's remuneration*	-
Central Depository Company of Pakistan Limited - Trustee	
Remuneration for the period	632
Sindh Sales Tax on Trustee remuneration*	82

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

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

	Period ended September 30, 2022				
	Number of Units		Rupees		
	Number of Units as at July 01, 2022	Units issued during the period	Units redeemed during the period	Number of holdings at the end of the period	Balance at the end of the period
Lakson Investments Limited - Management Company	-	1,000,000	-	1,000,000	-
Associated companies / undertakings of the Management Company					100,072,100
Accuray Surgical Limited Employees Contributory Provident Fund	-	13,040	-	13,040	-
Century Insurance Co. Ltd., GF	-	15,330	-	15,330	-
Century Insurance Company Limited Employees Contributory Provident Fund Trust	-	18,380	-	18,380	-
Century Paper & Board Mills Limited ECPFT	-	178,290	-	178,290	-
Century Paper & Board Mills Limited EGF	-	165,850	-	165,850	-
Colgate Palmolive Pakistan Limited ECPFT	-	162,650	-	162,650	-
Colgate Palmolive Pakistan Limited EGF	-	193,950	-	193,950	-
Cyber Internet Services (Pvt.) Ltd. Empl. CPFT	-	84,700	-	84,700	-
Gam Corporation Private Limited Employees Contributory Provident Fund	-	50,440	-	50,440	-
Hasanali Karabhai Foundation ECPF Trust	-	2,290	-	2,290	-
Lakson Investments Limited ECPFT	-	10,680	-	10,680	-
Merit Packaging Limited Employees Contributory Provident Fund Trust	-	21,610	-	21,610	-
Merit Packaging Limited Employees Gratuity Fund	-	11,340	-	11,340	-
Siza Foods Private Limited Employees Contributory Provident Fund Trust	-	46,540	-	46,540	-
Siza Services Private Limited Employees Contributory Provident Fund Trust	-	9,820	-	9,820	-
Sybird (Private) Limited ECPFT	-	18,483	-	18,483	-
					1,849,665

13. TOTAL EXPENSE RATIO

Securities and Exchange Commission of Pakistan (SECP) vide its Directive No. SCD/PRDD/Direction/18/2016 dated 20 July 2016, required that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS / the Fund. TER of the Fund for the quarter ended September 30, 2021 is 0.33% which includes 0.04% representing government levies (comprising of SECP fee, SECP Supervisory fee etc.). As per NBFC Regulation the total expense ratio of the Islamic Money Market Scheme shall be capped up to 2%. (excluding the government levies).

14. 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 that the entity can access at the measurement date (level 1);

Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and

Unobservable inputs for the asset or liability (level 3).

As at September 30, 2022 there are no financial instruments under the fair value hierarchy.

15. GENERAL

15.1 The corresponding figures have been re-arranged wherever necessary

15.2 Figures have been rounded off to the nearest rupee

16. DATE OF AUTHORIZATION FOR 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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