

LAKSON ASSET ALLOCATION DEVELOPED MARKETS FUND
Half Yearly Report (December 31, 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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Karachi-74200, Pakistan.
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Fax: (9221) 3568.1653
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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

Allied Bank Limited
Bank Alfalah Limited
Dubai Islamic Bank Pakistan Limited
Habib Bank Limited
HBL Microfinance Bank Limited
Habib Metropolitan Bank Limited
Habib Bank AG Zurich
National Bank of Pakistan
United Bank Limited

Legal Adviser

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

Registrar

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

Distributor

Rabia Fida
BMA Capital Management Limited

Rating

5-Star (One Year)
4-Star (Three Years)
5-Star (Five Years)
Fund Performance Ranking
AM2+ : Asset Manager Rating by PACRA

Review Report of the Directors of the Management Company For the half year ended December 31, 2022

The Board of Directors of Lakson Investments Limited, the Management Company of the Lakson Asset Allocation Developed Markets Fund ("LAADMF") is pleased to submit its review report together with Condensed Interim Financial Information for the half year ended December 31, 2022.

Fund Objective

The investment objective of the Fund is to provide long-term capital appreciation by investing in a mix of domestic debt and Developed Markets Securities.

Principal activities

LAADMF is an open-end asset allocation scheme and is listed on Pakistan Stock Exchange Limited. The Scheme is managed using an active investment management style which focuses on an analysis of the macro factors such as government policies, global economic data, commodities prices and supply/demand dynamics. The Scheme switches exposure between the domestic Government Securities and the Developed Markets securities based on the outlook of the Investments Team of the performance of the Developed Markets. The Scheme may overweight or underweight countries relative to its benchmark for Developed Markets investments, the MSCI World Index. Exposure of the Scheme in the fixed income securities is managed through duration and yield curve management by shifting between different maturities of the Government Securities.

Fund performance

Lakson Asset Allocation Developed Markets Fund generated an absolute return of 7.41% in the 2QFY23 compared to the Benchmark return of 10.67%. The LAADMF has underperformed the benchmark by -3.26%. As of December 31, 2022, 32.8% of the fund was invested in equities, 60.9% in T-Bills, 6% in cash and remaining 0.2% in others on a total assets basis.

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

After a round of tightening in 1HCY22, SBP continued to increase the PR in 2HCY22, first to 15% and then to 16%. CPI increased substantially during the second half, from a run rate of 12 - 13% in 1HCY22 to 21% by June and 27% by August 2022. This was the result of reversal of subsidies on petrol & diesel and imposition of Petroleum Development Levy (PDL) to boost fiscal revenues. Rising transport costs led to a general rise in inflation and headline CPI continues to range from 23-25%.

Pakistan posted a CAD of USD 2.1 BN in June 2022; the CAD consistently improved since then with the November 2022 number at USD 276 MN. Improvement was achieved despite a drop in remittances and exports that was offset by import controls due to shortage of dollars. As a result of the dollar shortage, a parallel market for the greenback has emerged where exchange rates spread to the interbank range from 10-15%. The official exchange rate continues to hover around 224 - 228. The exchange differential has led to a drop in official remittances from a run rate of USD 2.8 - 3.0 BN dollars to USD 2.1 BN dollars as of November 2022.

Economic activity has been hit hard, once on the demand side due to contractionary fiscal and monetary policy and then again on the supply side due to import shortages. Pakistani companies rely on some form of raw material import to produce their desired goods. This has been difficult due to import shortages that have even led to temporary factory closures, mostly prevalent in the automobile assembler space.

Growth is expected to take a hit due to the current economic situation. Tight fiscal & monetary policy has led to a cost-of-living crisis for the populace and consequently, demand has struggled. The resumption of normal economic activity depends on Pakistan's ability to attract dollar inflows, and this has been hampered by the tense domestic political situation and the flight to quality phenomenon in global debt markets.

Fixed Income Market Review

In 2HCY22, the State Bank of Pakistan decided to raise the benchmark policy rate by 100bps to 16.0%. The decision to hike the policy rate was taken in lieu of the fact, that inflationary pressures have proven to be

stronger and more persistent than expected. It is as such the aim of the Central bank, to ensure that inflation does not become entrenched and the risks to financial stability are contained.

During the second half of CY22, Kibor rates inched up by c.1.7% HoH to 17.00%, 17.04% and 17.34% for 3M, 6M and 12M rates. T-bill yields also increased by c.1.9% HoH with 3M/6M/12M rates clocking in at 16.96%/16.81%/16.81%. On the flip side, PIB yields saw a decrease for the 3 Year and 10 Year tenor.

Developed Markets Review

The MSCI developed market index increase by 2.2% in the second half of this calendar year after suffering a 21.2% drop in the first half. The index closed CY22 with a cumulative decline of ~20%. The second half of CY22 was a tale of two halves for the global economy, driven by i) central banks stance on continued monetary tightening and ii) inflation trajectory.

After a rally in July, both shares and bonds turned lower and registered negative returns for Q3. Any hopes of interest rate cuts were dashed as central banks reaffirmed their commitment to fighting inflation. The Federal Reserve, European Central Bank and Bank of England all raised interest rates in the quarter. Energy costs continued to be the largest contributor to inflation and fears around the impact of rising energy bills on consumer discretionary spend weighed heavily on retailers, travel and leisure, home construction and other domestically focused companies.

MSCI Developed Market resultantly declined by ~7% in 3QCY22 only to round off a tumultuous year with gains of 9% in Q4. Equity gains were supported by indications that the pace of policy tightening would slow, and signs that elevated inflation could be cooling. Both the FED and ECB raised interest rates by 50bps, a slower pace than its previous 75bps hike.

Developed markets such as Denmark and France posted strong returns of 9.1% and 9.3%, respectively, in second half of CY22.

Future Outlook

Inflation continues to average 25% YoY and is expected to remain in this range until the base effect kicks in during 4QCY23. However, new inflationary pressures are mounting such as the steep rise in prices of wheat & chicken. Furthermore, if Pakistan complies with IMF diktat as expected, electricity prices and gas prices will rise further, and new taxation measures may be imposed. These will be detrimental for the inflation outlook and may not allow monetary easing in the near term.

At the same time as we deal with a cost-of-living crisis, there is an external account crisis and significant dollar shortage. Reserves are now under USD 6 BN and while new commitments have been received by friendly countries, they are unlikely to stabilize reserves, let alone increase them. The situation is being exacerbated by the artificial control on the value of the USD/PKR at 224-228 while a parallel market has emerged which trades at a 10-15% premium. This measure is hurting exporters and leading to USD 500 - 1,000 MN lower remittances monthly. Currency devaluation and increase in energy rates are politically sensitive measures and these have been delayed due to the political stalemate between the ousted PTI and the ruling PDM coalition. Elections are on the horizon in October 2023.

The outlook for equities depends on quick resolution of the domestic political scenario and the dollar shortage. Both are somewhat linked with international actors waiting for political consensus to emerge before lending large sums to Pakistan. The case for equities is strong, provided these issues are resolved as the KSE100 trades a 3-4x P/E multiple i.e. a 25 - 33% earnings yield which is around 50% below the long term average.

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

Chief Executive Officer

Director

Dated: February 20, 2023

لیکسن ایسیٹ ایلوکیشن ڈیویلیڈ مارکیٹس فنڈ
 31 دسمبر 2022ء کو ختم ہونے والی ششماہی کے لیے
 منجمنٹ کمپنی کے ڈائریکٹرز کی جائزہ رپورٹ

لیکسن ایسیٹ ایلوکیشن ڈیویلیڈ مارکیٹس فنڈ ("LAADMF") کی منجمنٹ کمپنی، لیکسن انویسٹمنٹس لمیٹڈ کے بورڈ آف ڈائریکٹرز کیلئے 31 دسمبر 2022ء کو ختم ہونے والی ششماہی کے لیے اپنی جائزہ رپورٹ مع مختصر عبوری مالیاتی گوشوارے پیش کرنا باعث مسرت ہے۔

فنڈ کا مقصد

لیکسن ایسیٹ ایلوکیشن ڈیویلیڈ مارکیٹس فنڈ کی سرمایہ کاری کا مقصد مختلف طرح کے ملکی قرضوں اور ڈیویلیڈ مارکیٹس سکیورٹیز میں سرمایہ کاری کرتے ہوئے طویل مدت کے لیے اصل سرمائے کی قدر میں اضافہ کرنا ہے۔

نمایاں سرگرمیاں

LAADMF ایک اوپن اینڈ ایسیٹ ایلوکیشن اسکیم ہے اور پاکستان اسٹاک ایکسچینج لمیٹڈ میں لسٹڈ ہے۔ اسکیم کو انویسٹمنٹ منجمنٹ کے ایک فعال انداز کو اختیار کرتے ہوئے چلایا جاتا ہے، جس میں بڑے عوامل جیسے حکومتی پالیسیز، گلوبل اکٹناک ڈینا، کموڈٹیز کی قیمتیں اور سپلائی/ڈیمانڈ / انالس کے تجزیوں کو پیش نظر رکھا جاتا ہے۔ اس اسکیم سے ڈومیسٹک گورنمنٹ سکیورٹیز اور ڈیویلیڈ مارکیٹس سکیورٹیز کے درمیان باہمی تبادلے کے ساتھ سرمایہ کاری کی جاتی ہے، جو ڈیویلیڈ مارکیٹس کی کارکردگی کے متعلق انویسٹمنٹس ٹیم کی توقعات کی بنیاد پر ہوتی ہے۔ یہ اسکیم ڈیویلیڈ مارکیٹس کی سرمایہ کاری سے متعلق بیچ مارک MSCI World Index کے حوالے سے متعلقہ ممالک کو اوورویٹ یا انڈرویٹ کر سکتی ہے۔ فکسڈ انکم سکیورٹیز میں اسکیم کی سرمایہ کاری کو دو درانیہ اور yield curve منجمنٹ کے ذریعے حکومتی سیکورٹیز کی مختلف میچورٹیز کے مابین منتقل کرتے ہوئے منظم کیا جاتا ہے۔

فنڈ کی کارکردگی

لیکسن ایسیٹ ایلوکیشن ڈیویلیڈ مارکیٹس فنڈ نے مالی سال 2023ء کی دوسری سہ ماہی میں بیچ مارک منافع 10.67% کے مقابلے میں 7.41% کا مطلق منافع حاصل کیا۔ فنڈ نے بیچ مارک کے مقابلے میں 3.26% کمتر کارکردگی کا مظاہرہ کیا۔ 31 دسمبر 2022ء کے مطابق فنڈ نے مجموعی اثاثہ جات بنیاد پر 32.8% ایکویٹیز میں، 60.9% ٹی بلز میں، 6% کیش میں اور باقی ماندہ 0.2% سرمایہ دیگر میں تقویض کیا۔

فی شیئر آمدنی (EPU)

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

معاشی جائزہ

سال 2022 کی پہلی ششماہی میں سخت اقدامات کے بعد اسٹیٹ بینک نے سال 2022ء کی دوسری ششماہی میں شرح سود میں اضافہ جاری رکھا، پہلے 15 فیصد اور پھر 16 فیصد تک۔ دوسری ششماہی کے دوران CPI میں خاطر خواہ اضافہ ہوا، سال 2022 کی پہلی ششماہی 2022 سے 13 فیصد کارن ریٹ جون تک 21 فیصد اور اگست 2022 تک 27 فیصد ہو گیا۔ یہ پٹرول اور ڈیزل پر سبسڈی ختم کرنے اور مالی محصولات کو بڑھانے کے لیے پرولیم ڈیولپمنٹ لیوی (پی ڈی ایل) کے نفاذ کا نتیجہ تھا۔ ٹرانسپورٹ کے بڑھتے ہوئے اخراجات کی وجہ سے افراط زر میں عمومی اضافہ ہوا اور ہیڈ لائن سی پی آئی 25-23 فیصد کی رینج میں رہا۔

جون 2022 میں پاکستان کا ”سی اے ڈی“ 2.1 ارب ڈالر تھا۔ اس کے بعد سے CAD میں مسلسل بہتری آئی اور نومبر 2022 میں یہ 276 ملین امریکی ڈالر تھا۔ یہ بہتری ڈالر کی قلت کے باعث لاگو کی جانے والی درآمدی پابندیوں کی وجہ سے ترسیلات زر اور برآمدات میں آنے والی کمی کے باوجود حاصل کی گئی۔ ڈالر کی قلت کے نتیجے میں ایک متوازی مارکیٹ ابھر کر سامنے آئی، جہاں اسپیڈ ریٹ، انٹرنیشنل ریٹ سے 10-15 فیصد زائد تھا۔ سرکاری شرح تبادلہ 228-224 کے آس پاس رہی۔ شرح تبادلہ کے فرق کی وجہ سے نومبر 2022 تک باضابطہ ترسیلات زر 2.8 ارب ڈالر سے کم ہو کر 2.1 ارب ڈالر رہ گئیں۔

معاشی سرگرمیوں کو شدید دھچکا لگا ہے، ایک جانب تو سکنزٹی ہوئی مالی اور زری پالیسی کے باعث طلب کے حوالے سے اور دوسری جانب درآمدات میں کمی کے نتیجے میں رسد کے حوالے سے۔ پاکستانی کمپنیاں اپنی مطلوبہ اشیاء کی پیداوار کے لئے کسی نہ کسی قسم کے خام مال کی درآمد پر انحصار کرتی ہیں۔ تاہم درآمدات میں کمی کی وجہ سے یہ مشکل ہو گیا ہے جس کی وجہ سے فیکٹریاں عارضی طور پر بند ہو گئیں، جن میں آٹوموبائل اسمبلر ز نمایاں ہیں۔

موجودہ معاشی صورتحال کی وجہ سے شرح نمو متاثر ہونے کا امکان ہے۔ سخت مالیاتی اور زری پالیسی کی وجہ سے عوام کے لیے مہنگائی کا بحران پیدا ہوا ہے اور اس کے نتیجے میں طلب متاثر ہوئی ہے۔ معمول کی معاشی سرگرمیوں کی بحالی کا انحصار پاکستان کی ڈالر کے حصول کی صلاحیت پر ہے جو کشیدہ ملکی سیاسی صورتحال اور عالمی قرض مارکیٹ میں محتاط روی کے رجحان کی وجہ سے متاثر ہوئی ہے۔

فلسفہ انکم مارکیٹ کا جائزہ

سال 2022ء کی دوسری ششماہی میں اسٹیٹ بینک آف پاکستان نے بیفج مارک شرح سود کو 100 بی پی ایس بڑھا کر 16.0 فیصد کرنے کا



فیصلہ کیا۔ شرح سود میں اضافے کا فیصلہ اس حقیقت کے تناظر میں کیا گیا کہ افراط زر کا دباؤ توقع سے زیادہ شدید اور دیرپا ثابت ہوا ہے۔ اس اقدام سے مرکزی بینک کا مقصد یہ یقینی بنانا ہے کہ افراط زر میں اضافہ نہ ہو اور مالی استحکام کو لاحق خطرات پر قابو پایا جاسکے۔ سال 2022ء کی دوسری ششماہی کے دوران 3 ماہ، 6 ماہ اور 12 ماہ کی میعاد کے لیے Kibor کی شرح HoH 1.7% c. بڑھ کر بالترتیب 17.00%، 17.04% اور 17.34% ہو گئی۔ T-bill منافع جات میں بھی HoH 1.9% c. اضافہ ہوا اور 3 ماہ، 6 ماہ اور 12 ماہ کی میعاد کے لیے شرح بالترتیب 16.96%، 16.81% اور 16.81% ہو گئی۔ اس کے برعکس، 3 سالہ اور 10 سالہ میعاد کے لیے PIB کے منافع جات میں کمی واقع ہوئی۔

ڈیویڈنڈ مارکیٹس کا جائزہ

کیلنڈر سال کی دوسری ششماہی میں MSCI کے ڈیویڈنڈ مارکیٹس کے انڈیکس میں 2.2% اضافہ ہوا جبکہ پہلی ششماہی کے دوران اس میں 21.2% کی گراوٹ آئی تھی۔ سال 2022ء کے اختتام پر انڈیکس میں مجموعی گراوٹ 20% ~ تھی۔ سال 2022 کی دوسری ششماہی عالمی معیشت کے لیے دو حصوں پر مشتمل کہانی تھی، جس کا پہلا محرک مرکزی بینکوں کا مسلسل سخت مالیاتی مؤقف اور دوسرا محرک افراط زر کا رجحان تھا۔

جولائی میں تیزی کے بعد، حصص اور بانڈز دونوں مندی کا شکار ہو گئے اور تیسری سہ ماہی کے لئے منفی منافع درج کیا۔ شرح سود میں کمی کی توقعات پر پانی پھر گیا کیونکہ مرکزی بینکوں نے افراط زر سے لڑنے کے اپنے عزم کا اعادہ کیا۔ سہ ماہی کے دوران فیڈ رل ریزرو، یورپی سینٹرل بینک اور بینک آف انگلینڈ، تینوں نے شرح سود میں اضافہ کر دیا۔

افراط زر میں توانائی کی لاگت کا سب سے بڑا حصہ رہا اور صارفین کے صوابدیدی اخراجات پر بڑھتے ہوئے توانائی بلوں کے اثرات کے حوالے سے خدشات ریٹیل، سفر اور تفریح، مکانات کی تعمیر سے متعلق اور دیگر مقامی کمپنیوں پر بہت زیادہ اثر انداز ہوئے۔

MSCI ڈیویڈنڈ مارکیٹ انڈیکس میں سال 2022ء کی تیسری سہ ماہی میں 7% کی کمی واقع ہوئی، تاہم چوتھی سہ ماہی میں 9% فیصد اضافے کے ساتھ ایک ہنگامہ خیز سال کا مثبت اختتام ہوا۔ ایکویٹی کو ان اشاروں سے تقویت ملی کہ پالیسی سخت کرنے کی رفتار سست ہو جائے گی اور اس بات کے بھی اشارے ملے کہ افراط زر میں اضافے کا سلسلہ ختم ہو سکتا ہے۔ فیڈ رل ریزرو اور یورپی سینٹرل بینک، دونوں نے شرح سود میں 50bps کا اضافہ کیا، جو اس سے پہلے کے 75bps اضافے کے مقابلے میں سست روی کا مظاہرہ ہے۔

ڈنمارک اور فرانس جیسی ترقی یافتہ مارکیٹوں نے سال 2022ء کی دوسری ششماہی میں بالترتیب 9.1 فیصد اور 9.3 فیصد کا اچھا منافع حاصل کیا۔

مستقبل کی توقعات



افراط زر کی سال بہ سال شرح اوسطاً 25 فیصد ہے اور توقع ہے کہ یہ اسی رینج میں اس وقت تک برقرار رہے گی جب تک کہ سال 2023 کی چوتھی سہ ماہی کے دوران بنیادی اثر مرتب ہونا شروع نہیں ہو جاتا۔ تاہم افراط زر کے نئے دباؤ میں اضافہ ہو رہا ہے جیسے کہ گندم اور مرغی کی قیمتوں میں تیزی سے اضافہ ہوا ہے۔ مزید برآں اگر پاکستان نے توقع کے مطابق آئی ایم ایف کی شرائط پر عملدرآمد کیا تو بجلی اور گیس کی قیمتوں میں مزید اضافہ ہوگا اور محصولات سے متعلق نئے اقدامات کیے جاسکتے ہیں۔ یہ افراط زر کے نقطہ نظر سے نقصان دہ ہوں گے اور مستقبل قریب میں مالیاتی معاملات میں نرمی کی اجازت نہیں دیں گے۔

ایک ایسے وقت پر کہ جب ہم اخراجات زندگی کے بحران سے نمٹ رہے ہیں، ایکسچینج کاؤنٹ کا بحران اور ڈالر کی نمایاں قلت بھی موجود ہے۔ زرمبادلہ ذخائر اب 6 ارب ڈالر سے کم ہیں، اگرچہ دوست ممالک کی جانب سے نئے وعدے کیے گئے ہیں لیکن ان سے زرمبادلہ ذخائر میں اضافہ تو دور کی بات، ان کے مستحکم ہونے کا بھی امکان نہیں ہے۔ مصنوعی کنٹرول کے ذریعے 228-224 روپے فی امریکی ڈالر کی شرح تبادلہ برقرار رکھنے کی وجہ سے صورتحال مزید خراب ہوئی جبکہ ایک متوازی مارکیٹ سامنے آگئی، جہاں 15-10 فیصد پریمیم پریئرڈنگ ہونے لگی۔ اس اقدام سے برآمد کنندگان کو نقصان پہنچ رہا ہے اور ترسیلات زر میں بھی مابانہ 500 سے 1000 ملین ڈالر کی کمی واقع ہو رہی ہے۔ کرنسی کی قدر میں کمی اور توانائی کے نرخوں میں اضافہ سیاسی طور پر حساس معاملات ہیں اور سابق حکمران جماعت پی ٹی آئی اور موجودہ حکمران ”پی ڈی ایم“ اتحاد کے درمیان سیاسی تعطل کی وجہ سے ان میں تاخیر ہوئی ہے۔ عام انتخابات اکتوبر 2023ء میں متوقع ہیں۔

ایکویٹیز کے لیے امکانات کا انحصار داخلی سیاسی صورتحال میں بہتری اور ڈالر کی قلت پر قابو پانے پر ہے۔ یہ دونوں معاملات کسی حد تک بین الاقوامی عناصر سے جڑے ہوئے ہیں جو پاکستان کو بھاری قرضہ دینے سے پہلے سیاسی اتفاق رائے کے ظاہر ہونے کا انتظار کر رہے ہیں۔ ایکویٹیز کا کیس مضبوط ہے، بشرطیکہ یہ مسائل حل کر لیے جائیں کیونکہ کے ایس ای 100 انڈیکس 3-4xP/E multiple پر ٹریڈ کر رہا ہے یعنی 25-33% آمدنی جو طویل مدتی اوسط سے تقریباً 50 فیصد کم ہے۔

اظہار تشکر

بورڈ اپنے قابل قدر سرمایہ کاروں، سیکریٹریز اینڈ ایکسچینج کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان، فنڈ کے ٹریسٹینئرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ اور پاکستان اسٹاک ایکسچینج لمیٹڈ کی انتظامیہ کا ان کے مسلسل تعاون اور مدد پر شکریہ ادا کرتا ہے۔ مینجمنٹ کمپنی کے ڈائریکٹرز فنڈ کی ترقی اور دانشمندانہ انتظام و انصرام کے لیے مینجمنٹ کمپنی کی ٹیم کی کاوشوں کا بھی اعتراف کرتے ہیں۔

برائے و منجانب بورڈ

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:
CDC House, 99-B, Block 'B'
S.M.C.H.S., Main Shahra-e-Faisal
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TRUSTEE REPORT TO THE UNIT HOLDERS

LAKSON ASSET ALLOCATION DEVELOPED MARKETS FUND

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

We Central Depository Company of Pakistan Limited, being the Trustee of Lakson Asset Allocation Developed Markets Fund (the Fund) are of the opinion that Lakson Investments Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2022 in accordance with the provisions of the following:

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


Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 27, 2023



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Pakistan

INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE UNIT HOLDERS

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of LAKSON ASSET ALLOCATION DEVELOPED MARKETS FUND ("the Fund") as at December 31, 2022 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of movement in unit holders' fund and a summary of significant accounting policies and other explanatory notes to the condensed interim financial information for the half year then ended (here-in-after referred to as "condensed interim financial information"). Lakson Investments Limited (the "Management Company") is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as at and for the half year ended December 31, 2022 does not present fairly, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other matters

The figures for the quarter ended December 31, 2022 and December 31, 2021 in the condensed interim income statement and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

KARACHI

DATED: February 24, 2023

UDIN: AR2022100671hGTMskUR



CHARTERED ACCOUNTANTS
Engagement Partner: Zulfikar Ali Causer

BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

**Condensed Interim Statement of Assets and Liabilities
As at December 31, 2022**

		December 31, 2022 (Unaudited)	June 30, 2022 (Audited)
	Note	----- (Rupees) -----	
ASSETS			
Bank balances	4	66,579,171	156,385,700
Investments	5	1,034,639,031	882,009,374
Dividend receivable		-	863,139
Accrued mark-up and other receivables		2,517,943	1,335,714
TOTAL ASSETS		1,103,736,145	1,040,593,927
LIABILITIES			
Payable to the Management Company	6	6,686,095	6,402,855
Remuneration payable to the Trustee		199,618	196,065
Annual fee payable to Securities and Exchange			
Commission of Pakistan		104,974	208,800
Accrued expenses and other liabilities	7	5,684,997	19,078,896
TOTAL LIABILITIES		12,675,684	25,886,616
NET ASSETS		1,091,060,461	1,014,707,310
UNIT HOLDERS' FUND (AS PER STATEMENTS ATTACHED)			
		1,091,060,461	1,014,707,310
CONTINGENCIES AND COMMITMENTS	9		
(Number)			
NUMBER OF UNITS IN ISSUE		6,687,746	6,680,744
(Rupees)			
NET ASSETS VALUE PER UNIT		163.1432	151.8853

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.

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

Chief Executive Officer

Chief Financial Officer

Director

Condensed Interim Income Statement (Unaudited) For the half year and quarter ended December 31, 2022

		Half year ended December 31,		Quarter ended December 31,	
		2022	2021	2022	2021
Note		(Rupees)			
Income					
Gain / (loss) on sale of investment at fair value through profit or loss - net		25,021,205	21,548,125	-	21,566,832
Unrealized (loss) / gain on revaluation of investments at fair value through profit or loss - net	5.2	(25,032,887)	43,157,586	(5,530,365)	17,388,228
		(11,682)	64,705,711	(5,530,365)	38,955,060
Dividend income on investments at fair value through profit or loss		3,966,496	859,538	3,600,722	343,803
Return / mark up on bank balances - at amortised cost		1,355,925	8,247,944	1,236,744	1,851,378
Return / mark up on government securities - at fair value through profit or loss		47,961,023	18,597,096	24,066,088	11,892,008
Exchange gain / (loss) on foreign currency balances - at amortised cost		33,047,538	7,944,688	(250,839)	3,192,213
Reversal of provision of Sindh Workers' Welfare Fund (SWWF)		-	5,089,762	-	-
Total income		86,319,300	105,444,739	23,122,350	56,234,462
Expenses					
Remuneration to the Management Company		8,523,970	8,131,370	4,387,194	4,011,994
		1,108,116	1,057,078	570,335	521,559
Remuneration to the Trustee		1,162,581	1,157,667	584,062	576,019
Annual fee to the Securities and Exchange Commission of Pakistan		104,999	104,145	52,963	51,609
SECP supervisory fee		1,286	1,276	644	642
Auditors' remuneration		389,789	161,267	193,844	89,792
Fees and subscription		74,410	167,137	43,828	119,748
Listing fees		12,611	12,553	6,256	12,553
Custody charges		352,917	311,325	258,972	163,685
Brokerage, settlement and bank charges		1,227,667	277,428	70,959	255,935
		12,958,345	11,381,246	6,169,057	5,803,536
Net income from the operating activities		73,360,955	94,063,493	16,953,294	50,430,926
Sindh Workers' Welfare Fund (SWWF)		-	-	-	-
Net income for the period before taxation		73,360,955	94,063,493	16,953,294	50,430,926
Taxation	10	-	-	-	-
Net income for the period after taxation		73,360,955	94,063,493	16,953,294	50,430,926
Allocation of net income for the period after taxation					
Net income for the period after taxation		73,360,955	94,063,493	16,953,294	50,430,926
Income already paid on units redeemed		(22,395,725)	(32,234,500)	(27)	(32,019,134)
		50,965,229	61,828,993	16,953,267	18,411,792
Accounting income available for distribution					
Relating to capital gains		-	39,113,022	-	13,515,628
Excluding capital gains		50,965,229	22,715,971	16,953,267	4,896,164
		50,965,229	61,828,993	16,953,267	18,411,792

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.

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

Chief Executive Officer

Chief Financial Officer

Director

**Condensed Interim Statement of Comprehensive Income (Unaudited)
For the half year and quarter ended December 31, 2022**

	Half year ended December 31, 2022		Quarter ended December 31, 2022	
	2021		2021	
	----- (Rupees) -----			
Net income for the period	73,360,955	94,063,493	16,953,294	50,430,926
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>73,360,955</u>	<u>94,063,493</u>	<u>16,953,294</u>	<u>50,430,926</u>

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.

**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 half year ended December 31, 2022**

	Half year ended 31 December 2022			Half year ended 31 December 2021		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	----- (Rupees) -----					
Net assets at beginning of the period	917,611,396	97,095,915	1,014,707,311	913,076,847	99,166,807	1,012,243,654
Issuance of 2,594,085 units (2021: 2,351,139)						
Capital value	423,207,358	-	423,207,358	361,602,122	-	361,602,122
Element of income	(2,881,082)	-	(2,881,082)	28,643,772	-	28,643,772
Total proceeds on issuance of units	420,326,276	-	420,326,276	390,245,894	-	390,245,894
Redemption of 2,587,083 units (2021: 3,122,223)						
Capital value	(422,065,079)	-	(422,065,079)	(480,193,839)	-	(480,193,839)
Element of income	27,126,723	(22,395,725)	4,730,998	(4,975,704)	(32,234,500)	(37,210,204)
Total payments on redemption of units	(394,938,356)	(22,395,725)	(417,334,082)	(485,169,542)	(32,234,500)	(517,404,042)
Total comprehensive income for the period	-	73,360,955	73,360,955	-	94,063,493	94,063,493
Net assets as at end of the period	942,999,316	148,061,144	1,091,060,461	818,153,199	160,995,800	979,148,999
Accumulated undistributed income brought forward:						
Realized income at beginning of the period	99,123,569			47,485,540		
Unrealized income at beginning of the period	(2,027,654)			51,681,267		
	97,095,915			99,166,807		
Accounting income available for distribution:						
Relating to capital gains	-			39,113,022		
Excluding capital gains	50,965,229			22,715,971		
	50,965,229			61,828,993		
Undistributed income at end of the period	148,061,144			160,995,800		
Represented by:						
Realized income at end of the period	173,094,031			117,838,214		
Unrealized income at end of the period	(25,032,887)			43,157,586		
Undistributed income at end of the period	148,061,144			160,995,800		
Net assets value per unit at beginning of the period			151.8853			153.7987
Net assets value per unit at end of the period			163.1432			168.5128

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.

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

Chief Executive Officer

Chief Financial Officer

Director

**Condensed Interim Statement of Cash Flows (Unaudited)
For the half year ended December 31, 2022**

	Half year ended December 31,	
	2022	2021
	----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	73,360,955	94,063,493
Adjustments for:		
Unrealized gain on revaluation of investment at fair value through profit or loss - net	25,032,887	(43,157,586)
	98,393,842	50,905,907
(Increase) / decrease in assets		
Investments	(177,662,543)	100,249,303
Dividend receivable	863,139	(220,910)
Accrued mark-up and other receivables	(1,182,229)	(1,152,319)
	(177,981,633)	98,876,074
Increase / (decrease) in liabilities		
Payable to the Management Company	283,240	30,051
Remuneration payable to the Trustee	3,553	7,381
Annual fee payable to Securities and Exchange Commission of Pakistan	(103,826)	(163,109)
Accrued expenses and other liabilities	(13,393,898)	(5,143,951)
	(13,210,932)	(5,269,628)
Net cash generated from operating activities	(92,798,723)	144,512,353
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received on issuance of units	420,326,276	390,245,894
Amount paid against redemption of units	(417,334,082)	(517,404,042)
Net cash used in from financing activities	2,992,195	(127,158,148)
Net increase in cash and cash equivalents during the period	(89,806,528)	17,354,205
Cash and cash equivalents at beginning of the period	156,385,700	757,978,718
Cash and cash equivalents at end of the period	66,579,172	775,332,923

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.

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

Chief Executive Officer

Chief Financial Officer

Director

Notes to and Forming Part of the Condensed Interim Financial Information (Unaudited) For the half year ended December 31, 2022

1. LEGAL STATUS AND NATURE OF BUSINESS

Lakson Asset Allocation Developed Market Fund (the "Fund") was established under the Trust Deed executed on 30 May 2011 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 7 July 2011 by the Securities and Exchange Commission of Pakistan (SECP) in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations).

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 and is listed on the Pakistan 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 "Asset Allocation Scheme" as per the Circular 07 of 2009 issued by Securities and Exchange Commission of Pakistan (SECP) and is authorised to invest within the prescribed limit mentioned in the offering document of the fund in Government securities, deposits and foreign currency deposits with local or foreign banks etc. in Pakistan. Further, as allowed by SECP and State Bank of Pakistan, the Fund can invest abroad up to 30% of the aggregated funds mobilized (including foreign currency funds) subject to a maximum limit of USD 15 million. The investments authorized outside Pakistan include exchange traded funds based on equities / debt with exposure in the commodities, index tracker funds tracking different commodities indices, actively managed commodities based funds, equities and debt securities of companies with exposure in commodities, future contracts of different commodities and foreign currency deposits etc.

Title to the assets of the Fund is held in the name of CDC of Pakistan Limited as 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 (2021: AM2+ as on 27 August 2021).

On 18 Oct 2022, VIS assigned following rankings to the Fund based on the performance review for the year ended 30 June 2022:

1 Year : 5-Star
3 Year : 4-Star
5 Year : 5-Star

2. BASIS OF PREPARATION

2.1 Statement of compliance

- 2.1.1 This condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting

comprise of International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017, the provisions of and directives issued under the Companies Act, 2017, along with part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, NBFC Regulations, the directives issued by the SECP and the requirements of the Trust Deed.

Where 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, the directives issued by the SECP and the requirements of the Trust Deed differ from the requirements of the IAS 34, 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, the directives issued by the SECP and the requirements of the Trust Deed have been followed.

- 2.1.2 The disclosures made in this condensed interim financial information have; however, been limited based on the requirements of International Accounting Standard - 34 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual audited financial statements of the Fund for the year ended June 30, 2022.
- 2.1.3 The comparative statement of asset and liabilities presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Fund for the year ended June 30, 2022, whereas the comparative condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of movement in unit holders' fund are extracted from the unaudited condensed interim financial information for the half year ended December 31, 2021.
- 2.1.4 This condensed interim financial information is unaudited but has been reviewed by the auditors. Further, the figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended December 31, 2022 have not been reviewed.
- 2.1.5 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 December 31, 2022.

2.2 Basis of measurement

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

This condensed interim financial information has been prepared following accrual basis of accounting except for cash flow information.

2.3 Functional and presentation currency

This condensed interim financial information is presented in Pak Rupees, which is the Fund's functional and presentation currency.

- 2.4 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

There are certain amendments which are effective from annual period beginning on or after July 1, 2022. These amendments are not likely to have an impact on the Fund's financial position. Therefore these are not stated in this condensed interim financial information.

3. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES AND JUDGEMENTS

- 3.1 The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year ended June 30, 2022, unless otherwise stated.
- 3.2 The preparation of this condensed interim financial information in conformity with accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.
- 3.3 The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2022.
- 3.4 The Fund's financial risk management objectives and policies are consistent with that disclosed in annual audited financial statements of the Fund for the year ended June 30, 2022.

		December 31, 2022 (Unaudited)	June 30, 2022 (Audited)
4	BANK BALANCES	Note	(Rupees)
	Local currency		
	Current accounts	8,504	8,504
	Profit and loss sharing accounts	4.1 38,510,975	7,472,255
	Foreign currency		
	Current account	28,059,692	148,904,941
		<u>66,579,171</u>	<u>156,385,700</u>

- 4.1 These represent profit and loss sharing accounts maintained with banks carrying mark-up rates ranging from 5% to 14% (30 June 2022: 5% to 8%) per annum.

5 INVESTMENTS

At fair value through profit or loss

Market Treasury Bills	5.1	672,567,980	675,761,354
Exchange Traded Funds	5.2	362,071,051	206,248,020
		<u>1,034,639,031</u>	<u>882,009,374</u>

5.1 Market Treasury Bills

Issue date	Tenure	-----Number certificates-----				Balance as at December 31, 2022			Market value as percentage of net assets	Market value as percentage of total investments
		As at July 1, 2022	Purchases during the period	Sales / matured during the period	As at December 31, 2022	Carrying value	Market value	Appreciation / (diminution)		
							(Rupees)	%		
May 19, 2022	12 months	850,000	-	-	850,000	80,420,409	79,904,420	(515,989)	7.32%	7.72%
April 28, 2022	12 months	3,000,000	-	-	3,000,000	286,274,532	283,754,100	(2,520,432)	26.01%	27.43%
April 7, 2022	12 months	375,000	-	-	375,000	36,160,304	35,921,813	(238,491)	3.29%	3.47%
April 21, 2022	12 months	567,000	-	-	567,000	54,388,607	53,978,967	(409,640)	4.95%	5.22%
April 7, 2022	6 months	2,610,000	-	2,610,000	-	218,945,571	219,008,680	63,109	0.00%	0.00%
October 20, 2022	3 months	-	2,200,000	-	2,200,000	676,189,423	672,567,980	(3,621,443)	61.64%	65.01%
Total - As at December 31, 2022						676,737,918	675,761,355	(976,563)	76.62%	66.60%
Total - June 30, 2022										

5.2 Exchange Traded Funds

	Number of PIBs				Balance as at December 31, 2022					Market value as percentage of net assets	Market value as percentage of total investments
	As at July 1, 2021	Purchases during the period	Sales / matured during the period	As at December 31, 2021	Carrying value	Market value	Appreciation / (diminution)				
Rupees											
Power shares QQQ Trust Series 1	1,100	-	1,100	-	-	-	-	0.00%	0.00%		
Vanguard Funds Plc Vanguard S&P 500	5,870	-	5,870	-	-	-	-	0.00%	0.00%		
Ishares 0-3 Months Treasury Bonds ETF	-	15,968	-	15,968	383,482,495	362,071,052	(21,411,443)	33.19%	34.99%		
Total - As at December 31, 2022					383,482,495	362,071,052	(21,411,443)	33.19%	34.99%		
Total - June 30, 2022					207,299,110	206,248,019	(1,051,091)	23.38%	20.33%		

- 5.2.1 iShares Trust - iShares 0-3 Month Treasury Bond ETF is an exchange traded fund launched by BlackRock, Inc. The fund is managed by BlackRock Fund Advisors. It invests in fixed income markets of the United States. The fund primarily invests in U.S. dollar denominated treasury securities with remaining maturity of less than or equal to three months. It seeks to track the performance of the ICE 0-3 Month US Treasury Securities Index, by using representative sampling technique. Total value of the units at USD 100.1400 per unit as at the half year-end amounted to USD 1,599,036 (30 June 2022: Nil).

iShare - Trust - iShare 0-3 Month Treasury Bond ETF is an exchange traded fund launched by BlackRock, Inc

- 5.2.2 Above units are held by Habib Bank AG Zurich as a custodian.

6 PAYABLE TO THE MANAGEMENT COMPANY	Note	December 31, 2022 (Unaudited)	June 30, 2022 (Audited)
		(Rupees)	
Remuneration payable to the Management Company	6.1	1,648,493	1,395,220
Sindh sales tax on Management remuneration	6.2	214,304	181,379
Federal Excise Duty on Management remuneration	6.3	4,823,298	4,823,298
Sale load payable to the Management Company		-	2,959
		6,686,095	6,402,856

- 6.1 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 2% per annum of the average annual net assets of the Fund. However, the Management Company is currently charging fee upto 2% of average annual net assets of the scheme for the half year ended 31 December 2022. The effective management fee rate for the half year ended 31 December 2022 is 1.8% of the average net assets. Remuneration is paid to the Management company in arrears on a monthly basis.

- 6.2 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (June 30, 2022: 13%) on Management Company's remuneration.
- 6.3 As per the requirements of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Management Company has been applied effective from 13 June 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan with the Sindh High Court (SHC) on 4 September 2013.

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

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

However, since the appeal is pending in the Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period up to 30 June 2016 aggregating to Rs. 4.184 million. Had the provision not been made, NAV per unit of the Fund as at 31 December 2022 would have been higher by Re. 0.72 (30 June 2022: Re. 0.73) per unit.

	Note	December 31, 2022 (Unaudited)	June 30, 2022 (Audited)
7	ACCRUED EXPENSES AND OTHER LIABILITIES	(Rupees)	
	Brokerage charges payable	-	36,620
	Auditors' remuneration	389,789	303,372
	Custody fee payable	34,333	651,690
	Rating fee payable	245,605	307,950
	Professional tax payable	654,733	652,183
	Payable against redemption of units	-	2,435,120
	Wht tax payable on dividend	-	10,331,629
	Other liabilities	4,360,537	4,360,332
		<u>5,684,997</u>	<u>19,078,896</u>

8 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 half year ended December 31, 2022 is 2.45% which includes 0.26% representing government levies (comprising SECP fee, etc.). As per NBFC Regulation the total expense ratio of the Asset Allocation Scheme shall be capped up to 4.5%. (excluding the government levies).

9 CONTINGENCIES AND COMMITMENTS

The Fund had no contingency or commitment at the period end except as those mentioned elsewhere in these condensed interim financial information.

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. The Management intends to distribute at least 90% of the income earned (if any) during the year by the Fund to the unit holders.

The Fund has not recorded any tax liability in respect of income relating to the current periods as the Management Company intends to distribute in cash at least 90% of the Fund's accounting income for the year ending June 30, 2023 as reduced by accumulated losses and capital gains (whether realized or unrealized) to its unit holders in the form of cash.

11 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties include Lakson Investments Limited being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the trustee, 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 December 31, 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:

		December 31, 2022 (Unaudited)	June 30, 2022 (Audited)
		----- (Rupees) -----	
11.1 Details of balances with related parties / connected persons at the period end			
Lakson Investments Limited - Management Company of the Fund			
Remuneration and other payables (including the Sindh sales tax and federal excise duty amounting to Rs. 5.038 million (June 30, 2022: Rs. 5.005 million)*)	11.4	<u>6,686,095</u>	<u>6,399,897</u>
Sales load payable		<u>-</u>	<u>2,959</u>
Central Depository Company of Pakistan Limited - Trustee of the Fund			
Remuneration payable (Including Sindh sales tax amounting to Rs. 22,963 (June 30, 2022: Rs.22,556)	11.4	<u>199,618</u>	<u>196,065</u>
Habib Bank AG Zurich - Custodian			
Bank deposits		<u>28,059,692</u>	<u>148,904,941</u>
Custodian fee payable		<u>34,333</u>	<u>651,690</u>

		Half year ended December 31,	
		2022	2021
		(Unaudited) (Rupees)	
11.2	Details of transaction with related parties / connected persons at the period end		
	Lakson Investments Limited - Management Company of the Fund		
	Remuneration for the period	11.4	8,523,970
	Sindh sales tax on remuneration of Management Company *		8,131,370

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

	Half year ended December 31, 2022 (Unaudited)				
	Number of Units		Rupees		
	Number of units as at 01 July 2022	Units issued during the year	Units redeemed during the year	Balance as at July 01, 2022	Balance at the year ended 31 December 2022
Directors, Chief Executive and their spouse and minors	3,999,071	445	398	607,400,118	652,428,878
Key management personnel, employees and connected persons of the Management Company	1,518	18,094.28	1,518	230,487.26	2,951,878
Associated companies / undertakings of the Management Company					
Accuracy Surgicals Limited - Employees Contributory Provident Fund Trust	33,814	33,194	33,814.47	5,135,921	5,415,366
Century Insurance Company Limited - Employees Contributory Provident Fund Trust	47,174	46,826	47,174	7,164,970	7,639,334
Century Insurance Company Limited - Employees Gratuity Fund	40,507	39,047	40,507	6,152,349	6,370,188
Century Paper & Board Mills Limited - Employees Contributory Provident Fund Trust	462,216	453,351	462,216	70,203,859	73,961,103
Century Paper & Board Mills Limited - Employees Gratuity Fund	414,047	421,101	414,047	62,887,673	68,695,687
Colgate Palmolive (Pakistan) Limited - Employees Contributory Provident Fund Trust	433,221	414,931	433,221	65,799,964	67,693,208
Colgate Palmolive (Pakistan) Limited - Employees Gratuity Fund	481,135	483,943	481,135	73,077,354	78,952,071
Cyber Internet Services (Private) Limited - Employees Contributory Provident Fund Trust	218,744	226,541	218,744	33,223,932	36,958,621
GAM Corporation (Private) Limited - Employees Contributory Provident Fund Trust	133,395	128,558	133,395	20,260,802	20,973,424
Hasanali Karabhai Foundation - Employees Contributory Provident Fund Trust	6,435	6,089	6,590	977,339	968,040
Lakson Business Solutions Limited - Employees Contributory Provident Fund Trust	1,277	-	-	199,959	208,336
Lakson Investments Limited	74,555	-	74,555	11,323,781	12,163,112
Lakson Investments Limited - Employees Contributory Provident Fund Trust	27,293	27,191	27,293	4,145,476	4,405,624
Merit Packaging Limited - Employees Contributory Provident Fund Trust	57,024	52,112	63,044	8,661,053	10,161,502
Merit Packaging Limited - Employees Gratuity Fund	29,627	28,829	29,627	4,499,868	4,775,958
SIZA Foods (Private) Limited - Employees Contributory Provident Fund Trust	120,770	118,499	120,770	18,343,176	19,198,593
Siza Services Private Limited - Employees Contributory Provident Fund Trust	24,308	23,169	25,021	3,691,952	3,663,528
Hybrid Private Limited - Employees Contributory Provident Fund Trust	47,986	47,032	47,986	7,288,295	7,738,620

Half year ended December 31, 2021						
Number of Units			Rupees			
Number of units as at 01 July 2021	Units issued during the year	Units redeemed during the year	Number of holdings at the year ended 31 December 2021	Balance as at July 01, 2021	Units issued during the year	Units redeemed during the year
						Balance at the year ended 31 December 2021
-	66,894	-	66,894	-	11,000,000	-
5,462,543	1,227	1,521,834	3,941,936	840,132,012	197,444	250,850,000
177,525	-	177,525	-	20,727,393.00	-	-
-	57	57	-	-	801	9,144
1,176	-	-	1,176	180,867	-	198,171
3,219	3,220	3,220	3,219	495,078	536,328	536,328
59,580	122,577	91,079	91,079	9,163,327	20,325,338	15,170,035
42,523	107,223	67,643	82,103	6,539,982	17,807,501	11,266,601
172,265	432,468	285,556	319,177	26,494,133	71,755,472	47,562,212
231,113	478,865	345,170	364,807	35,544,879	79,458,090	57,491,594
94,819	185,531	128,780	151,571	14,583,039	30,835,456	21,449,541
16,028	30,557	23,294	23,291	2,465,086	5,068,523	3,879,804
21,499	19,890	21,500	19,889	3,306,518	3,312,839	3,577,839
11,348	22,101	12,976	20,472	1,745,308	3,686,745	2,161,357
188,490	399,066	275,780	312,317	28,989,517	66,357,747	45,933,865
186,573	347,495	252,605	281,464	28,694,685	57,726,514	42,073,841
17,719	33,948	21,014	30,653	2,725,159	5,657,405	3,500,090
15,354	28,170	20,156	23,368	2,361,425	4,682,443	3,357,167
20,015	43,100	30,427	32,688	3,078,281	7,151,931	5,067,973
10,682	21,149	15,708	16,123	1,642,878	3,508,443	2,716,949
3,512	6,192	4,852	4,852	540,141	1,027,490	808,217
						817,594

Lakson Investments Limited - Management Company of the Fund
Directors, Chief Executive and their spouse and minors
Key management personnel, employees and connected persons of the Management Company
Other key management personnel

Associated companies / undertakings of the Management Company

Lakson Business Solutions Limited Employees Contributory Provident Fund
Lakson Investment Limited Employees Contributory Provident Fund
Gam Corporation (Private) Limited Employees Contributory Provident Fund
Siza Foods (Private) Limited Employees Contributory Provident Fund
Colgate Palmolive Pakistan Limited ECPF
Colgate Palmolive Pakistan Limited EGF
Cyber Internet Services (Pvt.) Ltd. Employees Contributory Provident Fund
Accuracy Surgical Limited - Employees Contributory Provident Fund Trust
Merit Packaging Limited Employees Contributory Provident Fund
Merit Packaging Limited Employees Gratuity Fund
Century Paper & Board Mills Limited Employees Contributory Provident Fund
Century Paper & Board Mills Limited Employees Contributory Gratuity Fund
Century Insurance Company Limited Employees Contributory Provident Fund
Century Insurance Company Limited Employees Contributory Gratuity Fund
Sybil Private Limited Employees Contributory Provident Fund
Siza Services (Private) Limited Employees Contributory Provident Fund
Hasanali Karabhai Foundation Employees Contributory Provident Fund

- 11.4 Remuneration payable to the Management Company and the Trustee has been determined in accordance with the provisions of NBFC Regulations and the Trust Deed respectively.
- 11.5 Purchase and redemption of the Fund's unit by related parties / connected persons are recorded at the applicable net asset value per unit. Dividend income is recorded at the rates and amount declared by the investee company. Other transactions are at agreed rates.

12 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. Consequently, differences can arise between carrying values and the fair value estimates. Underlying the definition of fair value is the presumption that the Fund 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 (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Unobservable inputs for the asset or liability (level 3).

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

		31 December 2022						
		Carrying amount				Fair Value		
		Mandatory at fair value through profit or loss	Amortized cost	Other financial liabilities	Total	Level 1	Level 2	Total
Note		(Rupees)						
On-balance sheet financial instruments								
Financial assets measured at fair value								
	Government Securities	672,567,980	-	-	672,567,980			
	Exchange Traded Funds (Foreign Investments)	362,071,051	-	-	362,071,051	362,071,051	672,567,980	1,034,639,031
		<u>1,034,639,031</u>	<u>-</u>	<u>-</u>	<u>1,034,639,031</u>	<u>362,071,051</u>	<u>672,567,980</u>	<u>1,034,639,031</u>
Financial assets not measured at fair value								
12.1	Bank balances - held at amortized cost	-	66,579,171	-	66,579,171	-	-	-
	Dividend receivable	-	-	-	-	-	-	-
	Mark-up accrued on bank balances	-	479,009	-	479,009	-	-	-
		<u>-</u>	<u>67,058,180</u>	<u>-</u>	<u>67,058,180</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value								
12.1	Payable to the Management Company	-	-	1,648,493	1,648,493	-	-	-
	Remuneration payable to the Trustee	-	-	176,655	176,655	-	-	-
	Accrued expenses and other liabilities	-	-	5,684,997	5,684,997	-	-	-
		<u>-</u>	<u>7,510,145</u>	<u>-</u>	<u>7,510,145</u>	<u>-</u>	<u>-</u>	<u>-</u>

31 December 2021						
Carrying amount				Fair Value		
Mandatory at fair value through profit or loss	Amortized cost	Other financial liabilities	Total	Level 1	Level 2	Total
(Rupees)						
On-balance sheet financial instruments						
Financial assets measured at fair value						
Government Securities	675,761,354	-	675,761,354			
Exchange Traded Funds (Foreign Investments)	206,248,020	-	206,248,020	206,248,020	675,761,354	882,009,374
	882,009,374	-	882,009,374	206,248,020	675,761,354	882,009,374
Financial assets not measured at fair value						
Bank balances - held at amortized cost	-	156,385,700	156,385,700	-	-	-
Dividend receivable	-	863,139	863,139	-	-	-
Mark-up accrued on bank balances	-	540,823	540,823	-	-	-
	-	157,789,662	157,789,662	-	-	-
Financial liabilities not measured at fair value						
Payable to the Management Company	-	1,395,220	1,395,220	-	-	-
Remuneration payable to the Trustee	-	174,583	174,583	-	-	-
Accrued expenses and other liabilities	-	2,128,325	2,128,325	-	-	-
	-	3,698,128	3,698,128	-	-	-

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

13 DATE OF AUTHORIZATION OF ISSUE

This condensed interim financial information were authorised for issue on **February 20, 2023** by the Board of Directors of the Management Company.

14 GENERAL

- 14.1 Figures have been rounded off to the nearest rupee, unless otherwise stated.
- 14.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and disclosure, the effect of which is not material.

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

Chief Executive Officer

Chief Financial Officer

Director



A Lakson Group Company

Lakson Investments Limited

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