

LAKSON INCOME 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
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

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



Bankers to the Fund

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

Legal Adviser

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

Registrar

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

Distributors

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

Rating by PACRA

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

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

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

Fund Objective

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

Principal activities

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

Fund performance

The LIF yielded an annualized return of 4.57% in the 2QFY23 against the benchmark return of 16.10% p.a. The LIF underperformed by -11.53%. As of December 31, 2022, the LIF portfolio was invested 5.6% in cash, 74.1% in TFCs/Sukuks, 15.7% in Tbills and 4.7% in others while the weighted average maturity of the LIF portfolio stood at 1819 days. The fund size of the LIF as of December 31, 2022 is PKR 668 million.

Earning per Unit (EPU)

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

Economic Review

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.

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 انکم فنڈ

31 دسمبر، 2022ء کو ختم ہونے والی ششماہی کے لیے

مینیجمنٹ کمپنی کے ڈائریکٹرز کی جائزہ رپورٹ

لیکسن انکم فنڈ ("LIF") کی مینیجمنٹ کمپنی، لیکن انویسٹمنٹس لمیٹڈ کے بورڈ آف ڈائریکٹرز کے لیے 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

اس اسکیم کی سرمایہ کاری کا مقصد فکسڈ انکم سیکورٹیز کے متنوع پورٹ فولیو میں سرمایہ کاری کے ذریعے مسابقتی مجموعی منافع جات فراہم کرنا ہے۔ یہ اسکیم مختصر مدتی، وسط مدتی اور طویل مدتی میچورٹیز کے امتزاج کے ساتھ مختلف فکسڈ انکم سیکورٹیز میں سرمایہ کاری کرے گی، جس کا انحصار مینیجمنٹ کمپنی کی جانب سے شرح سود کے رجحانات اور ممکنہ منافع کے تخمینے پر ہوگا۔

نمایاں سرگرمیاں

LIF ایک اوپن اینڈ انکم فنڈ ہے اور پاکستان اسٹاک ایکسچینج لمیٹڈ میں لسٹڈ ہے۔ LIF انویسٹمنٹ گریڈ ڈیٹ سیکورٹیز، گورنمنٹ سیکورٹیز، سرٹیفکیٹس آف انویسٹمنٹس، Clean Placements، ٹرم ڈپازٹ ریٹس اور دیگر فکسڈ انکم انسٹرومنٹس میں سرمایہ کاری کرتا ہے۔ پورٹ فولیو کا مجموعی دورانیہ 4 سال سے کم رکھا جاتا ہے اور خالص اثاثوں کا کم از کم 25% کیش یا زیادہ سے زیادہ 90 دن کی میچورٹی والے ٹریژری بلز کی شکل میں رکھا جاتا ہے۔ LIF کا انکم وکسٹ فعال سیکٹر گردش، دورانیے اور yield curve

management سے استفادہ کرتے ہوئے ٹیم کے بل بوتے پر پیش قدمی کرنے والے ٹاپ ڈاؤن پروسس کے ذریعے چلایا جاتا ہے۔ شرح سود میں تبدیلیوں کی پیش گوئی کے لیے معاشی صورت حال کی مسلسل نگرانی کی جاتی ہے۔ LIF کی قدر و قیمت میں اضافہ مختلف میچورٹیز اور مختلف انسٹرومنٹس کے درمیان سرمایہ کاری کو منتقل کرنے کے مواقع کی نشاندہی سے ہوتا ہے۔ LIF کو ریڈیپشز کی تکمیل کے لیے خالص اثاثوں کے 15% تک قرض لینے کی اجازت ہے، تاہم LIF نے اس سہولت کو زیر جائزہ مدت کے دوران استعمال نہیں کیا۔

فنڈ کی کارکردگی

LIF نے سالانہ شیڈ مارک منافع 16.10% کے مقابلے میں مالی سال 2023 کی دوسری سدماہی میں 4.57% سالانہ منافع حاصل کیا۔ LIF نے 11.53% - کم تر کارکردگی کا مظاہرہ کیا۔ 31 دسمبر 2022ء کے مطابق LIF پورٹ فولیو کے 5.6% کی کیش



میں، 74.1% کی TFCs/صکوکس میں، 15.7% کی ٹی بلز میں اور 4.7% کی دیگر میں سرمایہ کاری کی گئی، جبکہ LIF پورٹ فولیو کی تخمینہ شدہ اوسط میچورٹی 1819 دن ہے۔ 31 دسمبر 2022 کے مطابق LIF کے فنڈ کا حجم 668 ملین روپے ہے۔

فی شئیر آمدنی (EPU)

فی شئیر آمدنی (EPU) ظاہر نہیں کی گئی، کیونکہ ہم محسوس کرتے ہیں کہ EPU شمار کرنے کے لیے موزوں اوسط پونٹس 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 کا 12 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 پٹرولیم 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 ریش 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 اسپیج ریٹ، انٹرنیٹ ریٹ سے 15-10 فیصد زیادہ 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 تا 3.0 ارب ڈالر سے کم ہو کر 2.1 ارب ڈالر رہ گئیں۔

معاشی سرگرمیوں کو شدید دھچکا لگا ہے، ایک جانب تو سکتی ہوئی مالی اور زرری 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 زرری 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 ڈالررز 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 بینچ 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 دیر پا 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 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 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۔

مستقبل کی توقعات

افراط زر کی سال بہ سال شرح او۔ ط 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، ایکسٹرنل اکاؤنٹ کا بحران اور ڈالر کی نمایاں قلت بھی موجود ہے۔ زرمبادلہ ذخائر 6 ارب ڈالر سے کم رہ گئے، 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 پر ٹریڈنگ ہونے لگی۔ اس اقدام سے برآمد کنندگان کو نقصان پہنچ رہا ہے اور ترسیلات زر میں بھی مابعد 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 رقوم 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، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان، فنڈ کے ٹرسٹی سینٹرل 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

ڈائریکٹر

چیف ایگزیکٹو آفیسر

تاریخ: 20 فروری 2023ء

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:

CDC House, 99-B, Block 'B'
S.M.C.H.S., Main Shahra-e-Faisal
Karachi - 74400, Pakistan.
Tel : (92-21) 111-111-500
Fax: (92-21) 34326021 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

LAKSON INCOME 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 Income 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 28, 2023

 **YOUSUF ADIL**

Yousuf Adil
Chartered Accountants

Cavish Court, A-35, Block 7 & 8
KCHSU, Shahrah-e-Faisal
Karachi-75350
Pakistan

Tel: +92 (0) 21 3454 6494-7
Fax: +92 (0) 21- 3454 1314
www.yousufadil.com

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE UNIT HOLDERS' OF LAKSON INCOME FUND

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of Lakson Income 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 movement in unit holders' fund, condensed interim statement of cash flow and notes to the condensed interim financial information for the half year ended December 31, 2022 (hereinafter referred to as the condensed interim financial information). Lakson Investments Limited (the Management Company) is responsible for the preparation and 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. The figures of the condensed interim income statement and condensed interim statement of comprehensive income, for the quarter ended December 31, 2022 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2022.

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 is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is Arif Nazeer.


Chartered Accountants

Place: Karachi
Date: February 23, 2023
UDIN: RR202210099ln82a0u1K

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

		December 31, 2022 (Unaudited)	June 30, 2022 (Audited)
ASSETS	Note	----- (Rupees) -----	-----
Bank balances	4	38,944,662	698,062,481
Investments	5	626,785,320	1,882,696,942
Profit / mark-up receivable	6	15,978,117	61,398,680
Advances, deposits and other receivables	7	16,560,295	26,490,862
TOTAL ASSETS		698,268,394	2,668,648,965
LIABILITIES			
Payable to the Management Company	8	19,290,291	21,454,226
Remuneration payable to the Trustee		76,967	224,169
Annual fee payable to Securities and Exchange Commission of Pakistan		162,324	799,510
Payable against purchase of investments		-	-
Accrued expenses and other liabilities	9	10,374,964	27,824,423
TOTAL LIABILITIES		29,904,546	50,302,328
NET ASSETS		668,363,848	2,618,346,637
UNIT HOLDERS' FUND (AS PER CONDENSED INTERIM STATEMENT		668,363,848	2,618,346,637
OF MOVEMENT IN UNIT HOLDERS' FUND)			
CONTINGENCIES AND COMMITMENTS	11		
		----- (Number of units) -----	
Number of units in issue		6,443,158	25,822,658
		----- (Rupees) -----	
Net assets value per unit		103.7323	101.3972

The annexed notes from 1 to 18 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					
Profit / mark-up income	12	117,465,140	200,329,284	30,144,256	108,441,935
Income from Margin Trading System		530,886	988,564	330,338	61,526
Dividend income on equity securities		-	10,649,050	-	10,649,050
(Loss) / gain on sale of investments - net		(9,848,875)	3,441,254	(7,423,317)	(4,726,762)
Unrealised (loss) / gain on re-measurement of investments classified as financial asset at fair value through profit or loss - net	5.1 to 5.4	(29,139,608)	12,947,800	(24,524,474)	7,459,728
		79,007,543	228,355,952	(1,473,197)	121,885,477
Expenses					
Remuneration of the Management Company		8,723,170	31,157,241	2,403,912	15,937,666
Sindh Sales tax on remuneration of the Management Company		1,134,009	4,050,362	312,505	2,010,514
Remuneration of the Trustee		687,954	2,117,457	181,508	1,083,591
Annual fee to the Securities and Exchange Commission of Pakistan		162,349	499,695	42,834	255,715
SECP Supervisory Fee		1,247	1,257	619	629
Auditors' remuneration		417,196	260,027	207,665	130,014
Fees and subscription		891,882	797,509	435,460	144,205
Brokerage, custody, settlement and bank charges		134,865	1,376,257	91,311	632,823
Others		-	2,975,000	-	2,975,000
		12,152,672	43,234,805	3,675,815	23,170,156
Net income from operating activities		66,854,871	185,121,147	(5,149,012)	98,715,320
Reversal for Sindh Workers' Welfare Fund		-	25,648,166	-	25,648,166
Net income / (loss) for the period after taxation		66,854,871	210,769,313	(5,149,012)	124,363,486
Taxation	13	-	-	-	-
Net income / (loss) for the period after taxation		66,854,871	210,769,313	(5,149,012)	124,363,486
Allocation of net income for the period after taxation					
Net income / (loss) for the period after taxation		66,854,871	210,769,313	(5,149,012)	124,363,486
Income already paid on units redeemed		(51,998,749)	(65,962,052)	-	-
		14,856,122	144,807,261	(5,149,012)	124,363,486
Accounting income available for distribution					
- Relating to capital gains		-	11,249,465	-	2,732,966
- Excluding capital gains		14,856,122	133,557,796	-	121,630,521
		14,856,122	144,807,261	-	124,363,486
Earning per unit	14				

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

**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 half year and quarter ended December 31, 2022**

	Half year ended December 31,		Quarter ended December 31,	
	2022	2021	2022	2021
	----- (Rupees) -----			
Net income / (loss) for the period after taxation	66,854,871	210,769,313	(5,149,012)	124,363,486
Other comprehensive income for the period	-	-	-	-
Total comprehensive income / (loss) for the period	<u>66,854,871</u>	<u>210,769,313</u>	<u>(5,149,012)</u>	<u>124,363,486</u>

The annexed notes from 1 to 18 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	Capital value	Undistributed income
	----- (Rupees) -----			
Net assets at beginning of the period	2,575,601,975	42,744,662	2,618,346,637	35,610,953
Issuance of 35,547,439 units (2021: 28,761,497 units)				
- Capital value	3,604,410,782	-	3,604,410,782	-
- Element of income	43,134,595	-	43,134,595	-
	3,647,545,377	-	3,647,545,377	-
Redemption of 54,926,939 units (2021: 43,221,532 units)				
- Capital value	(5,569,437,819)	-	(5,569,437,819)	-
- Element of income	(42,946,469)	(51,988,749)	(94,945,218)	(58,112,961)
	(5,612,384,288)	(51,988,749)	(5,664,383,037)	(4,428,998,402)
Total comprehensive income for the period	-	66,854,871	66,854,871	210,769,313
Net assets at end of the period	610,763,064	57,600,784	668,363,948	3798,863,751
Undistributed income brought forward				
- Realised gain at beginning of the period	41,578,656			30,241,737
- Unrealised income at beginning of the period	1,166,006			5,369,216
	42,744,662			35,610,953
Accounting income available for distribution				
Relating to capital gains	-	14,856,122		11,249,465
Excluding capital gains	14,856,122			133,557,796
		14,856,122		144,807,261
Undistributed income carried forward				
	57,600,784			180,418,214
Represented by:				
- Realised gain at end of the period	86,740,392			167,470,414
- Unrealised income/(loss) at end of the period	(29,139,608)			12,947,800
	57,600,784			180,418,214
Net assets value per unit at beginning of the period			101.3972	101.1275
Net assets value per unit at end of the period			103.7323	105.6000

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

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	66,854,871	210,769,313
Adjustments for:		
Profit from bank deposits	(26,138,058)	(64,993,167)
Profit on term deposit receipts	-	(9,213,700)
Mark-up on term finance certificates and commercial papers	(60,217,571)	(48,352,469)
Mark-up on government securities	(31,109,511)	(75,174,353)
Mark-up on clean placements	-	(2,882,877)
Income from Margin Trading System	(530,886)	(988,564)
Dividend income on equity securities	-	(10,649,050)
(Reversal) / provision of Sindh Workers' Welfare Fund	-	(25,648,166)
Unrealised gain on re-measurement of investments classified as financial asset at fair value through profit or loss - net	29,139,608	(12,947,800)
	(22,001,547)	(40,080,833)
Decrease / (Increase) in assets		
Investments - net	1,336,246,413	(62,160,747)
Receivable against Margin Trading System	-	83,186,083
Advances, deposits and other receivables	9,930,567	150,186,368
	1,346,176,980	171,211,704
(Decrease) / Increase in liabilities		
Payable to the Management Company	(2,163,935)	(498,434)
Payable to the Trustee	(147,203)	18,013
Annual fee payable to Securities and Exchange Commission of Pakistan	(637,186)	(229,914)
Payable against purchase of investments	-	(152,218,844)
Accrued expenses and other liabilities	(17,449,458)	(18,914,576)
	(20,397,782)	(171,843,755)
Profit received from bank deposits	37,129,844	64,061,224
Profit received from TDRs	-	23,750,647
Mark-up received on term finance certificates and CPs	94,646,348	38,071,146
Mark-up received government securities	31,109,511	74,976,816
Mark-up received on clean placements	-	2,882,877
Mark-up received from Margin Trading System	530,886	1,210,227
Dividend received	-	10,388,000
Net cash generated from operating activities	1,467,194,240	174,628,052
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from issue of units	3,647,545,377	2,982,780,063
Cash paid on redemption of units	(5,664,383,037)	(4,494,960,454)
Net cash used in financing activities	(2,016,837,660)	(1,512,180,391)
Net decrease in cash and cash equivalent during the period	(549,643,420)	(1,337,552,339)
Cash and cash equivalent at the beginning of the period	698,062,481	2,962,897,726
Cash and cash equivalent at the end of the period	148,419,061	1,625,345,387
Cash and cash equivalents		
Bank balances	4 38,944,662	2,962,897,726
Investments maturing within 3 months	5 109,474,399	-
	4.2 148,419,061	2,962,897,726

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

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

Chief Executive Officer	Chief Financial Officer	Director
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**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 Income Fund (the "Fund") was established under the Trust Deed executed on August 18, 2009 between the Lakson Investments Limited as its Management Company and the Central Depository Company of Pakistan Limited (CDC) as its Trustee. The Fund has been registered as a Notified Entity on September 18, 2009 by the Securities and Exchange Commission of Pakistan (SECP) in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations). The Management Company of the Fund has been licensed by SECP to undertake Asset Management and Investment Advisory Services as a Non-Banking Finance Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The registered office of the Management Company is located at 14-Ali Block, New Garden Town, Lahore, 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 Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund at the option of the unit holder.

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

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

The Pakistan Credit Rating Agency Limited (PACRA) has maintained A+(f) (Fund Stability Rating) to the Fund on September 9, 2022 and has also maintained asset manager rating of the Company to AM2+ (stable outlook), on August 27, 2022 (2021: AM2+ as on August 27, 2021).

The Trust Act, 1882 has been repealed due to promulgation of Provincial Trust Act "Sindh Trust Act, 2020" as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Trusts including Collective Investment Scheme, private Funds etc, being Specialized Trusts are required to be registered with the Assistant Director of Industries and Commerce (Trust Wing), Government of Sindh under Section 12A of the Sindh Trusts Act, 2020. Accordingly, on January 31, 2022 the above mentioned Trust Deed has been registered under the Sindh Trust Act.

2. BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information of the Fund have 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 Standard 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



- The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), the NonBanking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

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

- 2.2 The comparative statement of assets & liabilities presented in this condensed interim financial information as at December 31, 2022 has been extracted from the audited financial statements of the Company for the year ended June 30, 2022, whereas the comparative income statement, statement of comprehensive income, the statement of cash flow and statement of movement in unitholders' fund have been extracted from the unaudited condensed interim financial information for the period ended December 31, 2021.
- 2.3 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of IAS - 34. 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.
- 2.4 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company declare that these condensed interim financial information give a true and fair view of the state of the Fund's affairs as at December 31, 2022.
- 2.5 This condensed interim financial information are presented in Pak Rupees, which is the fund's functional and presentation currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND RISK MANAGEMENT POLICIES

- 3.1 The accounting policies applied in 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.
- 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, judgements and assumptions that affect the reported amount of assets, liabilities, income and expenses. It also requires management to exercise judgement in application of its accounting policies. The estimates, judgements and associated assumptions are based on the historical experience and various other factors that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. In preparing this condensed interim financial information, significant judgments made by management in applying accounting policies and the key sources of estimation and uncertainty were the same as those that were applied to the financial statements as at and for the year ended June 30, 2022.
- 3.3 There are certain standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that became effective during the period under review and are mandatory for the Fund's accounting period. These standards, interpretations and amendments are either not relevant to the Fund's operations or are not expected to have a significant effect on this condensed interim financial information.
- 3.4 The fund's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended June 30, 2022.



4. BANK BALANCES	Note	December 31, 2022 (Unaudited)	June 30, 2022 (Audited)
		(Rupees)	
In local currency			
- In profit and loss sharing accounts	4.1	38,937,189	698,055,008
- In current accounts		7,473	7,473
		<u>38,944,662</u>	<u>698,062,481</u>

4.1 These represent profit and loss accounts maintained with banks carrying profit rates ranging from 14% to 18.50% (June 30, 2022: 10.75% to 16.26%) per annum.

4.2 Cash and cash equivalent is in breach of the regulatory limit with 22.21% of net assets as of December 31, 2022.

5. INVESTMENTS

At fair value through profit or loss

Government securities

- Market Treasury Bills	5.1	109,504,340	256,935,650
- Pakistan Investment Bonds	5.2	-	614,480,000
Term Finance Certificates - Unlisted	5.3	517,280,980	881,904,408
		<u>626,785,320</u>	<u>1,753,320,058</u>

At amortised cost

Commercial Papers	5.4	-	129,376,884
		<u>626,785,320</u>	<u>1,882,696,942</u>

5.1 Market Treasury Bills

Date of Issue	Date of Maturity	Cost	Number of holdings at the beginning of the period	Acquired during the period	Disposed / matured during the period	Number of holdings at the end of the period	Carrying value	Market value	Unrealised (diminution)/ appreciation	Market value as a percentage of net assets of Fund	Market value as a percentage of total investments
				(Number of Treasury Bills)		(Rupees)					
Treasury Bills - 03 months	2-Jun-22	25-Aug-22	179,602,494	-	1,820,000	1,820,000	-	-	-	-	-
Treasury Bills - 03 months	11-Aug-22	3-Nov-22	202,055,252	-	2,030,000	2,030,000	-	-	-	-	-
Treasury Bills - 03 months	20-Oct-22	12-Jan-23	108,996,580	-	1,100,000	-	1,100,000	109,474,399	109,504,340	29,941	16.38%
Treasury Bills - 03 months	21-Apr-22	14-Jul-22	24,921,050	-	250,000	250,000	-	-	-	-	-
Treasury Bills - 03 months	28-Apr-22	28-Jul-22	31,873,833	-	320,000	320,000	-	-	-	-	-
Treasury Bills - 03 months	28-Jul-22	20-Oct-22	490,086,086	-	4,930,000	4,930,000	-	-	-	-	-
Treasury Bills - 03 months	30-Jun-22	22-Sep-22	165,519,534	-	1,664,000	1,664,000	-	-	-	-	-
Treasury Bills - 06 months	21-Apr-22	20-Oct-22	65,546,100	-	670,000	670,000	-	-	-	-	-
Treasury Bills - 06 months	24-Mar-22	22-Sep-22	12,946,973	-	130,000	130,000	-	-	-	-	-
Treasury Bills - 1 year	28-Apr-22	4-May-23	253,170,000	2,900,000	-	2,900,000	-	-	-	-	-
Total as at December 31, 2022							109,474,399	109,504,340	29,941	16.38%	17.47%
Total as at June 30, 2022							259,534,852	256,935,650	(2,599,202)	9.81%	13.65%



5.2 Pakistan Investment Bond

At fair value through profit or loss	Rate (%)	Date of Issue	Tenure	Cost	Number of holdings at the beginning of the period	Acquired during the period	Disposed / matured during the period	Number of holdings at the end of the period	Carrying value	Market value	Unrealized (diminution)/ appreciation	Market value as a percentage of net assets of Fund	Market value as a percentage of total investments
					-----Number of certificates-----			------(Rupees)-----					
3 years Pakistan Investment Bond (face value of Rs. 100,000 each)	15.57%	22-Oct-20	3 years	64,519,660	650	-	650	-	-	-	-	-	-
10 years Pakistan Investment Bond (face value of Rs. 100,000 each)	16.44%	25-Jul-19	10 years	199,758,000	2,000	-	2,000	-	-	-	-	-	-
10 years Pakistan Investment Bond (face value of Rs. 100,000 each)	16.54%	22-Aug-19	10 years	349,660,350	3,500	-	3,500	-	-	-	-	-	-
Total as at December 31, 2022													
Total as at June 30, 2022									617,418,017	614,480,000	(2,938,017)	23.47%	32.64%

During the previous year, the issuer defaulted the coupon payment which was due on February 10, 2022, as a result the investment was classified as non-performing asset on February 25, 2022 and the markup income / coupon was suspended accordingly. As per the requirements of Circular No. 33 of 2012 issued by the SECP on October 24, 2012, the profit accrued upto February 10, 2022 was reversed and an unrealised loss of Rs. 28.46 million, which is 47% of outstanding principal amount of Rs. 79.93 million was recorded as an unrealised loss as of December 31, 2022.

- 5.3.2 This represent unlisted term finance certificates and carry rate of mark-up equal to the base rate of 3 months Karachi Inter Bank Offer Rate (KIBOR) per annum (plus margin of 3%) receivable quarterly in arrears with no floor or cap and will mature in July 2028. The principal shall be redeemed in last 4 equal quarterly installments of 25% each from Sep 01, 2027 to Jun 01, 2028. These term finance certificates are unsecured. The rating of the instrument is A-. Total face value of the individual investment is Rs. 100,000 (Rs. 70 million in total).

During the period it was classified as non-performing as of October 10, 2022 due to an overdue payment. As per the requirements of Circular No. 33 of 2012 issued by the SECP on October 24, 2012, the profit accrued upto October 09, 2022 was reversed however, no provision for outstanding principal was recorded. The overdue profit amount was later received on 22 Nov 2022 and subsequently on Jan 09, 2023. The instrument will automatically be classified as "" Performing"" , as stated in Circular No. 33 of 2012 by SECP, after the timely receipt of profit due on April 09, 2023.

- 5.3.3 The Securities and Exchange Commission of Pakistan (SECP), vide its circular No. 16 date July 07, 2010 prescribed certain disclosures for the schemes holding investments that were non-compliant either with the minimum investment criteria specified for category assigned to such schemes or with the investment requirement of their consecutive documents. The Securities and Exchange Commission of Pakistan vide circular 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorization criteria a laid down in the circular. Lakson Asset Management Limited (the Management Company) classified Lakson Income Fund (the Fund) as an 'Income Scheme' in accordance with the said circular. As at December 31, 2022, the Fund is compliant with all the requirements of the said circular except for clause 9 (v) which requires the rating of any security in the portfolio shall not be lower than the investment grade. The following are the details of non-compliant investments held by the Fund:

Name of non-compliant investment	Note	Type of investment	Value of investment before provision	Provision held, if any	Value of investment after provision	Investment as percentage of Net Assets	Investment as percentage of Gross Assets
Silk Bank Limited	5.3.1	Term finance certificates	70,827,654	28,465,814	42,357,600	6.34%	6.07%
NRSP	5.3.2	Term finance certificates	70,000,000	-	70,000,000	10.47%	10.02%

- 5.3.4 Significant terms and conditions of term finance certificates outstanding as at December 31, 2022 are as follows:

Name of the Issuer	Mark-up rate (per annum)	Maturity date	Rating
Commercial Bank			
Silk Bank Limited	6 months KIBOR + 1.85%	August 10, 2025	N/A
Bank Al Habib Limited	6 months KIBOR + 1%	December 06, 2028	AAA
Samba Bank Limited	6 months KIBOR + 1.35%	March 01, 2031	AA-
Jahangir Siddiqui Bank Limited	6 months KIBOR + 1.4%	December 28, 2028	A+
NRSP Micro Finance Bank	6 months KIBOR + 3%	July 09, 2028	N/A
Investment Company			
Jahangir Siddiqui Company Limited	6 months KIBOR + 3%	December 28, 2028	AA+

5.4 Commercial Paper

Date of Issue	Maturity date	Mark-up rate	Number of holdings at the beginning of the period	Acquired during the period	Disposed / matured during the period	Number of holdings at the end of the period	Carrying value	Market value	Unrealized (diminution)/ appreciation	Market value as a percentage of net assets of Fund	Market value as a percentage of total investments
			-----Number-----			(Rupees)					
27-Jul-21	21-Jul-22	9.57%	130	-	130	-	-	-	-	-	-
							129,376,884	129,376,884	-	4.94%	1.21%
							-----	-----	-----	-----	-----



		December 31, 2022 (Unaudited)	June 30, 2022 (Audited)
		(Rupees)	
6. PROFIT / MARK-UP RECEIVABLE			
Profit / return receivable on:			
- Profit and loss sharing bank accounts		825,412	11,817,198
- Term Finance Certificates		15,152,705	23,255,037
- Commercial papers		-	26,326,445
		<u>15,978,117</u>	<u>61,398,680</u>
7. ADVANCES, DEPOSITS AND OTHER RECEIVABLES			
Security deposits:			
- Central Depository Company of Pakistan Limited		100,000	100,000
- National Clearing Company of Pakistan Limited		2,750,000	2,750,000
Cash margins:			
- National Clearing Company of Pakistan Limited		-	10,000,000
Advance tax	7.1	13,625,585	13,625,583
Receivable against redemption of securities		48,278	15,279
Other receivables		36,432	-
		<u>16,560,295</u>	<u>26,490,862</u>

- 7.1 As per Clause 47(B) of Part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax. The amount of withholding tax deducted on markup on bank deposits has been shown as advance tax as at December 31, 2022, as in the opinion of the management, the amount of tax deducted at source will be refunded.

		December 31, 2022 (Unaudited)	June 30, 2022 (Audited)
		(Rupees)	
8. PAYABLE TO THE MANAGEMENT COMPANY			
Remuneration payable to the Management Company	8.1	641,009	2,553,971
Sindh Sales Tax on remuneration to Management Company		2,465,440	352,610
Federal Excise Duty on remuneration to Management Company	8.2	16,183,842	18,545,360
Sale Load Payable to Management Company		-	2,285
		<u>19,290,291</u>	<u>21,454,226</u>

- 8.1 As per Regulation 61 of the NBFC Regulations the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of the management fee as disclosed in the Offering Document subject to the total expense ratio limit. As per offering document, the Management Company can charge management fee up to 1.5% of the average annual net assets of the fund, calculated on daily basis. The remuneration is payable to the Management Company monthly in arrears.

With effect from January 07, 2022, the minimum fee of 0.25% had been removed through supplement to the offering document dated December 20, 2021 and the management can now charge upto 1.5% of the average annual net assets. The Management Company has charged management fee at the rate of 1.305% of the net assets.



- 8.2 As per the requirements of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective from June 13, 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 September 04, 2013.

While disposing the above petition through order dated July 16, 2016, the SHC declared the said provisions to be ultra vires and as a result no FED is payable with effect from July 1, 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 is carrying provision for FED for the period up to June 30, 2016 aggregating to Rs. 18.55 million. Had the provision not been retained, net asset value per unit of the Fund as at December 31, 2021 would have been higher by Rs. 2.51 (June 2022: Rs. 0.72) per unit. "

The amount is payable to the management company for onwads payment, if any, to the Government.

	December 31, 2022 (Unaudited)	June 30, 2022 (Audited)
	(Rupees)	
9. ACCRUED EXPENSES AND OTHER LIABILITIES		
Auditors' remuneration	417,196	311,079
Brokerage payable	69,138	25,310
Payable to NCCPL	745,614	869,290
Withholding tax payable	21,835	16,753,305
Others	9.1 9,121,181	9,865,438
	<u>10,374,964</u>	<u>27,824,422</u>

- 9.1 This amount includes excess profit credited by the a bank. During the year, bank credited an amount of Rs. 4.27 million. The Management Company is of the view after recomputing the profit due from the bank that excess profit was not due to the Fund. The matter was raised with the bank and is yet to finalised. Management Company, being prudent, has not recorded any income against the amount received and has recorded an accrued liability.

10. TOTAL EXPENSE RATIO

Securities and Exchange Commission of Pakistan (SECP) vide its Directive No. SCD/PRDD/Direction/18/2016 dated July 20, 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 six month period ended December 31, 2022 is 0.78% which includes 0.03% representing government levies and SECP fee, etc.). As per NBFC Regulation the total expense ratio of the income scheme shall be caped up to 2.5% (excluding government levies).

11. CONTINGENCIES AND COMMITMENTS

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



	December 31, 2022 (Unaudited) (Rupees)	June 30, 2022 (Audited)
12. PROFIT / MARK-UP INCOME		
Profit from bank deposits	26,138,058	64,993,167
Profit from Term Deposit Receipts	-	9,213,700
Mark-up on Term Finance Certificates and Commercial Papers	60,217,571	48,235,910
Mark-up on government securities	31,109,511	75,003,630
Mark-up on clean placements	-	2,882,877
	<u>117,465,140</u>	<u>200,329,284</u>

13. 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 and for the reason, no provision for tax has been made in this condensed interim financial information.

14. EARNINGS PER UNIT

Earnings per unit (EPU) has not been disclosed in these condensed interim financial information as in the opinion of the Management Company the determination of the cumulative weighted average number of outstanding units is not practicable.

15. TRANSACTIONS AND BALANCES WITH RELATED PARTIES / CONNECTED PERSONS

Connected persons / related parties include Lakson Investments Limited being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the trustee and the custodian, SIZA Services (Private) Limited being holding company of the Management Company, associated companies of the Management Company, key management personnel and other funds being managed by the Management Company, staff retirement benefits of related parties and other entities having more than 10% holding in the units of the Fund as at December 31, 2022.

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 as approved by the Board.

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



	December 31, 2022 (Unaudited) (Rupees)	June 30, 2022 (Audited)
15.1 Details of balances with related parties / connected persons at the period end		
Lakson Investments Limited - Management Company of the Fund		
Remuneration payable	<u>641,009</u>	<u>2,553,971</u>
Sindh sales tax and Federal Excise Duty on remuneration of Management Company	<u>18,649,282</u>	<u>18,897,970</u>
Central Depository Company of Pakistan Limited - Trustee of the Fund		
Remuneration payable	<u>76,967</u>	<u>351,056</u>
Security Deposit	<u>100,000</u>	<u>100,000</u>
	December 31, 2022 (Unaudited)	December 31, 2021 (Audited)
15.2 Other transactions during the period		
Lakson Investments Limited - Management Company of the Fund		
Remuneration for the period	<u>8,723,170</u>	<u>15,219,575</u>
Sindh sales tax and Federal Excise Duty on remuneration of Management Company	<u>1,134,009</u>	<u>2,039,848</u>
Central Depository Company of Pakistan Limited - Trustee of the Fund		
Remuneration for the period	<u>687,954</u>	<u>2,117,457</u>
Settlement charges	<u>10,622</u>	<u>13,133</u>



15.3 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				Rupees			
	Number of Units		Units redeemed during the year	Number of holdings at year ended 31 December 2022	Balance as at July 01, 2022	Units issued during the year	Units redeemed during the year	Balance at the year ended 31 December 2022
	Number of units as at 01 July 2022	Units issued during the year						
Lakson Investments Limited - Management Company	4,731,345	-	2,486,627	2,244,718	479,745,098	-	-	232,849,770
Directors, Chief Executive and their spouse and minors	11,264,336	47,991	10,499,609	812,718	1,142,172,080	5,013,339	1,088,345,487	84,305,088
Other key management personnel	-	-	-	-	-	-	-	-
Associated companies								
Accuray Surgical Limited Employees Contributory Provident Fund	66,608	-	52,249	14,359	6,753,859	-	-	1,489,500
Alan Private Limited	28,819	-	-	28,819	2,922,197	-	-	2,989,493
Century Insurance Co. Ltd., GF	137,690	-	91,796	45,894	13,961,393	-	-	4,760,731
Century Insurance Company Limited	689,220	-	631,778	57,443	69,885,024	-	-	5,958,676
Century Insurance Company Limited Employees Contributory Provident Fund Trust	153,348	-	119,376	33,972	15,549,009	-	-	3,523,966
Century Paper & Board Mills Limited ECPFT	1,238,383	-	645,254	593,129	125,568,562	-	-	61,526,597
Century Paper & Board Mills Limited EGF	1,227,783	-	678,235	549,548	124,493,743	-	-	57,005,907
Clover Pakistan Limited Employees Contributory Provident Fund Trust	-	-	-	-	-	-	-	-
Colgate Palmolive Pakistan Limited	-	-	-	-	-	-	-	-
Colgate Palmolive Pakistan Limited ECPFT	459,111	-	253,617	205,494	46,552,576	-	-	21,316,357
Colgate Palmolive Pakistan Limited EGF	679,863	-	301,290	378,573	68,936,194	-	-	39,270,285
Cyber Internet Services (Pvt.) Ltd. Empl. CPFT	766,914	-	478,210	288,703	77,762,926	-	-	29,947,876
Gam Corporation Private Limited Employees Contributory Provident Fund	551,315	-	351,967	199,348	55,901,792	-	-	20,678,847
Hasnail & Gulbanoo Lakhani Foundation	140,840	1,872	-	142,712	14,280,750	195,550	-	14,803,806
Hasnail Karabhal Foundation ECPF Trust	27,072	-	21,827	5,245	2,745,072	-	263,000	544,104
Lakson Business Solutions Limited Employees Contributory Provident Fund Trust	5,630	-	-	5,630	570,916	-	-	584,064
Lakson Investments Limited ECPFT	106,345	-	76,606	29,739	10,783,081	-	-	3,084,901
Lakson Power Limited	-	-	-	-	-	-	-	-
Merit Packaging Limited Employees Contributory Provident Fund Trust	82,313	-	74,788	7,525	8,346,298	-	300,000	780,550
Merit Packaging Limited Employees Gratuity Fund	25,513	-	18,116	7,398	2,586,956	-	-	767,368
Premier Fashions Private Limited	-	-	-	-	-	-	-	-
Princeton Travels Private Limited Employees Contributory Provident Fund Trust	-	-	-	-	-	-	-	-
Siza Commodities Private Limited	468,090	5,859	304,477	163,612	47,462,965	612,103	-	607,819
Siza Foods Private Limited Employees Contributory Provident Fund Trust	3,248	-	-	3,248	329,501	-	-	336,885
Siza Private Limited	-	1,340	-	-	-	-	140,027	139,047
Siza Services Private Limited	94,831	-	63,404	31,427	9,615,604	-	-	3,259,972
Sybird (Private) Limited ECPFT	199,699	-	126,790	72,909	20,248,926	-	-	7,563,007
Sybird Private Limited	682	-	-	682	69,170	-	-	70,763



	Half year ended December 31, 2021				Rupees			
	Number of Units		Units redeemed during the year	Number of holdings at the year ended 31 December 2021	Units issued during the year		Units redeemed during the year	Balance at the year ended 31 December 2021
	Number of units as at 01 July 2021	Units issued during the year			Balance as at July 01, 2021			
Lakson Investments Limited - Management Company	7,875,320	147,105	3,666,007	4,356,419	796,411,423	-	-	460,037,800
Directors, Chief Executive and their spouse and minors	31,355,748	841,642	15,336,200	16,861,190	3,170,928,406	21,000,000	396,159,462	1,780,541,651
Other key management personnel	-	-	-	-	-	-	-	-
Associated companies								
Accury Surgical Limited Employees Contributory Provident Fund	79,613	5,916	32,036	53,494	8,051,064	-	1,183,363	5,648,917
Alan Private Limited	26,854	-	-	26,854	2,715,678	-	-	2,835,782
Century Insurance Company Limited - Gratuity Fund	127,516	47,121	45,175	129,461	12,895,374	4,925,774	4,710,000	13,671,112
Century Insurance Company Limited	109,155	975,453	837,071	247,537	11,038,572	53,000,000	44,516,077	26,139,888
Century Insurance Company Limited Employees	166,337	11,862	15,413	162,786	16,821,245	1,240,000	1,620,000	17,190,248
Contributory Provident Fund Trust	1,521,895	243,825	616,644	1,149,076	153,905,437	17,395,832	35,514,612	121,342,394
Century Paper & Board Mills Limited ECPT	1,410,190	257,992	589,318	1,078,864	142,608,989	20,036,434	36,083,627	113,928,065
Century Paper & Board Mills Limited - Employees Gratuity Fund	1,986,901	122,521	-	2,109,422	200,980,331	-	-	222,754,935
Colgate Palmolive Pakistan Limited	1,258,187	105,978	656,231	707,934	127,237,306	1,800,000	23,220,960	74,757,824
Colgate Palmolive Pakistan Limited - Employees Gratuity Fund	1,593,954	113,448	653,902	1,053,500	161,192,583	2,400,000	34,509,718	111,249,628
Cyber Internet Services (Pvt) Limited Employees CPFT	862,306	323,358	503,197	682,467	87,202,850	33,795,000	52,572,055	72,068,482
Gam Corporation Private Limited Employees Contributory Provident Fund	562,630	168,030	209,791	520,869	56,887,365	17,565,000	21,850,000	55,003,717
Hasanali & Gulbano Lakhani Foundation	615,600	147,665	167,417	593,849	62,051,834	-	-	62,710,447
Hasanali Karabhai Foundation ECPT Trust	36,571	8,897	9,409	36,058	3,698,334	930,000	980,000	3,807,739
Lakson Business Solutions Limited Employees	244	-	-	244	24,675	-	-	25,766
Contributory Provident Fund Trust	97,744	-	-	97,744	9,884,606	-	-	10,321,766
Lakson Investments Limited ECPT	56,775	16,276	73,051	-	5,741,514	1,700,000	1,707,537	-
Merit Packaging Limited Employees Contributory Provident Fund Trust	88,373	61,666	71,547	78,492	8,936,941	3,353,962	7,201,049	8,288,724
Merit Packaging Limited Employees Gratuity Fund	-	987,791	987,791	-	-	102,500,000	102,838,539	-
Premier Fashions Private Limited	-	2,775,937	955,368	1,820,569	-	288,800,000	100,300,000	192,252,078
Siza Commodities Private Limited	-	1,743,330	1,743,330	-	-	180,900,000	182,206,757	-
Siza Private Limited	-	2,601,986	2,143,149	458,837	-	270,000,000	225,000,000	48,453,164
Siza Services Private Limited	485,455	152,154	239,284	398,325	49,092,851	15,905,430	24,169,824	42,063,092
Siza Foods Private Limited Employees Contributory Provident Fund Trust	99,437	32,668	39,103	93,003	10,055,815	3,415,000	4,020,000	9,821,110
Siza Services Private Limited Employees Contributory Provident Fund Trust	63,719	147,059	80,299	130,479	6,443,743	2,832,031	5,606,558	13,778,574
Sydril (Private) Limited ECPT	115,073	-	115,037	636	11,697,721	-	-	-
Sydril Private Limited	-	-	-	-	-	-	-	-
Connected person due to holding more than 10% units	-	-	-	-	430,647,086	-	-	-
English Biscuit Manufacturers (Private) Limited	-	-	-	-	-	-	-	-

16. 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 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 and financial liabilities, including their levels in the fair value hierarchy.

December 31, 2022 (Un-Audited)						
Carrying amount			Fair Value			
Mandatory at Fair Value through profit or loss	Amortized cost	Other Financial Liabilities	Level 1	Level 2	Level 3	Total
(Rupees)						
On-balance sheet financial instruments						
Financial assets measured at fair value						
Government securities - Market Treasury Bills	5.1	109,504,340	-	109,504,340	-	109,504,340
Term Finance Certificates - Unlisted	5.3	517,280,980	-	404,923,380	112,357,600	517,280,980
		626,785,320	-	514,427,720	112,357,600	626,785,320
Financial assets not measured at fair value	16.1					
Bank balances	4	-	38,944,662	38,944,662	-	-
Mark-up accrued	6	-	15,978,117	15,978,117	-	-
Deposits and other receivables		-	2,934,710	2,934,710	-	-
		-	57,857,489	57,857,489	-	-
Financial liabilities not measured at fair value						
Remuneration payable to the Management Company		-	641,009	641,009	-	-
Remuneration payable to the Trustee		-	36,908	36,908	-	-
Accrued expenses and other liabilities		-	10,353,129	10,353,129	-	-
		-	11,031,046	11,031,046	-	-



On-balance sheet financial instruments

Note

June 30, 2022 (Un-Audited)						
Carrying amount			Fair Value			
Mandatory at Fair Value through profit or loss	Amortized cost	Other Financial Liabilities	Level 1	Level 2	Level 3	Total
(Rupees)						
Financial assets measured at fair value						
Government securities						
- Market treasury bills	5.1	256,935,650	-	256,935,650	-	256,935,650
- Pakistan Investment Bonds	5.2	614,480,000	-	614,480,000	-	614,480,000
Term finance certificates - Unlisted	5.3	881,904,408	-	881,904,408	-	881,904,408
		1,753,320,058	-	1,753,320,058	-	1,753,320,058
Financial assets not measured at fair value						
Commercial paper	5.4	-	129,376,884	-	-	-
Bank balances	4	-	698,055,008	-	-	-
Mark-up accrued		-	61,398,680	-	-	-
Deposits and other receivables		-	12,865,279	-	-	-
		-	901,695,851	-	-	-
Financial liabilities not measured at fair value	16.1					
Remuneration payable to the Management		-	21,454,226	-	-	-
Company		-	224,169	-	-	-
Remuneration payable to the Trustee		-	11,071,118	-	-	-
Accrued expenses and other liabilities		-	32,749,512	-	-	-

- 16.1 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.

17. GENERAL

Figures have been rounded off to the nearest rupees, unless otherwise stated.

18. DATE OF AUTHORISATION FOR ISSUE

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



A Lakson Group Company

Lakson Investments Limited

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

T +92.21 3840.0000 F +92.21 3568.1653