

LAKSON ASSET ALLOCATION DEVELOPED MARKETS FUND
Quarterly Report (March 31, 2023)



LAKSON INVESTMENTS

WE MANAGE YOUR MONEY, AS WE MANAGE OUR OWN

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Fund's Information

Management Company	<p>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</p>
Board of Directors of the Management Company	<p>Mr. Iqbal Ali Lakhani - Chairman Mr. Babar Ali Lakhani - Chief Executive Officer Mr. Jamil Ahmed Mughal Mr. Amin Mohammed Lakhani Ms. Roxanne Davies</p>
Chief Financial Officer & Company Secretary of the Management Company	<p>Mr. Junaid Arshad</p>
Audit Committee	<p>Mr. Amin Mohammed Lakhani Mr. Iqbal Ali Lakhani Mr. Jamil Ahmed Mughal</p>
Human Resource and Remuneration Committee	<p>Mr. Babar Ali Lakhani Mr. Iqbal Ali Lakhani</p>
Trustee	<p>Central Depository Company of Pakistan Limited CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahra-e-Faisal, Karachi, Pakistan.</p>
Auditors	<p>BDO Ebrahim & Co. Chartered Accountants 2nd Floor, Block C, Lakson Square, Building No. 1, Sarwar Shaheed Road, Karachi - 74200.</p>
Bankers to the Fund	<p>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</p>
Legal Adviser	<p>Fazleghani Advocates F-72/I, Block 8, KDA-5, Kehkashan, Clifton, Karachi, Pakistan.</p>

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

**LAKSON ASSET ALLOCATION DEVELOPED MARKETS FUND
REVIEW REPORT OF THE DIRECTORS' OF THE MANAGEMENT COMPANY
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2023**

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 nine months period ended March 31, 2023.

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 19.57%% in the 3QFY23 compared to the Benchmark return of 26.44%. The LAADMF underperformed the benchmark by -6.87%. As of March 31, 2023, 38.2% of the fund was invested in equities, 58.2% in T-Bills, 3.4% in cash and remaining 0.3% 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

The economic uncertainty remained high throughout 3QFY23, and to fulfill a key IMF condition, the PKR was allowed to find its value based on market forces. As a result, the currency devalued by 20% on a quarter-on-quarter basis in 3QFY23 and closed at 283.8. Following the switch to a floating exchange rate, the IMF staff visited Pakistan for the ninth review of the extended funded facility (SLA). However, at the conclusion of these discussions, the IMF staff departed without the SLA, and both parties agreed to remain engaged virtually. Meanwhile, the government fulfilled prior actions of the IMF by imposing new taxes of PKR 170bn and increasing electricity and gas tariffs. The stumbling block remained differences between the amount of external financing gap and assurances of financing commitments by China, KSA and UAE.

In 3QFY23, the foreign exchange reserves held by the State Bank of Pakistan (SBP) decreased by USD 1.3bn, primarily due to debt repayments and lower-than-expected FX inflows. However, the decline in FX reserves was mitigated by inflows from China. Pakistan received a commercial loan of USD 700mn from the China Development Bank, in addition to USD 1bn as part of a previously agreed rollover. Furthermore, China rolled over USD 2bn SAFE deposits.

Inflation continued to set all-time records in 3QFY23, averaging 31.5% for the quarter. In March-23, the CPI reached 35.4%. The main drivers of inflation were the ongoing devaluation of the PKR, rising energy prices, the imposition of new taxes of PKR 170bn, supply chain disruptions due to import restrictions, and the second-round impact of all these factors. We anticipate that inflation will remain elevated in near term.

During the third quarter of FY23, there was a 15% QoQ decline in imports, totaling USD 12.7bn, while exports decreased by 4% to USD 6.8bn. This resulted in a 25% reduction in the trade deficit, which reached USD 5.9bn. Resultantly the current account deficit for the first two months of CY23 plummeted by 89% to USD 316mn. The primary reasons for this decline are the import restrictions imposed by the State Bank of Pakistan and the decrease in demand due to the economic slowdown. We anticipate that the current account deficit will persist at these low levels in the future.

In terms of the fiscal performance, FBR tax collection decreased by 4% to Rs 1.7 trillion during 3QFY23, falling short of the quarterly target by almost PKR 60bn. The primary reasons behind this underwhelming outcome were the economic slowdown and the reduction in imports. Given the weak growth prospects and the probability that import restrictions will continue, we anticipate that FBR will fall short of the annual tax collection target for FY23.

Fixed Income Market Review

During 3QFY23, the State Bank of Pakistan raised the policy rate by 4% to an all-time high of 20%. This action was taken in response to higher-than-anticipated inflation and to counter the entrenched high inflation expectations. During the quarter, both the 3-month and 6-month KIBOR rates increased by 4.98% and 5.03%, respectively to 21.98% and 22.07%. Additionally, T-bill yields also increased QoQ by 4.9%, 4.33%, and 4.39%, with 3-month, 6-month, and 12-month rates reaching 21.60%, 21.32%, and 21.39% respectively. Similarly, PIBs demonstrated a comparable trend, with yields on 3-year, 5-year, and 10-year bonds rising by 2.6%, 0.62%, and 1.52%, respectively, to 18.33%, 15.23%, and 15.22%.

Developed Markets Review

The MSCI developed market index recorded a 7% increase during 3QFY23. This improvement in performance can be attributed to a slight reduction in recession fears and decline in fixed income yields.

Future Outlook

The market's performance in 4QFY23 is likely to hinge on two key factors: the direction of the IMF program and the political climate. Pakistan has successfully fulfilled all the prior actions requested by the IMF, and the only outstanding issue is the verification of financial commitments by the IMF from friendly nations. China has already fulfilled its commitments, and some of the promised inflows have already materialized.

According to news reports citing top officials from the finance ministry, KSA has given the green light for a USD 2bn deposit, and the IMF is satisfied with the provided assurance. However, the UAE has yet to provide confirmation of a USD 1bn deposit. Ultimately, the resolution of this issue will play a crucial role in preventing a sovereign default and creating conditions for a potential stock market rally.

As mentioned above, the second crucial factor to keep an eye on will be the state of domestic politics. The Supreme Court has recently reaffirmed its original decision and announced that Punjab assembly elections will be held on May 14th, 2023. Additionally, the court has ordered another application to be submitted for the date of the KP elections. The election commission has accepted the court's decision and agreed to hold the elections on the announced date.

However, the federal cabinet and parliament have rejected the court's decision, citing concerns over funding and security challenges. This rejection has led to increased uncertainty around the upcoming elections and heightened political tensions. We believe that a timely and peaceful resolution of this issue is critical for carrying out structural reforms, remaining in the IMF program, and restoring investor confidence in the economy.

On the global front, along with rate hikes from other central banks, The US Federal Reserve raised the fed funds rate by 50bps during the quarter, leading to a rapid rise in interest rates to control inflation. However, this also resulted in the collapse of Silicon Valley Bank and the distressed sale of Credit Suisse to UBS. High inflation has

caused domestic political instability globally. Geopolitical tensions remain heightened as China and the US carve out their spheres of influence, and other countries such as India, Iran, and Saudi Arabia adjust to a more multipolar world.

In the previous few decades, globalization has been an important force for deflation. However, it seems that globalization is slowly being reversed, and supply chains are now being rearranged to be more robust, rather than optimized for cost. The outlook for the global economy depends greatly on how these forces interact and the pace of global inflation and monetary tightening.

Acknowledgement

The Board is thankful to its valued investors, the Securities & Exchange Commission of Pakistan, the State Bank of Pakistan, the Trustee of the Fund – Central Depository Company of Pakistan Limited and the management of the Pakistan Stock Exchange Limited for their continued cooperation and support. The Directors of the Management Company also acknowledge the efforts put in by the team of the Management Company for the growth and the prudent management of the Fund.

For and on Behalf of the Board

Chief Executive Officer

Dated: April 28, 2023

Director

لیکسن ایسیٹ ایلوکیشن ڈیویلپمنٹ مارکیٹس فنڈ
31 مارچ 2023ء کو ختم ہونے والی نو ماہ کی مدت کے لیے
مینجمنٹ کمپنی کے ڈائریکٹرز کی جائزہ رپورٹ

لیکسن ایسیٹ ایلوکیشن ڈیویلپمنٹ مارکیٹس فنڈ ("LAADMF") کی مینجمنٹ کمپنی، لیکسن انویسٹمنٹس لمیٹڈ کے بورڈ آف ڈائریکٹرز کیلئے
31 مارچ 2023ء کو ختم ہونے والی نو ماہ کی مدت کے لیے اپنی جائزہ رپورٹ مع مختصر عبوری مالیاتی گوشوارے پیش کرنا باعث مسرت ہے۔

فنڈ کا مقصد

لیکسن ایسیٹ ایلوکیشن ڈیویلپمنٹ مارکیٹس فنڈ کی سرمایہ کاری کا مقصد، مختلف طرح کے ملکی قرضوں اور ڈیویلپمنٹ مارکیٹس سیکورٹیز 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 مینجمنٹ کے
ایک فعال انداز کو اختیار کرتے ہوئے چلایا جاتا ہے، جس میں بڑے عوامل جیسے حکومتی پالیسیز، گلوبل اکنامک ڈیٹا، کموڈٹیز کی قیمتیں
اور سپلائی/ڈیمانڈ ڈائنامکس کے تجزیوں کو پیش نظر رکھا جاتا ہے۔ اس اسکیم سے ڈومیسٹک گورنمنٹ سیکورٹیز اور ڈیویلپمنٹ مارکیٹس سیکورٹیز
کے درمیان باہمی تبادلے کے ساتھ سرمایہ کاری کی جاتی ہے، جو ڈیویلپمنٹ مارکیٹس کی کارکردگی کے متعلق انویسٹمنٹس ٹیم کی توقعات کی بنیاد
پر ہوتی ہے۔ یہ اسکیم ڈیویلپمنٹ مارکیٹس کی سرمایہ کاری سے متعلق بینچ مارک MSCI World Index کے حوالے سے متعلقہ ممالک
کو اور ویٹ یا انڈرویٹ کر سکتی ہے۔ فلسفہ انکم سیکورٹیز میں اسکیم کی سرمایہ کاری کو دورانہ اور yield curve مینجمنٹ کے ذریعے حکومتی
سیکورٹیز کی مختلف میچورٹیز کے مابین منتقل کرتے ہوئے منظم کیا جاتا ہے۔

فنڈ کی کارکردگی

لیکسن ایسیٹ ایلوکیشن ڈیویلپمنٹ مارکیٹس فنڈ نے مالی سال 2023ء کی تیسری سہ ماہی میں بینچ مارک منافع 26.44% کے مقابلے
میں 19.57% کا مطلق منافع حاصل کیا۔ فنڈ نے بینچ مارک کے مقابلے میں 6.87% کمتر کارکردگی کا مظاہرہ کیا۔ 31 مارچ
2023ء کے مطابق فنڈ نے مجموعی اثاثہ جات بنیاد پر 38.2% ایکویٹیز میں، 58.2% ٹی بلز میں، 3.4% کیش میں اور باقی
ماندہ 0.3% سرمایہ دیگر میں تفویض کیا۔

فی شیئر آمدنی (EPU)

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

معاشی جائزہ

مالی سال 2023ء کی تیسری سہ ماہی کے دوران زیادہ تر معاشی غیر یقینی کی صورتحال رہی اور آئی ایم ایف کی ایک اہم شرط کو پورا کرنے کے لیے پاکستانی روپے کی قدر کا تعین مارکیٹ فورسز کی بنیاد پر کرنے کی اجازت دی گئی۔ اس کے نتیجے میں مالی سال 2023ء کی تیسری سہ ماہی میں سہ ماہی بنیادوں پر کرنسی کی قدر میں 20 فیصد کمی ہوئی اور ڈالر کے مقابلے میں اس کی قدر 283.8 پر جا پہنچی۔ فلوئنگ ایکسچینج ریٹ میں تبدیلی کے بعد آئی ایم ایف کے عملے نے توسیعی مالی سہولت (ایس ایل اے) کے نوے جانزے کے لیے پاکستان کا دورہ کیا۔ تاہم ان مذاکرات کے اختتام پر آئی ایم ایف کا عملہ ایس ایل اے کے بغیر ہی چلا گیا اور فریقین نے ورچوئل طور پر مصروف رہنے پر اتفاق کیا۔ دریں اثناء حکومت نے آئی ایم ایف کے سابقہ مطالبات کو پورا کرتے ہوئے 170 ارب روپے کے نئے ٹیکس عائد کیے اور بجلی و گیس کے نرخوں میں اضافہ کر دیا ہے۔ اصل مسئلہ یار کاوٹ بیرونی فنائنگ کی ضرورت اور چین، سعودی عرب اور متحدہ عرب امارات کی جانب سے کرائی جانے والی مالی یقین دہانیوں کے مابین پائے جانے والے فرق کا ہے۔

مالی سال 2023ء کی تیسری سہ ماہی کے دوران اسٹیٹ بینک آف پاکستان کے زرمبادلہ کے ذخائر میں 1.3 ارب ڈالر کمی واقع ہوئی جس کی بنیادی وجہ قرضوں کی ادائیگی اور زرمبادلہ کی توقع سے کم آمد ہے۔ تاہم زرمبادلہ ذخائر میں اس کمی کو چین کی جانب سے کی جانے والی سرمایہ کاری کی مدد سے کم کیا گیا۔ پاکستان کو چائنا ڈیولپمنٹ بینک سے 70 کروڑ ڈالر کا کمرشل قرضہ ملا ہے، اس کے علاوہ پہلے سے طے شدہ ”رول اوور“ کے ذریعے بھی ایک ارب ڈالر کا مزید ریلیف ملا۔ مزید برآں، چین نے 2 ارب امریکی ڈالر کے سیف ڈپازٹس بھی ”رول اوور“ کیے ہیں۔

مالی سال 2023ء کی تیسری سہ ماہی میں افراط زر نے نیاریکارڈ قائم کیا، جو سہ ماہی کے دوران اوسط 31.5 فیصد رہا۔ مارچ 2023ء میں کنزیومر پرائس انڈیکس 35.4 فیصد تک پہنچ گیا۔ افراط زر کی بنیادی وجوہات میں روپے کی قدر میں کمی، توانائی کی قیمتوں میں اضافہ، 170 ارب روپے کے نئے ٹیکسوں کا نفاذ، درآمدی پابندیوں کی وجہ سے سپلائی چین میں خلل اور ان تمام عوامل کے دوسرے مرحلے کے اثرات شامل ہیں۔ ہم توقع کرتے ہیں کہ مستقبل قریب میں افراط زر کی شرح بلند رہے گی۔

مالی سال 2023ء کی تیسری سہ ماہی کے دوران درآمدات میں 15 فیصد کمی ریکارڈ کی گئی، جس کے بعد مجموعی برآمدات 12 ارب 70 کروڑ ڈالر رہیں جبکہ برآمدات 4 فیصد کم ہو کر 6 ارب 80 کروڑ ڈالر رہیں۔ اس کے نتیجے میں تجارتی خسارہ 25 فیصد کم ہوا جو 5.9 ارب ڈالر رہ گیا۔ مالی سال 2023 کے پہلے دو ماہ میں کرنٹ اکاؤنٹ خسارہ 89 فیصد کم ہو کر 316 ملین ڈالر رہ گیا۔ اس کمی کی بنیادی وجوہات

اسٹیٹ بینک آف پاکستان کی جانب سے عائد درآمدی پابندیاں اور معاشی سست روی کی وجہ سے طلب میں کمی ہیں۔ ہم توقع کرتے ہیں کہ کرنٹ اکاؤنٹ خسارہ مستقبل میں انہی کم ترین سطحوں پر برقرار رہے گا۔

مالی کارکردگی کے لحاظ سے ایف بی آر کی ٹیکس وصولی مالی سال 2023ء کی تیسری سہ ماہی کے دوران 4 فیصد کم ہو کر 1.7 ٹریلین روپے رہ گئی جو سہ ماہی ہدف سے تقریباً 60 ارب روپے کم ہے۔ ان مایوس کن نتائج کی بنیادی وجوہات میں معاشی سست روی اور درآمدات میں کمی شامل ہیں۔ کم شرح نمو اور درآمدی پابندیاں جاری رہنے کی توقع کے پیش نظر ہمارا یہ خیال ہے کہ ایف بی آر مالی سال 2023ء کے لئے سالانہ ٹیکس وصولی کا اپنا ہدف پورا نہیں کر پائے گا۔

فلسفہ انکم مارکیٹ کا جائزہ

مالی سال 2023 کی تیسری سہ ماہی کے دوران اسٹیٹ بینک آف پاکستان نے پالیسی ریٹ کو 4 فیصد بڑھا کر 20 فیصد کی بلند ترین سطح پر پہنچا دیا۔ یہ اقدام توقع سے زیادہ افراط زر کے جواب میں اور افراط زر کی بلند شرح کا مقابلہ کرنے کے لئے کیا گیا تھا۔ سہ ماہی کے دوران، 3 ماہ اور 6 ماہ کے KIBOR کی شرحیں 4.98 فیصد اور 5.03 فیصد بڑھ کر 21.98 فیصد اور 22.07 فیصد ہو گئیں۔ مزید برآں، ٹی بل کے منافع میں بھی سہ ماہی بنیادوں پر 4.9 فیصد، 4.33 فیصد اور 4.39 فیصد کا اضافہ ہوا، 3 ماہ، 6 ماہ اور 12 ماہ کی شرحیں بالترتیب 21.60 فیصد، 21.32 فیصد اور 21.39 فیصد تک پہنچ گئیں۔ پی آئی بیز نے بھی اسی طرح کے رجحان کا مظاہرہ کیا، 3 سالہ، 5 سالہ اور 10 سالہ بانڈز پر منافع بالترتیب 2.6 فیصد، 0.62 فیصد اور 1.52 فیصد بڑھ کر 18.33 فیصد، 15.23 فیصد اور 15.22 فیصد ہو گیا۔

ڈیویلپڈ مارکیٹس کا جائزہ

مالی سال 2023ء کی تیسری سہ ماہی کے دوران ایم ایس سی آئی کے تیار کردہ مارکیٹ انڈیکس میں 7 فیصد اضافہ ریکارڈ کیا گیا۔ کارکردگی میں اس بہتری کو کساد بازاری کے خدشات میں معمولی کمی اور فلسفہ انکم منافع جات میں کمی سے منسوب کیا جاسکتا ہے۔

مستقبل کا منظر نامہ

مالی سال 2023ء کی چوتھی سہ ماہی میں مارکیٹ کی کارکردگی دو اہم عوامل پر منحصر ہونے کا امکان ہے: آئی ایم ایف پروگرام کی سمت اور سیاسی ماحول۔ پاکستان نے آئی ایم ایف کی جانب سے کیے گئے تمام پیشگی مطالبات کامیابی سے پورے کیے ہیں اور اب واحد اہم مسئلہ آئی ایم ایف کی جانب سے دوست ممالک کے مالی وعدوں کی تصدیق ہے۔ چین پہلے ہی اپنے وعدوں کو پورا کر چکا ہے اور بعض دیگر وعدوں پر بھی عمل درآمد ہو چکا ہے۔

وزارت خزانہ کے اعلیٰ حکام کے حوالے سے خبروں کے مطابق سعودی عرب نے 2 ارب ڈالر کے ڈپازٹ کے لیے گرین سگنل دے دیا ہے

اور آئی ایم ایف فراہم کردہ یقین دہانی سے مطمئن ہے۔ تاہم متحدہ عرب امارات نے ابھی تک ایک ارب ڈالر جمع کرانے کی تصدیق نہیں کی ہے۔ بالآخر، اس مسئلے کا حل ڈیفالٹ کو روکنے اور اسٹاک مارکیٹ کی ممکنہ تیزی کے لئے موافق حالات پیدا کرنے میں اہم کردار ادا کرے گا۔

جیسا کہ اوپر ذکر کیا گیا ہے، دوسرا اہم عنصر، جس پر نظر رہے گی، وہ داخلی سیاست ہے۔ سپریم کورٹ نے حال ہی میں اپنے اصل فیصلے کی توثیق کی ہے اور اعلان کیا ہے کہ پنجاب اسمبلی کے انتخابات 14 مئی 2023ء کو ہوں گے۔ اس کے علاوہ عدالت نے کے پی انتخابات کی تاریخ کے لیے ایک اور درخواست جمع کرانے کا حکم دیا ہے۔ الیکشن کمیشن نے عدالت کے فیصلے کو تسلیم کرتے ہوئے اعلان کردہ تاریخ پر انتخابات کرانے پر اتفاق کر لیا۔

تاہم وفاقی کابینہ اور پارلیمنٹ نے فنڈنگ اور سیکیورٹی چیلنجز سے متعلق خدشات کا حوالہ دیتے ہوئے عدالتی فیصلے کو مسترد کر دیا ہے۔ اس انکار کی وجہ سے آنے والے انتخابات کے بارے میں غیر یقینی صورتحال اور سیاسی تناؤ میں اضافہ ہوا ہے۔ ہم سمجھتے ہیں کہ اس مسئلے کا بروقت اور پرامن حل، ڈھانچا جاتی (اسٹرکچرل) اصلاحات، آئی ایم ایف پروگرام کے برقرار رہنے اور معیشت میں سرمایہ کاروں کے اعتماد کی بحالی کے لیے ضروری ہے۔

عالمی محاذ پر، دیگر مرکزی بینکوں کی جانب سے شرح سود میں اضافے کے ساتھ ساتھ، امریکی فیڈرل ریزرو نے سہ ماہی کے دوران فیڈ فنڈز کی شرح میں 50 بی پی ایس کا اضافہ کیا، جس کے نتیجے میں افراط زر پر قابو پانے کے لئے شرح سود میں تیزی سے اضافہ ہوا۔ تاہم، اس کے نتیجے میں سلیکون ویلی بینک کا زوال اور کریڈٹ سوس کی یو بی ایس کو پریشان کن فروخت بھی سامنے آئی۔ افراط زر میں اضافے کی وجہ سے عالمی سطح پر داخلی سیاسی عدم استحکام پیدا ہوا ہے۔ جغرافیائی سیاسی (جیو پالیٹیکل) تناؤ میں اضافہ ہو رہا ہے کیونکہ چین اور امریکا اپنے اثر و رسوخ کو بڑھا رہے ہیں جبکہ ہندوستان، ایران اور سعودی عرب جیسے دیگر ممالک زیادہ کثیر قطبی دنیا میں خود کو ایڈجسٹ کر رہے ہیں۔ گزشتہ چند ہائیوں کے دوران گلوبلائزیشن ”تفریط زر“ (ڈی فلیشن) کی ایک اہم قوت رہی ہے۔ تاہم، ایسا لگتا ہے کہ گلوبلائزیشن آہستہ آہستہ پلٹ رہی ہے اور سپلائی چین کو اب لاگت کے حوالے سے موزوں بنانے کے بجائے زیادہ مضبوط بنانے کے لئے دوبارہ ترتیب دیا جا رہا ہے۔ عالمی معیشت کے مستقبل کا اس بات پر بہت زیادہ انحصار ہے کہ یہ قوتیں کس طرح تعامل کرتی ہیں اور عالمی افراط زر اور مالیاتی سختی کی رفتار کیا رہتی ہے۔

اظہار تشکر

بورڈ اپنے قابل قدر سرمایہ کاروں، سیکیورٹیز 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 ومنجانب بورڈ

چیف ایگزیکٹو آفیسر

ڈائریکٹر

تاریخ: 28 اپریل 2023ء

LAKSON ASSET ALLOCATION DEVELOPED MARKETS FUND
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT MARCH 31, 2023

		March 31, 2023 (Unaudited) (Rupees)	June 30, 2022 (Audited)
	Note		
ASSETS			
Bank balances	6.	40,367,918	156,385,700
Investments	7.	1,150,687,715	882,009,374
Dividend receivable		-	863,139
Accrued mark-up and other receivable		3,206,788	1,335,714
TOTAL ASSETS		1,194,262,421	1,040,593,927
LIABILITIES			
Payable to the Management Company	8.	6,775,459	6,402,855
Payable to the Trustee		207,862	196,065
Annual fee payable to the Securities and Exchange Commission of Pakistan		161,696	208,800
Accrued expenses and other liabilities	9	5,738,435	19,078,896
TOTAL LIABILITIES		12,883,452	25,886,616
NET ASSETS		1,181,378,969	1,014,707,311
UNIT HOLDERS' FUND (as per statement of movement in unit holders' fund)		1,181,378,969	1,014,707,311
CONTINGENCIES AND COMMITMENTS			
	10.		
		(Number of units)	
Number of units in issue		6,505,175	6,680,744
		(Rupees)	
Net assets value per unit		181.6060	151.8853

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

For Lakson Investments Limited
(Management Company)

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

LAKSON ASSET ALLOCATION DEVELOPED MARKETS FUND
CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE NINE MONTHS & QUARTER ENDED MARCH 31, 2023

		Nine Months Ended		Quarter Ended	
		March 31,		March 31,	
		2023	2022	2023	2022
Note		----- (Rupees) -----			
INCOME					
	Realized gain / (loss) on sale of investment at fair value through profit or loss - net	22,367,449	28,912,911	(2,653,756)	7,364,786
	Unrealised appreciation / (diminution) on re-measurement of investments at fair value through profit or loss' - net	71,274,399	34,751,660	96,307,286	(8,405,926)
		93,641,848	63,664,571	93,653,530	(1,041,140)
	Dividend income on investments at fair value through profit or loss	6,837,268	1,310,711	2,870,772	451,173
Markup on:					
	- Bank balances calculated using effective interest method	2,467,438	14,373,479	1,111,513	6,125,535
	- Government and other debt securities using effective interest method	73,690,253	29,493,386	25,729,231	10,896,290
		76,157,692	43,866,865	26,840,744	17,021,825
	Exchange (loss) / gain on foreign currency current account	40,532,048	12,893,057	7,484,510	4,948,369
	Reversal of SWWF provision	-	5,089,762	-	-
	Total Income	217,168,856	126,824,967	130,849,556	21,380,229
EXPENSES					
	Remuneration to the Management Company	13,358,118	11,758,723	4,834,149	3,627,353
8.1					
	Sindh Sales tax on remuneration to the Management Company	1,736,555	1,528,634	628,439	471,556
8.2					
	Remuneration to the Trustee	1,760,892	1,702,731	598,311	545,064
	Annual fee to the Securities and Exchange Commission of Pakistan	161,721	152,744	56,722	48,599
	SECP supervisory fee	1,916	1,906	630	630
	Custody charges	809,267	567,171	456,350	255,847
	Auditors' remuneration	496,682	222,473	106,893	61,206
	Fees and subscription	129,531	309,110	42,510	123,300
	Brokerage, settlement and bank charges	1,158,205	573,245	3,039	329,565
	Financial Charges	118,712	51,236	46,211	17,488
	Total Expenses	19,731,599	16,867,972	6,773,254	5,480,607
	Net income from operating activities	197,437,257	109,956,995	124,076,302	15,899,622
Net Income for the period before Taxation					
		197,437,257	109,956,995	124,076,302	15,899,622
Taxation					
		-	-	-	-
11.					
Net income for the period after taxation					
		197,437,257	109,956,995	124,076,302	15,899,622
Allocation of Net Income for the period					
	Net income for the year after taxation	197,437,257	109,956,995	124,076,302	15,893,502
	Income already paid on units redeemed	(67,072,600)	(35,431,931)	(44,676,875)	(3,197,431)
		130,364,657	74,525,064	79,399,427	12,696,072
Accounting income available for distribution					
	-Relating to capital gains	-	35,326,312	-	(3,786,710)
	-Excluding capital gains	130,364,657	39,198,753	79,399,427	16,482,782
	Accounting income available for distribution	130,364,657	74,525,064	79,399,427	12,696,072

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

For Lakson Investments Limited
(Management Company)

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

LAKSON ASSET ALLOCATION DEVELOPED MARKETS FUND
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE NINE MONTHS & QUARTER ENDED MARCH 31, 2023

	Nine Months Ended		Quarter Ended	
	March 31,		March 31,	
	2023	2022	2023	2022
	------(Rupees)-----			
Net income for the period after taxation	197,437,257	109,956,995	124,076,302	15,899,622
Other comprehensive income	-	-		-
Total comprehensive income for the period	197,437,257	109,956,995	124,076,302	15,899,622

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

For Lakson Investments Limited
(Management Company)

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

LAKSON ASSET ALLOCATION DEVELOPED MARKETS FUND
CONDENSED STATEMENT OF MOVEMENT IN UNIT HOLDERS'S FUND (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2023

	Nine Month Ended Mar 31, 2023			Nine Month Ended Mar 31, 2022		
	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	913,076,846	99,166,808	1,012,243,654
Issuance of 7,569,363 units (2022: 3,286,187 units)						
as capital refund						
- Capital value	1,149,675,023	-	1,149,675,023	505,411,257	-	505,411,257
- Element of income	149,677,663	-	149,677,663	40,392,829	-	40,392,829
Total proceeds on issuance of units	1,299,352,687		1,299,352,687	545,804,086	-	545,804,086
Redemption of 7,744,932 units (2022: 3,433,520 units)						
- Capital value	(1,176,341,340)	-	(1,176,341,340)	(528,070,954)	-	(528,070,954)
- Element of loss	(86,704,345)	(67,072,600)	(153,776,945)	(5,939,134)	(35,431,931)	(41,371,064)
Total payments on redemption of units	(1,263,045,685)	(67,072,600)	(1,330,118,285)	(534,010,088)	(35,431,931)	(569,442,019)
Total comprehensive income for the period	-	197,437,257	197,437,257	-	109,956,995	109,956,995
Net assets as at end of the period	953,918,398	227,460,572	1,181,378,969	924,870,844	173,691,873	1,098,562,716
Undistributed income brought forward:						
- Realized income		99,123,569			47,485,540	
- Unrealized (loss)		(2,027,654)			51,681,267	
		97,095,915			99,166,807	
Accounting income available for distribution:						
Relating to capital gains	-			35,326,312		
Excluding capital gains	130,364,657			39,198,753		
	130,364,657			74,525,065		
Undistributed income at end of the period		227,460,572			173,691,872	
Undistributed income carried forward						
- Realized income		156,186,173			138,940,211	
- Unrealized income / (loss)		71,274,399			34,751,660	
Undistributed income at end of the period		227,460,572			173,691,872	
Net assets value per unit at beginning of the period			151.8853			153.7987
Net assets value per unit at end of the period			181.6060			170.7359

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

For Lakson Investments Limited
(Management Company)

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

**LAKSON ASSET ALLOCATION DEVELOPED MARKETS FUND
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2023**

	Nine Month Ended Mar 31	
	2023	2022
	(Rupees)	
CASH FLOW FROM OPERATING ACTIVITIES		
Net income / (loss) for the period before taxation	197,437,257	109,956,995
Adjustments for:		
Realized gain / (loss) on sale of investment at fair value through profit or loss - net	(22,367,449)	(28,912,911)
Unrealised (diminution) / appreciation on re-measurement of investments at fair value through profit or loss' - net	(71,274,399)	(34,751,660)
Dividend income	(6,837,268)	(1,310,711)
	<u>96,958,141</u>	<u>44,981,712</u>
(Increase) in assets		
Investments - net	(175,036,492)	127,232,061
Accrued mark-up and other receivable	(1,871,074)	(2,805,973)
	<u>(176,907,566)</u>	<u>124,426,088</u>
Increase in liabilities		
Payable to the Management Company	372,604	48,706
Payable to the Trustee	11,797	6,084
Annual fee to Securities and Exchange Commission of Pakistan	(47,104)	(114,510)
Accrued expenses and other liabilities	(13,340,462)	(5,072,893)
	<u>(13,003,165)</u>	<u>(5,132,613)</u>
Net cash (used in) operating activities	<u>(92,952,590)</u>	<u>164,275,187</u>
Dividend received	7,700,407	982,434
CASH FLOW FROM FINANCING ACTIVITIES		
Cash received from issue of units	1,299,352,687	545,804,086
Cash paid on redemption of units	(1,330,118,285)	(569,442,019)
Net cash flow from financing activities	<u>(30,765,599)</u>	<u>(23,637,933)</u>
Net (decrease) in cash and cash equivalent during the period	<u>(116,017,782)</u>	<u>141,619,689</u>
Cash and cash equivalent at the beginning of the period	156,385,700	757,978,718
Cash and cash equivalent at the end of the period	<u><u>40,367,918</u></u>	<u><u>899,598,407</u></u>

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

**For Lakson Investments Limited
Management Company**

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

LAKSON ASSET ALLOCATION DEVELOPED MARKETS FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED MARCH 31, 2023

1. LEGAL STATUS AND NATURE OF BUSINESS

The 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 Central Depository Company of Pakistan Limited as a Trustee of the Fund.

Pakistan Credit Rating Company Limited (PACRA) has maintained the rating of the Management Company of the Fund to the scale 'AM2+' (stable outlook) vide its report dated 26 August 2022 (2021: AM2+ as on 27 August 2021).

On 27 July 2022, VIS assigned following rankings to the Fund based on the performance review:

1-year ranking: MFR 5-Star
3-year ranking: MFR 4-Star
5-year ranking: MFR 5-Star

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

The comparative balance sheet presented in these condensed interim financial information as at 31 March 2023 has been extracted from the audited financial statements of the Company for the year ended 30 June 2022, whereas the comparative income statement, statement of comprehensive income, the cash flow statement and statement of movement in unitholders' fund for the nine months period ended 31 March 2022 have been extracted from the unaudited condensed interim financial information for the period then ended.

This condensed interim financial information is being submitted to the unit holders as required under Regulation 38 (g) of the Non-Banking Finance Companies and notified Entities Regulations, 2008 (NBFC Regulations) and are unaudited.

2.2 This condensed interim financial information do not include all the information required for a complete set of annual financial statements and should be read in conjunction with the latest annual financial statements as at and for the year ended 30 June 2022. However, selected explanatory notes are included to explain events and transactions that are significant.

2.3 This condensed interim financial information is being submitted to the unit holders as required under Regulation 38 (g) of the Non-Banking Finance Companies and notified Entities Regulations, 2008 (NBFC Regulations) and are unaudited.

In compliance with schedule V of the NBFC Regulations the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at March 31, 2023.

2.3 **Basis of measurement**

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

2.4 **Functional and presentation currency**

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

3. **SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial informations are the same as those applied in the preparation of the financial statements as at and for the year ended June 30, 2022.

4. **FINANCIAL RISK MANAGEMENT**

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

		March 31, 2023 (Unaudited)	June 30, 2022 (Audited)
	Note	(Rupees)	
6. BANK BALANCES			
<u><i>In local currency</i></u>			
In profit and loss sharing accounts	6.1	2,083,958	7,472,255
In current accounts		8,504	8,504
<u><i>In foreign currency</i></u>			
In current account	6.2	38,275,456	148,904,941
		40,367,918	156,385,701

6.1 These carry mark-up rates ranging from 5.00% to 15.50% (30 June 2022: from 5.0% to 8.0%) per annum.

6.2 This represents USD denominated current account maintained in foreign country to USD 134,861 (2022: USD 726,471).

		March 31, 2023 (Unaudited)	June 30, 2022 (Audited)
	Note	(Rupees)	
7. INVESTMENTS			
At fair value through profit or loss			
Treasury Bills	7.1	694,900,487	675,761,354
Exchange Traded Funds (Foreign Investments)	7.2	455,787,228	206,248,020
		<u>1,150,687,715</u>	<u>882,009,374</u>

7.1 Government securities - Market Treasury Bills - at fair value through profit or loss

Name of investee company	----- Number of Treasury bills -----					Balance as at March 31, 2023			Market value as a percentage of net assets of the Fund	Market value as a percentage of total investments
	Date of Maturity	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 as of the nine months ended 31 March 2023 before revaluation	Market value as of the nine months ended 31 March 2023 (after revaluation)	Unrealised appreciation / (diminution)		
						----- (Rupees) -----				
12 month Treasury Bills	18-May-23	850,000	-	-	850,000	83,111,233	82,720,555	(390,678)	7.00%	7.19%
12 month Treasury Bills	04-May-23	3,000,000	-	-	3,000,000	294,686,381	294,305,700	(380,681)	24.91%	25.58%
12 month Treasury Bills	06-Apr-23	375,000	-	-	375,000	37,425,557	37,398,563	(26,995)	3.17%	3.25%
12 month Treasury Bills	20-Apr-23	567,000	-	-	567,000	56,291,685	56,084,295	(207,390)	4.75%	4.87%
12 month Treasury Bills	26-Jan-23	-	2,500,000	2,500,000	-	-	-	-	0.00%	0.00%
6 month Treasury Bills	06-Oct-22	2,610,000	-	2,610,000	-	-	-	-	0.00%	0.00%
6 month Treasury Bills	12-Jan-23	-	390,000	390,000	-	-	-	-	0.00%	0.00%
3 month Treasury Bills	12-Jan-23	-	2,200,000	2,200,000	-	-	-	-	0.00%	0.00%
3 month Treasury Bills	29-Mar-23	-	2,169,500	2,169,500	-	-	-	-	0.00%	0.00%
3 month Treasury Bills	06-Apr-23	-	2,250,000	-	2,250,000	224,415,964	224,391,375	(24,589)	18.99%	19.50%
As at March 31, 2023						695,930,821	694,900,487	(1,030,334)	58.82%	60.39%

7.1.1 These represent 3 months and 12 months Government Treasury bill carrying a fixed mark-up rate ranging from 14.70% to 20.1090% per annum and will mature from April 6, 2023. The face value of Treasury Bills held as at March 31, 2023 amounted to Rs. 704.2 million. (June 30, 2022: 740.2)

7.2 Exchange Traded Funds (foreign investment) - at fair value through profit or loss

	-----Number of units-----				Balance as at March 31, 2023			Market value as a percentage of net assets of the Fund	Market value as a percentage of total investments
	Number of holdings at the beginning of the period	Acquired during the period	Disposed / matured during the period	Number of holdings at the end of the period	Cost	Market value	Unrealized diminution		
					----- (Rupees) -----				
Powershares QQQ Trust Series 1	1,100	-	1,100	-	-	-	-	-	-
Vanguard S&P 500 UCITS ETF	5,870	-	5,870	-	-	-	-	-	-
Ishares 0-3 Months Treasury Bonds ETF	-	15,968	-	15,968	383,482,495	455,787,228	72,304,733	38.58%	39.61%
As at March 31, 2023					383,482,495	455,787,228	72,304,733	38.58%	39.61%
Total investment - March 31, 2023					1,079,413,316	1,150,687,715	71,274,399	97.40%	100.00%

7.2.1 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 100.5800 per unit as at the nine months - ended amounted to USD 1,606,061 (30 June 2022: Nil).

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

		March 31, 2023 (Unaudited)	June 30, 2022 (Audited)
8. PAYABLE TO THE MANAGEMENT COMPANY			
Remuneration payable to the Management Company	8.1	1,727,577	1,395,220
Sales tax payable on remuneration to the Management Company	8.2	224,585	181,379
Federal excise duty payable on remuneration to the Management Company	8.3	4,823,298	4,823,298
Sales load payable		-	2,959
		6,775,459	6,402,856

8.1 The Management Company is entitled to remuneration for services rendered to the Fund under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, of an amount not exceeding 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 nine months ended 31 March 2023. The fee is subject to a minimum of 1.25% and maximum of 2% of the average annual net assets of the Fund. The effective management fee rate for the nine months ended 31 March 2023 is 1.73% of the average net assets. Remuneration is paid to the Management company in arrears on a monthly basis.

8.2 The Sindh Provincial Government has levied Sindh Sales Tax (SST) at the rate of 13% (June 30,2022: 13%) on the remuneration of management company through Sindh Sales Tax on Services Act, 2011.

8.3 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 March 2023 would have been higher by Re. 0.74 (30 June 2022: Re. 0.73) per unit.

	Note	March 31, 2023 (Unaudited) (Rupees)	June 30, 2022 (Audited)
9 ACCRUED AND OTHER LIABILITIES			
Brokerage payable		-	36,620
Auditors' remuneration		496,682	303,372
Custody fee payable		79,414	651,690
Rating fee payable		117,664	307,950
Professional fees payable		684,343	652,183
Payable against redemption of units		-	2,435,120
Wht tax payable on dividend		-	10,331,629
Other liabilities		4,360,332	4,360,332
		5,738,435	19,078,896

10. CONTINGENCIES AND COMMITMENTS

There were no other contingencies and commitments as at March 31, 2023.

11. TAXATION

11.1 The Fund's income is exempt from Income Tax as per clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders. The Fund is also exempt from the provisions of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Accordingly, no provision has been made in this condensed interim financial statement.

11.2 During the year ended 2014, the FBR has issued show cause notices to the Fund under section 122(9) for proceeding u/s 122(5A) of the Income Tax Ordinance, 2001 for amendment of assessment on grounds that exemption from tax claimed under clause 99 of Part-I of the Second Schedule is not as per law. Total tax including Workers' Welfare Fund payable as per amended assessment would be Rs. 7.203 million and Rs 19.001 million for the tax years 2012 and 2013 respectively. Trustee of the Fund had filed a suit in the High Court of Sindh for declaration and permanent injunction for which a stay order had been granted by Sindh High Court. The management expects a favorable outcome and, accordingly, no provision has been recorded in respect of this matter.

12. TRANSACTIONS AND BALANCES WITH RELATED PARTIES / CONNECTED PERSONS

Related parties include Lakson Investments Limited being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the Trustee, Habib Bank AG Zurich being the Custodian, SIZA Services (Private) Limited being the holding company of the Management Company, associated companies of the Management Company, key management personnel, other funds being managed by the Management Company and unit holders holding more than 10% in the units of the Funds as at March 31, 2023. It also includes staff retirement funds of the above related parties / connected persons.

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

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

	March 31, 2023 (Unaudited)	June 30, 2022 (Audited)
12.1 Details of balance with related parties / connected persons for the period ended		
Lakson Investments Limited - Management Company		
Remuneration payable	1,727,577	1,395,220
Sindh Sales Tax on Management Company's remuneration*	224,585	181,379
Federal Excise Duty	4,823,298	4,823,298
Sales load payable	-	2,959
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	183,951	173,509
Sindh Sales Tax payable on Trustee remuneration*	23,911	22,556
Habib Bank AG Zurich - Custodian		
Bank deposits	38,275,456	148,904,941
Custody fee payable	79,414	651,690
	March 31, 2023 (Unaudited) (Rupees)	2022
12.2 Details of transaction with related parties / connected persons during the period ended		
Lakson Investments Limited - Management Company		
Remuneration to the Management Company	13,358,118	3,627,353
Sindh Sales Tax on Management Company's remuneration*	1,736,555	471,556
Central Depository Company of Pakistan Limited - Trustee		
Remuneration for the period	1,558,311	514,732
Sindh Sales Tax on Trustee remuneration*	202,580	66,915
Habib Bank AG Zurich - Custodian		
Custody charges	809,267	255,847

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

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

Nine Months Ended March 31, 2023									
Number of units as at 01 July 2022	Units issued during the year	Refund of capital	Units redeemed during the year	Number of holdings at the end of the period	Balance as at 01 July 2022	Units issued during the year	Bonus units issued during the year	Units redeemed during the year	Balance at the end of the period (Investment at current NAV)
-----Number of units-----					----- (Rupees) -----				
Directors, Chief Executive and their spouse and minors	3,999,071	445	6,947	3,992,568	607,400,118	71,825		1,214,310	725,074,395
Key management personnel, employees and connected persons of the Management Company	1,518	37,662	18,500	20,680	230,487	6,154,514		3,218,992	3,755,534
Associated companies / undertakings of the Management Company									
Accuracy Surgicals Limited - Employees Contributory Provident Fund Trust	33,814	93,744	100,202	27,357	5,135,921	16,068,190		17,194,816	4,968,118
Century Insurance Company Limited - Employees Contributory Provident Fund Trust	40,507	121,728	117,384	44,850	6,152,349	20,985,325		20,116,746	8,145,081
Century Insurance Company Limited - Employees Gratuity Fund	47,174	132,183	139,306	40,051	7,164,970	22,666,115		23,891,477	7,273,486
Century Paper & Board Mills Limited - Employees Contributory Provident Fund Trust	462,216	1,331,823	1,368,918	425,122	70,203,859	228,744,157		235,031,404	77,204,652
Century Paper & Board Mills Limited - Employees Gratuity Fund	414,047	1,236,696	1,256,248	394,495	62,887,673	212,399,459		215,953,762	71,642,575
Colgate Palmolive (Pakistan) Limited - Employees Contributory Provident Fund Trust	433,221	1,218,952	1,263,084	389,090	65,799,964	209,364,246		216,733,365	70,661,032
Colgate Palmolive (Pakistan) Limited - Employees Gratuity Fund	481,135	1,420,116	1,449,022	452,229	73,077,354	243,915,183		248,905,486	82,127,468
Cyber Internet Services (Private) Limited - Employees Contributory Provident Fund Trust	218,744	668,110	671,826	215,028	33,223,932	114,768,971		115,483,768	39,050,312
GAM Corporation (Private) Limited - Employees Contributory Provident Fund Trust	133,395	377,879	390,512	120,763	20,260,802	64,903,244		66,997,653	21,931,195
Hasanali Karabhai Foundation - Employees Contributory Provident Fund Trust	6,435	17,783	18,457	5,761	977,339	3,060,572		3,164,753	1,046,156
Lakson Business Solutions Limited - Employees Contributory Provident Fund Trust	1,277	-	-	1,277	193,959	-		-	231,913
Lakson Investments Limited	74,555	-	-	74,555	11,323,781	-		-	13,539,603
Lakson Investments Limited - Employees Contributory Provident Fund Trust	27,293	80,491	81,675	26,109	4,145,476	13,830,073		14,034,759	4,741,608
Merit Packaging Limited - Employees Contributory Provident Fund Trust	57,024	144,353	155,228	46,149	8,661,053	24,762,139		26,477,427	8,380,868
Merit Packaging Limited - Employees Gratuity Fund	29,627	83,102	87,285	25,444	4,499,868	14,259,271		14,981,047	4,620,803
SIZA Foods (Private) Limited - Employees Contributory Provident Fund Trust	120,770	348,004	357,768	111,006	18,343,176	59,769,463		61,424,053	20,159,384
Siza Services Private Limited - Employees Contributory Provident Fund Trust	24,308	67,730	69,933	22,105	3,691,952	11,658,390		11,991,856	4,014,434
Sybrid Private Limited - Employees Contributory Provident Fund Trust	47,986	137,856	142,049	43,793	7,288,295	23,674,343		24,387,097	7,953,015

Nine Months Ended March 31, 2022									
-----Number of units-----					-----Rupees-----				
Number of units as at July 01, 2021	Units issued during the period	Bonus units issued during the period	Units redeemed during the period	Number of holdings at the end of the period	Balance as at July 01, 2021	Units issued during the period	Bonus units issued during the period	Units redeemed during the period	Balance at the end of the period
5,462,543	165,367	-	1,795,682	3,832,228	840,132,012	27,947,443	-	296,687,999	654,298,897
177,525	15,132		177,525	15,132	20,727,393	2,549,972		28,479,306	2,583,576
-	57	-	57	-	-	801	-	9,144	-
Associated companies / undertakings of the Management Company									
-	66,894	-	-	66,894	-	11,000,000	-	-	11,421,207
1,176	-	-	-	1,176	180,867	-	-	-	200,785
3,219	24,317	-	3,220	24,316	495,078	4,011,327	-	536,328	4,151,614
59,580	141,922	-	91,079	110,423	9,163,327	23,525,337	-	15,170,035	18,853,170
42,523	132,713	-	67,643	107,593	6,539,982	22,010,500	-	11,266,601	18,369,988
172,265	499,245	-	285,556	385,954	26,494,133	82,755,471	-	47,562,212	65,896,204
231,113	542,698	-	345,170	428,641	35,544,879	89,973,089	-	57,491,594	73,184,407
94,819	228,838	-	128,780	194,877	14,583,039	37,966,435	-	21,449,541	33,272,500
16,028	37,391	-	23,294	30,125	2,465,086	6,209,023	-	3,879,804	5,143,419
21,499	50,803	-	21,500	50,802	3,306,518	8,412,838	-	3,577,839	8,673,725
11,348	28,062	-	12,976	26,434	1,745,308	4,669,744	-	2,161,357	4,513,233
188,490	499,076	-	275,780	411,786	28,989,517	82,752,746	-	45,933,865	70,306,653
186,573	434,904	-	252,605	368,872	28,694,685	72,133,613	-	42,073,841	62,979,693
17,719	45,322	-	21,014	42,027	2,725,159	7,545,404	-	3,500,090	7,175,518
20,015	90,611	-	67,876	42,750	3,078,281	15,084,930	-	11,267,973	7,298,960
15,354	35,425	-	20,156	30,623	2,361,425	5,878,442	-	3,357,167	5,228,445
10,682	26,681	-	15,708	21,655	1,642,878	4,421,765	-	2,616,247	3,697,286
3,512	7,073	-	4,852	5,733	540,141	1,172,489	-	808,217	978,829
-	15,814	-	-	15,814	-	2,700,000	-	-	2,700,018

13. TOTAL EXPENSE RATIO

Securities and Exchange Commission of Pakistan (SECP) vide its Directive No. SCD/PRDD/Direction/18/2016 dated 20 July 2016, required that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS / the Fund. TER of the Fund for the nine months ended March 31, 2023 is 2.43% (March 31, 2022: 2.21%) which includes 0.26% (March 31, 2022: 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).

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as 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 (i.e. an exit price).

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the close of trading i.e. period end date. The estimated fair value of all other financial assets and financial liabilities is considered not significantly different from book value as these are short term in nature.

The following table shows financial instruments recognised at fair value based on:

- quoted prices in active markets for identical assets or liabilities; (Level 1)
- those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and (Level 2)
- those with inputs for the asset or liability that are not based on observable market data (unobservable inputs). (Level 3)

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

Investments of the Fund are categorised as follows:

----- (Un-Audited) -----				
As at 31 March 2023				
Fair Value				
Financial assets measured at fair value	Level 1	Level 2	Level 3	Total
Government Securities	-	694,900,487	-	694,900,487
Exchange Traded Funds (Foreign Investments)	455,787,228	-	-	455,787,228
	455,787,228	694,900,487	-	1,150,687,715
----- (Audited) -----				
As at 30 June 2022				
Fair Value				
	Level 1	Level 2	Level 3	Total
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

15. GENERAL

- 15.1 The corresponding figures have been re-arranged wherever necessary
- 15.2 Figures have been rounded off to the nearest rupee

16. DATE OF AUTHORIZATION OF ISSUE

This condensed interim financial statements were authorized for issue by Board of Directors of the Management Company on April 28, 2023

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

CHIEF EXECUTIVE OFFICER	CHIEF FINANCIAL OFFICER	DIRECTOR
--------------------------------	--------------------------------	-----------------



A Lakson Group Company

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

UAN +92.21 111-LAKSON
T +92.21 3569.8000
F +92.21 3568.1653
E info@li.com.pk
www.li.com.pk