

LAKSON EQUITY FUND
Annual Report 2023



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

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==== **Vision** =====

To be a top quartile provider of investment solutions to both individuals and institutions. Through the success of our clients and employees we seek to build sustainable and long-term shareholder value, and to be an employer of choice in the asset management industry.

==== **Mission** =====

To deliver superior performance as measured by market share parameters, high-quality service and a portfolio of innovative yet tailored products across a range of investment disciplines and distribution channels.

To provide a fulfilling, stimulating and supportive environment for our employees that fosters their personal growth and facilitates our productivity as a team.

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

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

Mr. Junaid Arshad

Audit Committee

Mr. Amin Mohammed Lakhani
Mr. Iqbal Ali Lakhani
Mr. Jamil Ahmed Mughal

**Human Resource and
Remuneration Committee**

Mr. Babar Ali Lakhani
Mr. Iqbal Ali Lakhani

Trustee

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

Auditors

BDO Ebrahim & Co.
Chartered Accountants
2nd Floor, Block C,
Lakson Square, Building No. 1,
Sarwar Shaheed Road,
Karachi - 74200.

Bankers to the Fund

Allied Bank Limited
Askari Bank Limited
Bank Al-Falah Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
National Bank of Pakistan
Silk Bank Limited
Sindh Bank Limited
Telenor Microfinance Bank Limited
United Bank Limited
U 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

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

Rating by PACRA

1 Year : 5-Star
3 Year : 3-Star
5 Year : 5-Star
AM2+ : Asset Manager Rating by PACRA

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2023

The Board of Directors of Lakson Investments Limited, the Management Company of the Lakson Equity Fund ('LEF' or 'Fund') is pleased to submit its report together with Audited Financial Statements for the year ended June 30, 2023.

Fund Objective

The objective of the Fund is to provide long-term capital appreciation by investing mainly in equity and related listed securities. Investments will be made in companies of substance, financial strength and demonstrably superior management skills with some exposure given to smaller capitalized value stocks.

Principal activities

The Fund is an actively managed open-end equity fund and is listed on Pakistan Stock Exchange Limited. LEF maintains an average exposure of 70% of Net Assets in listed equity securities. The asset allocation to different sectors and stocks is made on the basis of relative attractiveness of each sector and individual stocks in that particular sector. The allocations may change from time to time keeping in view the market conditions, opportunities, political and economic factors. LEF is allowed to borrow up to 15% of Net Assets to meet redemptions, however LEF did not utilize this facility during the period under review.

Fund Performance

The LEF Fund closed FY23 with a return of 8.16% vs -0.21% of the benchmark, outperforming the benchmark by 8.37%. As of June 30, 2023, the fund had 90% exposure in equities, 9.7% in cash and 0.4% in other assets. Sector allocation is skewed towards Commercial Banks (20%), Oil & Gas Exploration (22.2%), Technology (9%), Cement (7.2%), Fertilizer (11%) and others (16.1%). The fund size of LEF as of June 30, 2023 is PKR 1465mn.

Earning Per Unit (EPU)

EPU is not being disclosed as we feel determination of weighted average units for calculating EPU is not practicable for open end funds.

Income Distribution

The Chief Executive Officer under the authority from Board of Directors of the Management Company declared the interim payout of PKR 5.337 per unit (5.337% of face value of PKR 100/-) amounting to PKR 74.7401 million in cash during the year ended June 30, 2023.

Principal Risk and Uncertainties

The economic instability, rising current account deficit, declining FX reserves, higher than expected inflation, PKR devaluation, lower than expected financial aid by both unilateral/bilateral donor agencies, further monetary tightening and worsening of external relations remains a risk for all business sectors in Pakistan.

Asset Manager and Fund Rating

The Pakistan Credit Rating Agency Limited ('PACRA') has maintained the asset manager rating of the Management Company at 'AM2+'. The VIS Credit Rating Company Limited has given the one-year & five years performance rankings of "5-Star" and three years performance rankings of "3-Star" to the LEF Fund.

Additional Matters:

1. The detail of Directors of the Management Company is disclosed in this Annual Report.
2. The financial statements prepared by the Management Company present fairly the state of affairs of the Fund, the results of its operations, cash flows and movement in unit holders' funds.
3. Proper books of accounts of the Fund have been maintained.

4. Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
5. Relevant International Financial Reporting Standards, as applicable in Pakistan, provisions of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, Non-Banking Finance Companies and Notified Entities Regulations, 2008 ('NBFC Regulations'), directives issued by the Securities & Exchange Commission of Pakistan and requirements of the constitutive documents of the Fund have been followed in the preparation of financial statements and any departure there from has been adequately disclosed.
6. The system of internal control is adequate and sound in design and has been effectively implemented and monitored.
7. There are no significant doubts upon the Fund's ability to continue as a going concern.
8. Key financial data has been summarized in this Annual Report.
9. Outstanding statutory payments on account of taxes, duties, levies and charges have been fully disclosed in these financial statements.
10. The statement as to the value of investments of the provident fund is not applicable in the case of the Fund as such expenses are borne by the Management Company.
11. The pattern of unit holding as at June 30, 2023 is given in this Annual Report.
12. A performance table / key financial data is annexed to this annual report.

External Auditor

The existing auditors M/s. BDO Ebrahim & Co., Chartered Accountants being eligible, have given their consent for reappointment as auditors for the year ending June 30, 2024. The Board of Directors, on the recommendations of the Audit Committee, has reappointed M/s. BDO Ebrahim & Co., Chartered Accountants for the year ending June 30, 2024.

Economy Review

The June'23 quarter brought about a significant positive stride, marked by the attainment of a staff-level agreement between the International Monetary Fund (IMF) and Pakistan. This accord entails the provision of a substantial USD 3 billion as part of a stand-by arrangement (SBA) spanning nine months. This highly welcomed development is poised to act as a catalyst, enabling Pakistan to unlock critical funding from both bilateral and multilateral sources. The infusion of these funds will play a pivotal role in the augmentation of foreign exchange reserves, effectively contributing to the process of reconstruction. This milestone achievement effectively averts the looming specter of near-term default, as vividly underscored by the remarkable resurgence of Pakistan International Eurobonds. The government, in its pursuit of stabilizing the economic landscape, has undertaken a series of astute measures. These include recalibrating fuel and energy prices, instituting judicious tax policies, securing commitments from amicable nations, and implementing prudent adjustments exchange rate and interest rates.

On the 26th of June 2023, during an urgent Monetary Policy Committee (MPC) meeting, the State Bank of Pakistan (SBP) implemented a further 1% increase in the Policy Rate, propelling it to a historic pinnacle of 22%. This decision was a calculated response aimed at firmly anchoring inflation and concurrently driving real interest rates into positive terrain.

Throughout the June quarter, foreign exchange reserves exhibited a relatively stagnant trend, settling at USD 9.1 billion. Nonetheless, the reduction in these reserves was mitigated to some extent by inflows stemming from China.

The persistently elevated inflationary environment persisted during the fourth quarter of the fiscal year 2023, culminating in an average inflation rate of 34.56% for the quarter. This elevated inflation

was underpinned by an interplay of factors, including the ongoing devaluation of PKR, ascending energy costs, the imposition of new taxes amounting to PKR 170 billion, disruptions in supply chains due to import limitations, and the cascading second-round effects stemming from these determinants. We foresee the average inflation rate for fiscal year 2024 will exhibit a gradual descent, potentially converging towards the range of 21-22%. Further optimism is directed towards June 2024, wherein the inflation rate might inch down to approximately 14-15%, contingent upon the absence of unforeseen variables.

During the fourth quarter of the fiscal year 2023 (4QFY23), imports underwent a significant 9.3% QoQ contraction, aggregating to a sum of USD 11.5 billion. Resultantly, exports experienced a marginal 1.7% QoQ dip, settling at USD 6.6 billion. This dynamic interplay precipitated an 18% reduction in the trade deficit on a QoQ basis, leading to its contraction to USD 4.8 billion. As a result, the country's current account balance showed a surplus of USD 632 million. This achievement is indicative of the efficacy of administrative measures enacted to curb the import bill, compounded by the prevailing sluggishness in economic demand.

On the fiscal front, FMR tax collection observed a 11.7% decline in tax collection, amounting to PKR 1.5 trillion, during the June quarter. This figure notably fell short of the quarterly target by a margin exceeding PKR 60 billion. The forthcoming months, however, hold promise for an improvement in tax collection, attributed to the relaxation of import restrictions. Yet, considering the persistent underwhelming economic demand, the FBR may encounter challenges in meeting the ambitious annual tax collection target of over PKR 9 trillion for the FY24.

Equity Market Review

During the quarter, the KSE 100 index exhibited a robust ascent of 3.63% (translating to a gain of 1,451.86 points), culminating in a month-end closure at an impressive level of 41,452.69. Investor sentiment experienced a notable uplift, propelled by long-anticipated commitments from amicable nations, a vital catalyst in the resumption of the dormant IMF program.

On the political forefront, a momentous development emerged as the government and opposition harmonized their stance, agreeing to engage in deliberations aimed at redressing the Punjab and KPK election quandaries. This conciliatory gesture was warmly embraced by the discerning market participants. Furthermore, corporate profitability surpassed prognostications, thereby contributing significantly to the overall market performance.

Nevertheless, the surge in trading activity was underscored by an 88% escalation in traded value, reaching an impressive PKR 6,402 million. Over the course of the quarter, foreign corporate entities exhibited net sales of USD 10.4 million. Meanwhile, on the domestic front, both Mutual Funds and Insurance entities emerged as net sellers, with an outflow amounting to USD 33.68 million and USD 21.4 million, respectively. This liquidity shift was primarily absorbed by discerning individuals, corporations, and banks, garnering inflows of USD 26.6 million, USD 18.6 million, and USD 14.7 million, respectively.

Future Outlook

The trajectory of the market is contingent upon several pivotal factors. Firstly, the positive trajectory of the external account, bolstered by the IMF's Stand-By Arrangement (SBA), is poised to exert a favorable influence. Secondly, the potential for a reduction in CPI, attributed to the impact of elevated base effects driving down inflation, might pave the way for monetary easing. Such a move would serve as a catalyst for fortifying economic growth. Thirdly, the nation's political climate and stability remain influential determinants in nurturing investor trust. At present, the market boasts an appealing Price-to-Earnings (P/E) ratio of 3.9x, underscoring promising growth prospects. With such compelling dynamics, investors are presented with an immensely attractive opportunity to capitalize on the market's promising upward trajectory in the foreseeable future.

The revival of the IMF program stands poised to usher in enhanced accessibility to funds from international lenders, subsequently furnishing crucial external financing support. These inflows will culminate in the augmentation of foreign exchange reserves, thereby mitigating external pressures and paving the way for sustained economic equilibrium.

The caretaker government should find it easier to comply with the requirements of the ongoing SBA program, especially if it is adequately staffed with technocrats. In this regard, recent legislation has empowered the coming caretaker government to take decisions on existing bilateral & multilateral agreements. That said, Pakistan needs to quickly negotiate a successor IMF program when the SBA facility ends in March 2024. We believe that a timely and peaceful election is important for carrying out structural reforms, remaining in the IMF program, and restoring investor confidence in the economy.

Acknowledgment

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: September 04, 2023



لیکسن ایکویٹی فنڈ
30 جون 2023 کو ختم ہونے والے سال کے لیے
مینیجمنٹ کمپنی کے ڈائریکٹرز کی رپورٹ

لیکسن ایکویٹی فنڈ ("LEF" یا فنڈ) کی مینیجمنٹ کمپنی، لیکسن انویسٹمنٹس لمیٹڈ کے بورڈ آف ڈائریکٹرز کے لیے 30 جون 2023 کو ختم ہونے والے سال کے لیے اپنی رپورٹ مع آڈٹ شدہ مالیاتی گوشوارے پیش کرنا باعث مسرت ہے۔

فنڈ کا مقصد

فنڈ کا مقصد بنیادی طور پر ایکویٹی اور متعلقہ سیڈ سکیورٹیز میں سرمایہ کاری کے ذریعے سرمایہ کی مالیت میں طویل مدتی اضافہ حاصل کرنا ہے۔ سرمایہ کاری مالیاتی استحکام اور نمایاں طور پر اعلیٰ انتظامی مہارتوں کا مظاہرہ کرنے والی اہم کمپنیوں میں کی جائے گی جس میں سے کچھ سرمایہ کم مالیاتی قدر والے اسٹاکس میں لگایا جائے گا۔

نمایاں سرگرمیاں

LEF ایک فعال انداز میں چلایا جانے والا اوپن اینڈ ایکویٹی فنڈ ہے اور پاکستان اسٹاک ایکسچینج لمیٹڈ میں لسٹڈ ہے۔ LEF خالص اثاثوں کا کم از کم 70% حصہ لسٹڈ ایکویٹی سکیورٹیز میں رکھتا ہے۔ مختلف شعبوں اور اسٹاکس میں اثاثوں کو ہر شعبے اور اس مخصوص شعبے میں انفرادی اسٹاکس کی متعلقہ کشش کی بنیاد پر مختص کیا جاتا ہے، جس میں مارکیٹ کے حالات، مواقع، سیاسی اور اقتصادی عوامل کو پیش نظر رکھتے ہوئے وقتاً فوقتاً تبدیل کی جاسکتی ہے۔ LEF کو ریڈیمپشنز کی تکمیل کے لیے خالص اثاثوں کے 15% تک قرض لینے کی اجازت ہے، تاہم LEF نے اس سہولت کو زیر جائزہ مدت کے دوران استعمال نہیں کیا۔

فنڈ کی کارکردگی

LEF نے فیچ مارک منافع 0.21%- کے مقابلے میں 8.16% منافع کے ساتھ مالی سال 2023 کا اختتام فیچ مارک کے مقابلے میں 8.37% بہتر کارکردگی کے ساتھ کیا۔ 30 جون 2023 کے مطابق فنڈ، ایکویٹیز میں 90%، کیش میں 9.7% اور دیگر میں 0.4% سرمایہ کاری رکھتا ہے۔ شعبہ جاتی تفویض کا ہجکا اس طرح ہے: کمرشل بینکس (20%)، آئل اینڈ گیس ایکسپلوریشن (22.2%)، ٹیکنالوجی (9%)، ہیمنٹ (7.2%)، فزیکل نیچر (11%) اور دیگر (16.1%)۔ 30 جون 2023 کے مطابق LEF کا فنڈ حجم 1465 ملین روپے ہے۔

فی شیئر آمدنی (EPU)

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

آمدنی کی تقسیم

چیف ایگزیکٹو آفیسر نے منجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کی طرف سے اختیار کے تحت 30 جون 2023 کو ختم ہونے والے سال کے لیے فی یونٹ 5.337 روپے (100 روپے کی فیس ویلیو کا 5.337%) کی عبوری کیش ادائیگی کا اعلان کیا ہے، جس کی مالیت 74.7401 ملین روپے بنتی ہے۔

اہم خطرات و خدشات

اقتصادی عدم استحکام، بڑھتا ہوا کرنٹ اکاؤنٹ خسارہ، زرمبادلہ کے کم ہوتے ذخائر، توقع سے زیادہ افراط زر، روپے کی قدر میں کمی، یک طرفہ / دو طرفہ قرض فراہم کنندہ ایجنسیز دونوں کی طرف سے توقع سے کم مالی امداد، مزید مالیاتی سختی اور بڑھتے خارج تعلقات پاکستان میں تمام کاروباری شعبوں کے لیے ایک خطرہ بنے ہوئے ہیں۔

لیسیٹ منیجر اینڈ فنڈ ریٹنگ

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے منجمنٹ کمپنی کی لیسیٹ منیجر ریٹنگ "AM2+" پر برقرار رکھی ہے۔ ہے۔ VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے LEF فنڈ کو ایک سال اور پانچ سال کے لیے "15 اسٹار" اور 3 سال کے لیے "3 اسٹار" پر فائمنس ریٹنگ دی ہے۔

اضافی معاملات

- 1- منجمنٹ کمپنی کے ڈائریکٹرز کی تفصیل اس سالانہ رپورٹ میں ظاہر کی گئی ہے۔
- 2- منجمنٹ کمپنی کی طرف سے تیار کردہ مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلو اور یونٹ ہولڈرز کے فنڈ میں نقل و حرکت کی متصفانہ عکاسی کرتے ہیں۔
- 3- فنڈ کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔
- 4- مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی گئی ہے اور مالیاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔
- 5- ان مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی معیاروں، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، نان بینکنگ فنانس کمپنیز (اسٹبلشمنٹ اینڈ ریگولیشن) رولز 2003 کے تقاضوں، نان بینکنگ فنانس کمپنیز اینڈ نوٹیفائیڈ اینڈ ریگولیشنز (NBFC) 2008، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ ڈائریکٹریز اور فنڈ کی دستاویزات کے تقاضوں کی پیروی کی گئی ہے اور ان سے کسی بھی انحراف کی مناسب انداز میں نشان دہی کی گئی ہے۔
- 6- انٹرئل کنٹرول کا نظام مستحکم اور مؤثر طریقے سے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔
- 7- فنڈ کی رواں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔
- 8- اہم مالیاتی ڈیٹا کا خلاصہ اس سالانہ رپورٹ میں شامل ہے۔
- 9- میکسز، ڈیویڈنڈ، محصولات اور چارجز کی مدد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کردی گئی ہیں۔
- 10- پروڈیونٹ فنڈ کی سرمایہ کاری کی مالیت سے متعلق گوشوارہ فنڈ پر قابل اطلاق نہیں ہے جیسا کہ ایسے اخراجات منجمنٹ کمپنی کی طرف سے برداشت کیے جاتے ہیں۔

11-30 جون 2023 کے مطابق پونٹ ہولڈنگ کا پٹرین اس سالانہ رپورٹ میں دیا گیا ہے۔

12- کارکردگی کی جدول/ اہم مالیاتی ڈیٹا اس سالانہ رپورٹ کے ساتھ منسلک ہے۔

بیرونی آڈیٹر

موجودہ آڈیٹر میسرز BDO ابراہیم اینڈ کو، چارٹرڈ اکاؤنٹنٹس نے اہل ہونے کی بنیاد پر 30 جون 2024 کو ختم ہونے والے سال کے لیے دوبارہ تقرر کیے لیے اپنی رضامندی ظاہر کر دی ہے۔ آڈٹ کمیٹی کی سفارش پر بورڈ آف ڈائریکٹرز نے 30 جون 2024 کو ختم ہونے والے سال کے لیے میسرز BDO ابراہیم اینڈ کو، چارٹرڈ اکاؤنٹنٹس کی دوبارہ تقرر کی کر دی ہے۔

معاشی جائزہ

جون 2023 کی سرمایہ میں ایک اہم مثبت پیش رفت ہوئی، بین الاقوامی مالیاتی فنڈ (IMF) اور پاکستان کے درمیان اسٹاف لیول معاہدہ طے پا گیا۔ اس معاہدے میں 9 مہینوں پر محیط اسٹینڈ بائی انتظام (SBA) کے ایک حصے کے طور پر 3 بلین امریکی ڈالر کی فراہمی شامل ہے۔ اس معاہدے میں 9 ماہ پر محیط اسٹینڈ بائی بندوبست (SBA) کے ایک حصے کے طور پر 3 بلین امریکی ڈالر کی خطرہ رقم فراہم کرنا شامل ہے۔ یہ انتہائی خوش آئند پیش رفت ایک محرک کے طور پر کام کرے گی، جس سے پاکستان کو دوطرفہ اور کثیرالاجتی، دونوں ذرائع سے اہم فنڈنگ حاصل کرنے میں مدد ملے گی۔ ان فنڈز کا استعمال غیر ملکی زرمبادلہ کے ذخائر کو بڑھانے میں اہم کردار ادا کرے گا اور تعمیر نو کے عمل میں مؤثر طریقے سے اپنا حصہ ڈالے گا۔ اس سنگ میل کے حصول نے مستقبل قریب میں ڈیفالٹ کے بڑھتے ہوئے خطرے کو مؤثر طریقے سے ٹال دیا ہے، جیسا کہ پاکستان انٹرنیشنل یورو بانڈز کی نمایاں بحالی سے واضح طور پر ظاہر ہوتا ہے۔ حکومت نے معاشی منظر نامے کو مستحکم کرنے کی کوشش میں متعدد دانشمندانہ اقدامات کئے ہیں، جن میں اپیدھن اور توانائی کی قیمتوں میں ردوبدل، منصفاً ٹیکس پالیسیوں کا نفاذ، دوست ممالک سے یقین دہانیوں کا حصول، شرح تبادلہ اور شرح سود میں منطقی ایڈجسٹمنٹس شامل ہیں۔

26 جون 2023 کو مانیٹری پالیسی کمیٹی (MPC) کے ہنگامی اجلاس کے دوران اسٹیٹ بینک آف پاکستان (SBP) نے پالیسی ریٹ میں مزید ایک فیصد اضافہ کر دیا جس سے یہ 22 فیصد کی تاریخی بلند ترین سطح پر پہنچ گیا۔ یہ فیصلہ ایک سوچا سمجھا رد عمل تھا، جس کا مقصد افراط زر کو بڑھنے سے روکنا اور حقیقی شرح سود کو مثبت سمت میں لے جانا تھا۔

جون کی پوری سرمایہ کے دوران زرمبادلہ کے ذخائر میں نسبتاً جمود کا رجحان رہا، جو 9.1 بلین ڈالر پر مستحکم رہے۔ بہر حال، زرمبادلہ کے ذخائر میں کمی کو چین کی جانب سے سرمائے کے بہاؤ کی مدد سے کسی حد تک کم کیا گیا۔

مالی سال 2023، مکی چوتھی سرمایہ کے دوران افراط زر میں مسلسل اضافے کا ماحول برقرار رہا، جس کے نتیجے میں سرمایہ کے دوران افراط زر کی اوسط شرح 34.56 فیصد رہی۔ بڑھتی ہوئی افراط زر کی وجوہات میں روپے کی قدر میں مسلسل کمی، توانائی کی بڑھتی ہوئی قیمتیں، 170 بلین روپے کے نئے ٹیکسوں کا نفاذ، درآمدی پابندیوں کی وجہ سے پلائی چین میں خلل اور ان عوامل سے پیدا ہونے والے دوسرے مرحلے کے اثرات شامل ہیں۔ ہمیں توقع ہے کہ مالی سال 2024 میں افراط زر کی اوسط شرح میں بتدریج کمی آئے گی، جو ممکنہ طور پر 21-22 فیصد کی حدود میں رہے گی۔ مزید توقعات جون 2024 سے وابستہ ہیں، جب افراط زر کی شرح گرتی رہے گی 14-15 تک آسکتی ہے، تاہم اس کا انحصار غیر متوقع تغیرات کی عدم موجودگی پر ہوگا۔

مالی سال 2023، مکی چوتھی سرمایہ کے دوران درآمدات میں 9.3 فیصد کمی نمایاں کی واقع ہوئی جو مجموعی طور پر 11.5 ارب ڈالر رہی ہیں۔ اس کے نتیجے میں برآمدات میں 1.7 فیصد کمی معمولی کمی واقع ہوئی اور یہ 6.6 ارب ڈالر رہی ہیں۔ اس کے نتیجے میں تجارتی خسارے میں سرمایہ بنیاد پر 18 فیصد کمی واقع ہوئی

جس کے سبب یہ سیکڑ کر 4.8 ارب ڈالر رہ گیا۔ اس کے نتیجے میں ملک کے کرنٹ اکاؤنٹ بیلنس میں 632 ملین ڈالر کا سر پلس ظاہر ہوا۔ یہ کامیابی درآمدی بل میں کمی لانے کے لئے نافذ کردہ انتظامی اقدامات کی افادیت کی نشاندہی کرتی ہے، جو معاشی طلب میں موجودہ سست روی کی وجوہات میں شامل ہیں۔ مالی محاذ پر جون کی سرمایہ کے دوران FMR ٹیکس وصولی میں 11.7 فیصد کمی دیکھی گئی جو 1.5 ٹریلین روپے بنتی ہے۔ یہ اعداد و شمار سرمایہ ہدف سے نمایاں طور پر 60 ارب روپے کم ہیں۔ تاہم آنے والے مہینوں میں ٹیکس وصولی میں بہتری کا وعدہ کیا گیا ہے، جس کی وجہ درآمدی پابندیوں میں نرمی ہے۔ اس کے باوجود مسلسل کم ہوتی ہوئی معاشی طلب کو مد نظر رکھتے ہوئے FBR کو مالی سال 2024 کے لیے 9 ٹریلین روپے سے زائد کے سالانہ ٹیکس وصولی کے ہدف کو پورا کرنے میں مشکلات کا سامنا کرنا پڑ سکتا ہے۔

ایکویٹی مارکیٹ کا جائزہ

سرمایہ کے دوران، کے ایس ای 100 انڈیکس نے 3.63 فیصد (1,451.86 پوائنٹس) کے اضافے کے ساتھ (کی زبردست تیزی کا مظاہرہ کیا، جس کے نتیجے میں ماہ کا اختتام 41,452.69 کی متاثر کن سطح پر ہوا۔ سرمایہ کاروں کے جذبات میں قابل ذکر بہتری دیکھنے میں آئی، جو دوست ممالک کی جانب سے طویل عرصے سے متوقع وعدوں کی وجہ سے آئی اور یہ آئی ایم ایف کے غیر فعال پروگرام کی بحالی میں ایک اہم محرک ثابت ہوئی۔ سیاسی محاذ پر ایک اہم پیش رفت سامنے آئی جب حکومت اور حزب اختلاف نے اپنے موقف میں ہم آہنگی پیدا کی اور پنجاب اور خیبر پختونخوا کے انتخابات کے مسائل کے حل کے لیے بات چیت پر اتفاق کر لیا۔ مارکیٹ کے شرکاء نے اس مصالحتی اقدام کا گرمجوشی سے خیر مقدم کیا۔ مزید برآں، کارپوریٹ منافع نے پیشگامیوں کو پیچھے چھوڑ دیا، اس طرح مجموعی طور پر مارکیٹ کی کارکردگی میں نمایاں کردار ادا کیا۔ تجارتی سرگرمیوں میں اضافے کی نشاندہی تجارتی حجم میں 88 فیصد اضافے سے بھی ہوئی جو 6,402 ملین روپے تک پہنچ گیا۔ سرمایہ کے دوران غیر ملکی کارپوریٹ اداروں کی نیٹ سیلز 10.4 ملین امریکی ڈالر رہی۔ دریں اثناء داخلی محاذ پر میوچل فنڈز اور انشورنس ادارے بالترتیب 33.68 ملین ڈالر اور 21.4 ملین ڈالر کے ساتھ نیٹ سیلز کے طور پر ابھرے۔ اس ایکویٹی بیس سے بنیادی طور پر زیرک افراد، کارپوریٹیشنوں اور بینکوں نے استفادہ کیا، جس سے بالترتیب 26.6 ملین، 18.6 ملین اور 14.7 ملین امریکی ڈالر حاصل ہوئے۔

مستقبل کا منظر نامہ

مارکیٹ کا راستہ کئی اہم عوامل پر انحصار کرتا ہے۔ اول یہ کہ آئی ایم ایف کے اسٹینڈ بائی انتظامات (SBA) کی مدد سے ایکسٹرنل اکاؤنٹ کا مثبت رخ سازگار انداز میں اثر انداز ہونے کے لیے تیار ہے۔ دوم یہ کہ CPI میں کمی کا امکان ہے، جس کی وجہ افراط زر میں کمی لانے والے بلند Base Effects ہیں، جو مالیاتی نرمی کی راہ ہموار کر سکتے ہیں۔ اس طرح کا اقدام معاشی ترقی کو مستحکم بنانے کے لئے محرک کے طور پر کام کرے گا۔ سوم یہ کہ ملک کا سیاسی ماحول اور استحکام سرمایہ کاروں کے اعتماد کو پروان چڑھانے میں اہم کردار ادا کرتے ہیں۔ فی الحال مارکیٹ میں قیمت سے آمدنی (P/E) کا تناسب 3.9 گنا ہے، جو امید افزا ترقی کے امکانات کی نشاندہی کرتا ہے، اس طرح کی زبردست حرکیات (ڈانکس) کے ساتھ سرمایہ کاروں کے لیے مستقبل قریب میں مارکیٹ کے ترقی کے راستے پر گامزن ہو جانے سے فائدہ اٹھانے کے لئے انتہائی پرکشش مواقع موجود ہیں۔ آئی ایم ایف پروگرام کی بحالی سے بین الاقوامی قرض دہندگان کے فنڈز تک رسائی میں اضافہ ہوگا، جس کے نتیجے میں اہم بیرونی مالی معاونت مل جائے گی۔ یہ بہاؤ غیر ملکی زرمبادلہ کے ذخائر میں اضافے کے نتیجے میں آئے گا، جس سے بیرونی دباؤ کم ہوگا اور پائیدار معاشی توازن کی راہ ہموار ہوگی۔

گمران حکومت کے لیے جاری SBA پروگرام کے تقاضوں پر عمل کرنا آسان ہوگا، خاص طور پر اگر اس کو ٹیکو کرٹس کی مناسب خدمات حاصل ہوں۔ اس

سلسلے میں حالیہ قانون سازی نے نگرہاں حکومت کو موجودہ دوطرفہ اور کثیرالاجنبی معاہدوں پر فیصلے کرنے کا اختیار دے دیا ہے۔ اس کے باوجود مارچ 2024 میں SBA کی سہولت ختم ہونے پر پاکستان کو آئی ایم ایف کے اگلے پروگرام کے لیے فوری مذاکرات کرنے کی ضرورت ہے۔ ہم سمجھتے ہیں کہ انفراسٹرکچرل اصلاحات، آئی ایم ایف پروگرام کے ساتھ منسلک رہنے اور معیشت میں سرمایہ کاروں کے اعتماد کی بحالی کے لیے بروقت اور پراسن انتخابات کا انعقاد ضروری ہے۔

اظہار تشکر

یہ بورڈ اپنے قابل قدر انویسٹرز، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان، فنڈ کے ٹرسٹی سینٹرل ڈیازیری کمپنی آف پاکستان لمیٹڈ اور پاکستان اسٹاک ایکسچینج لمیٹڈ کا، ان کے مسلسل تعاون اور حمایت پر شکر گزار ہے۔ منجنت کمپنی کے ڈائریکٹرز فنڈ کی ترقی اور دانش مندانہ انتظام و انصرام کے لیے منجنت کمپنی کی ٹیم کی محنت اور کادشوں کا بھی اعتراف کرتے ہیں۔

برائے و منتخب بورڈ

ڈائریکٹر

چیف ایگزیکٹو آفیسر

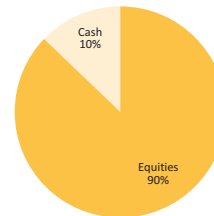
تاریخ: 04 ستمبر 2023

REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2023

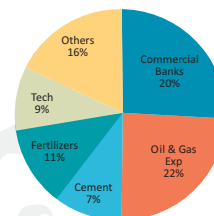
Fund Facts

Fund Type	Open-End
Category	Equity Fund
Net Assets (PKR Mil.)	1,465
NAV (30.06.2023)	94.6431
Pricing Mechanism	Forward Day
Trustee	CDC Pakistan Limited
Auditor	BDO Ebrahim & Co
Management Fee	Up to 3% of average annual net assets of the scheme calculated on daily basis. (wef May 23, 2023)
Front End Load	3.00%
Back End Load	None
Launch Date	November 13, 2009
Benchmark	KSE-100 Index*
Dealing Days	Mon-Fri
Cut-Off Time	04:00 PM
Asset Manager Rating	AM2+ by PACRA (26.Aug.2022)

Asset Allocation



Sectorwise Exposure



Fund Performance	LEF	Benchmark
FY23 - YTD	8.16%	-0.21%
June-23	-0.65%	0.30%
2 Months	-1.84%	-0.31%
3 Months	2.42%	3.63%
6 Months	6.19%	2.55%
12 Months	8.16%	-0.21%
CY23 - YTD	6.19%	2.55%
3 Years	16.47%	20.43%
5 Years	-10.38%	-1.42%
Since Inception	221.95%	286.36%

Investment Committee

Babar Ali Lakhani	Chief Executive Officer
Kashif Mustafa	Executive Director & COO
Mustafa O. Pasha, CFA	Chief Investment Officer
Hassan Bin Nasir	
Moazzam Akhtar	
Aisha Mohammad	
Mirza Danial Baig	

Investment Objective

The investment objective of the Lakson Equity Fund ("LEF") is to provide long term capital appreciation by investing mainly in equity and related listed securities. Investments will be made in companies of substance, financial strength and demonstrably superior management skills with some exposure given to smaller capitalized value stocks.

The LEF achieved its investment objective by building a diverse portfolio comprising of fundamentally strong stocks that offered high growth potential in the form of capital appreciation and/or high dividend yields. The LEF did not take exposure in any speculative stocks and only stocks with the potential to perform in the present, challenging economic environment were selected.

Investment Strategy

The LEF invests in fundamentally sound stocks based on the recommendations of its team of equity analysts and market dynamics. The asset allocation to different sectors and different stocks in the same sector remained dynamic, keeping in view the market conditions, opportunities and the relative attractiveness of each sector and individual stocks. The asset allocation pattern of the LEF changed from time to time keeping in view the market conditions, opportunities, political and economic factors. The LEF aims to build a diverse portfolio ranging across companies deemed the most attractive among peers. Companies with high earnings potential despite a weak economic outlook were sought, resulting in a portfolio that was heavily invested with stocks offering high dividend yields and lower price to earnings multiples relative to the market. The LEF adopted a combination of top-down and bottom-up methodologies to invest in fundamentally sound stocks.

Economic Review

The June'23 quarter brought about a significant positive stride, marked by the attainment of a staff-level agreement between the International Monetary Fund (IMF) and Pakistan. This accord entails the provision of a substantial USD 3 billion as part of a stand-by arrangement (SBA) spanning nine months. This highly welcomed development is poised to act as a catalyst, enabling Pakistan to unlock critical funding from both bilateral and multilateral sources. The infusion of these funds will play a pivotal role in the augmentation of foreign exchange reserves, effectively contributing to the process of reconstruction. This milestone achievement effectively averts the looming specter of near-term default, as vividly underscored by the remarkable resurgence of Pakistan International Eurobonds. The government, in its pursuit of stabilizing the economic landscape, has undertaken a series of astute measures. These include recalibrating fuel and energy prices, instituting judicious tax policies, securing commitments from amicable nations, and implementing prudent adjustments exchange rate and interest rates.

On the 26th of June 2023, during an urgent Monetary Policy Committee (MPC) meeting, the State Bank of Pakistan (SBP) implemented a further 1% increase in the Policy Rate, propelling it to a historic pinnacle of 22%. This decision was a calculated response aimed at firmly anchoring inflation and concurrently driving real interest rates into positive terrain.

Throughout the June quarter, foreign exchange reserves exhibited a relatively stagnant trend, settling at USD 9.1 billion. Nonetheless, the reduction in these reserves was mitigated to some extent by inflows stemming from China.

The persistently elevated inflationary environment persisted during the fourth quarter of the fiscal year 2023, culminating in an average inflation rate of 34.56% for the quarter. This elevated inflation was underpinned by an interplay of factors, including the ongoing devaluation of PKR, ascending energy costs, the imposition of new taxes amounting to PKR 170 billion, disruptions in supply chains due to import limitations, and the cascading second-round effects stemming from these determinants. We foresee the average inflation rate for fiscal year 2024 will exhibit a gradual descent, potentially converging towards the range of 21-22%. Further optimism is directed towards June 2024, wherein the inflation rate might inch down to approximately 14-15%, contingent upon the absence of unforeseen variables.

During the fourth quarter of the fiscal year 2023 (4QFY23), imports underwent a significant 9.3% QoQ contraction, aggregating to a sum of USD 11.5 billion. Resultantly, exports experienced a marginal 1.7% QoQ dip, settling at USD 6.6 billion. This dynamic interplay precipitated an 18% reduction in the trade deficit on a QoQ basis, leading to its contraction to USD 4.8 billion. As a result, the country's current account balance showed a surplus of USD 632 million. This achievement is indicative of the efficacy of administrative measures enacted to curb the import bill, compounded by the prevailing sluggishness in economic demand.

On the fiscal front, FMR tax collection observed a 11.7% decline in tax collection, amounting to PKR 1.5 trillion, during the June quarter. This figure notably fell short of the quarterly target by a margin exceeding PKR 60 billion. The forthcoming months, however, hold promise for an improvement in tax collection, attributed to the relaxation of import restrictions. Yet, considering the persistent underwhelming economic demand, the FBR may encounter challenges in meeting the ambitious annual tax collection target of over PKR 9 trillion for the FY24.

Equity Market Review

During the quarter, the KSE 100 index exhibited a robust ascent of 3.63% (translating to a gain of 1,451.86 points), culminating in a month-end closure at an impressive level of 41,452.69. Investor sentiment experienced a notable uplift, propelled by long-anticipated commitments from amicable nations, a vital catalyst in the resumption of the dormant IMF program.

On the political forefront, a momentous development emerged as the government and opposition harmonized their stance, agreeing to engage in deliberations aimed at redressing the Punjab and KPK election quandaries. This conciliatory gesture was warmly embraced by the discerning market participants. Furthermore, corporate profitability surpassed prognostications, thereby contributing significantly to the overall market performance.

Nevertheless, the surge in trading activity was underscored by an 88% escalation in traded value, reaching an impressive PKR 6,402 million. Over the course of the quarter, foreign corporate entities exhibited net sales of USD 10.4 million. Meanwhile, on the domestic front, both Mutual Funds and Insurance entities

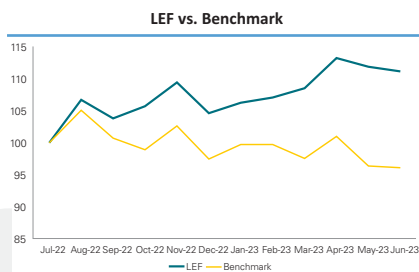
emerged as net sellers, with an outflow amounting to USD 33.68 million and USD 21.4 million, respectively. This liquidity shift was primarily absorbed by discerning individuals, corporations, and banks, garnering inflows of USD 26.6 million, USD 18.6 million, and USD 14.7 million, respectively.

Fund Performance

The LEF Fund closed FY23 with a return of 8.16% vs -0.21% of the benchmark, outperforming the benchmark by 8.37%. As of June 30, 2023, the fund had 90% exposure in equities, 9.7% in cash and 0.4% in other assets. Sector allocation is skewed towards Commercial Banks (20%), Oil & Gas Exploration (22.2%), Technology (9%), Cement (7.2%), Fertilizer (11%) and others (16.1%). The fund size of LEF as of June 30, 2023 is PKR 1465mn.

Performance Table	FY23	FY22
Net Assets - Beginning (PKR Mil.)	2,343.00	4,015
Net Assets - Ending (PKR Mil.)	1,465.00	2,343
Highest Offer Price (PKR)	106.9158	123.1612
Lowest Offer Price (PKR)	91.4671	93.9138
Highest Redemption Price (PKR)	103.4101	119.5739
Lowest Redemption Price (PKR)	88.8030	91.1784
Beginning NAV - Ex-Div. (PKR)	91.9923	114.5388
Interim Distributions (PKR)	5.3370	-
Final Distribution (PKR)	-	-
Ending NAV - Ex-Div. (PKR)	91.9923	92.5778
Return	8.16%	-19.18%
Net Income / (Loss) (PKR Mil.)	174.78	(579.84)

Distributions	FY23	FY22
Interim Distributions (PKR)	5.3370	-
Final Distribution	-	-
NAV before Distribution	91.9923	-
NAV after Distribution	91.9923	-
Distribution Date	23-Jun-23	-



Future Outlook

The trajectory of the market is contingent upon several pivotal factors. Firstly, the positive trajectory of the external account, bolstered by the IMF's Stand-By Arrangement (SBA), is poised to exert a favorable influence. Secondly, the potential for a reduction in CPI, attributed to the impact of elevated base effects driving down inflation, might pave the way for monetary easing. Such a move would serve as a catalyst for fortifying economic growth. Thirdly, the nation's political climate and stability remain influential determinants in nurturing investor trust. At present, the market boasts an appealing Price-to-Earnings (P/E) ratio of 3.9x, underscoring promising growth prospects. With such compelling dynamics, investors are presented with an immensely attractive opportunity to capitalize on the market's promising upward trajectory in the foreseeable future.

The revival of the IMF program stands poised to usher in enhanced accessibility to funds from international lenders, subsequently furnishing crucial external financing support. These inflows will culminate in the augmentation of foreign exchange reserves, thereby mitigating external pressures and paving the way for sustained economic equilibrium.

The caretaker government should find it easier to comply with the requirements of the ongoing SBA program, especially if it is adequately staffed with technocrats. In this regard, recent legislation has empowered the coming caretaker government to take decisions on existing bilateral & multilateral agreements. That said, Pakistan needs to quickly negotiate a successor IMF program when the SBA facility ends in March 2024. We believe that a timely and peaceful election is important for carrying out structural reforms, remaining in the IMF program, and restoring investor confidence in the economy.

Circumstances Materially Affecting Interests of Unit Holders

The Pakistan Credit Rating Agency Limited ('PACRA') has maintained the asset manager rating of the Management Company at 'AM2+'. The VIS Credit Rating Company Limited has given the one-year & five years performance rankings of "5-Star" and three years performance rankings of "3-Star" to the LEF Fund.

Other Disclosures

Lakson Investments Limited or any of its delegates did not receive any soft commission from its broker(s) or dealer(s).

There was no unit split undertaken during the year.

As of June 30, 2023, the LEF does not employ leverage.

Breakdown of Unit Holding by Size

Units Range	No. of Clients	Units Held
Holding upto 100	8	334
101 - 500	8	1,861
501 - 1,000	5	4,064
1,001 - 5,000	12	38,280
5,001 - 10,000	2	13,150
10,001 - 50,000	9	168,121
50,001 - 100,000	5	393,495
100,001 - 500,000	7	1,424,817
500,001 - 1,000,000	-	
1,000,001 - 5,000,000	3	7,468,505
5,000,001 - above	1	5,962,533
	60	15,475,162

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

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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 EQUITY FUND

**Report of the Trustee pursuant to Regulation 41(h) and clause 8 of Schedule V of
the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We, Central Depository Company of Pakistan Limited being the Trustee of Lakson Equity 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 year ended June 30, 2023 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;
- (iii) The management fee, fee payable to Commission and other expenses paid from the Fund during the period are in accordance with the applicable regulatory framework; and
- (iv) 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: September 25, 2023





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 Pakistan

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Lakson Equity Fund ("the Fund"), which comprise the statement of assets and liabilities as at June 30, 2023, and the income statement, the statement of comprehensive income, the statement of cash flows and the statement of movement in unit holders' fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at June 30, 2023, and its financial performance and its cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

S.NO	Key audit matter(s)	How the matter was addressed in our audit
1.	<p>Investments - Valuation of investments</p> <p>Refer notes 4.1 and 6 to the financial statements for accounting policies and details of investments.</p> <p>As at June 30 2023, the Fund has investments classified as "Fair value through profit or loss" amounting to Rs.1,372.908 million in aggregate representing 89.65% of the net assets value of the Fund.</p> <p>We identified valuation of investments as a key audit matter because of its significance in relation to the net asset value of the Fund</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of and testing the design and operating effectiveness of the key controls for the valuation of investments; and • We have performed substantive audit procedures on the year – end balances of investment portfolio including review of custodian's statement and re-performance of investment valuations on the basis of quoted market prices as at June 30, 2023 and matching the valuation of investment with that appearing in the financial statements.

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BDO Ebrahim & Co. Chartered Accountants

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Information other than the financial statements and auditor's report thereon

The Management Company ("Lakson Investments Limited") is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management Company and its Board of Directors

The Management Company ("Lakson Investments Limited") of the Fund is responsible for the preparation and fair presentation of the financial statements in accordance with the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and accounting and reporting standards as applicable in Pakistan and for such internal control as the Management Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management Company is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Company either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Board of Directors of the Management Company is responsible for overseeing the Fund's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Management Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Company.
- Conclude on the appropriateness of the Management Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.
Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors of the Management Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors of the Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors of the Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Based on our audit, we further report that in our opinion the financial statements have been prepared in accordance with the relevant provisions of the Trust Deed, NBFC Rules and NBFC Regulations.

The engagement partner on the audit resulting in this independent auditor's report is Zulfikar Ali Causer.

KARACHI

DATED: 12 SEP 2023

UDIN: AR202310067TU7sYnN52p


BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

**Statement of Assets and Liabilities
As at June 30, 2023**

	Note	2023 (Rupees)	2022
ASSETS			
Bank balances	5	147,735,670	276,575,247
Investments	6	1,372,908,316	2,100,446,835
Dividend and other receivables	7	1,408,119	1,171,735
Mark-up accrued on bank balances		1,514,312	4,365,146
Advances and deposit	8	2,650,000	2,650,000
TOTAL ASSETS		1,526,216,417	2,385,208,963
LIABILITIES			
Payable to the Management Company	9	25,310,559	25,625,765
Remuneration payable to the Trustee	10	226,734	308,065
Annual Fee Payable to Securities and Exchange Commission of Pakistan	11	399,131	592,933
Accrued expenses and other liabilities	12	3,818,003	1,120,146
Payable against purchase of investments		31,843,423	14,561,168
TOTAL LIABILITIES		61,597,850	42,208,077
NET ASSETS		1,464,618,567	2,343,000,886
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)			
		1,464,618,567	2,343,000,886
CONTINGENCIES AND COMMITMENTS			
	14	-----Number of units-----	
Number of units in issue	15	15,475,162	25,308,428
		-----Rupees-----	
Net assets value per unit		94.6431	92.5778

The annexed notes from 1 to 24 form an integral part of these financial statements.

For Lakson Investments Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

Income Statement For the year ended June 30, 2023

	Note	2023 (Rupees)	2022
Income			
Gain / (loss) on sale of investments - net		15,060,747	(489,732,176)
Unrealised loss on revaluation of investment	6.1	(28,268,924)	(265,447,463)
Dividend income on investments - net		212,997,804	183,990,648
Interest income on Government and other debt securities		3,189,848	-
Mark-up on bank balances		28,878,129	22,813,381
		<u>231,857,604</u>	<u>(548,375,610)</u>
Expenses			
Remuneration to the Management Company	9.1	41,222,792	59,296,585
Sindh sales tax on remuneration of the Management Company	9.2	5,358,963	7,708,556
Remuneration to the Trustee	10	3,385,185	4,480,257
Annual fee to Securities and Exchange Commission of Pakistan	11	399,148	592,966
Auditors' remuneration	16	405,408	352,203
Fee and subscription		340,308	384,831
Printing charges		32,205	18,645
Brokerage expenses		4,649,962	14,347,645
SECP supervisory fee		2,500	2,500
Settlement charges		1,251,024	1,506,061
Bank charges		26,453	3,142
Total expenses		<u>57,073,947</u>	<u>88,693,391</u>
Net income / (loss) from operating activities		<u>174,783,657</u>	<u>(637,069,001)</u>
Reversal of provision for Sindh Workers' Welfare Fund	23	-	(57,225,346)
Net income / (loss) for the year before taxation		<u>174,783,657</u>	<u>(579,843,655)</u>
Taxation	17	-	-
Net income / (loss) for the year		<u>174,783,657</u>	<u>(579,843,655)</u>
Allocation of net income for the year			
Net income for the year after taxation		174,783,657	-
Income already paid on units redeemed		(86,672,992)	-
		<u>88,110,666</u>	<u>-</u>
Accounting income available for distribution			
Relating to capital gains		5,181,700	-
Excluding capital gains		82,928,966	-
		<u>88,110,666</u>	<u>-</u>

The annexed notes from 1 to 24 form an integral part of these financial statements.

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

Chief Executive Officer

Chief Financial Officer

Director

**Statement of Comprehensive Income
For the year ended June 30, 2023**

	2023	2022
	(Rupees)	
Net income / (loss) for the year	174,783,657	(579,843,655)
Other comprehensive income for the year	-	-
Total comprehensive income / (loss) for the year	<u>174,783,657</u>	<u>(579,843,655)</u>

The annexed notes from 1 to 24 form an integral part of these financial statements.



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

Chief Executive Officer

Chief Financial Officer

Director

Statement Of Movement in Unit Holders' Fund
For the year ended June 30, 2023

	2023		2022	
	Capital value	Undistributed income	Capital value	Total Undistributed income
Net assets at beginning of the year	2,786,190,399	(443,189,513)	2,343,000,886	136,654,142
				3,159,670,501
Issuance of 2,223,908 units (2022: 7,887,658)				
Capital value	205,884,537	-	205,884,537	903,443,069
Element of income / (loss)	4,294,896	-	4,294,896	(66,592,155)
Total proceeds on issuance of units	210,179,433	-	210,179,433	836,850,914
Redemption of 12,094,188 units (2022: 10,165,252)				
Capital value	(1,119,653,394)	-	(1,119,653,394)	(1,164,315,951)
Income already paid on units redeemed				-
Element of (loss) / income	17,721,046	(86,672,992)	(68,951,946)	90,639,077
Total payments on redemption of units	(1,101,932,288)	(86,672,992)	(1,188,605,280)	(1,073,676,874)
Distributions during the period (5.337 per unit)				
		(74,740,130)	(74,740,130)	-
Total comprehensive income / (loss) for the year	-	174,783,657	174,783,657	(579,843,655)
Net assets as at end of the year	1,894,437,544	(429,818,978)	1,464,618,567	2,343,000,886
Undistributed (loss) / income brought forward:				
Realized loss		(177,742,050)		(129,568,092)
Unrealized (loss) / income		(265,447,463)		266,222,234
		(443,189,513)		136,654,142
Accounting income available for distribution:				
Relating to capital gains		5,181,700		-
Excluding capital gains		82,928,966		(579,843,655)
Total comprehensive income / (loss) for the year		88,110,666		-
Interim cash distribution during the year is Rs.5.337 (2022: Nil)		(74,740,130)		-
Undistributed loss at end of the year		(429,818,978)		(443,189,513)
Undistributed loss brought forward:				
Realized loss		(401,550,054)		(177,742,050)
Unrealized loss		(28,268,924)		(265,447,463)
Undistributed loss at end of the year		(429,818,978)		(443,189,513)
Net assets value per unit at beginning of the year			92.5778	114.5388
Net assets value per unit at end of the year			94.6431	92.5778

The annexed notes from 1 to 24 form an integral part of these financial statements.

For Lakson Investments Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

**Statement of Cash Flow
For the year ended June 30, 2023**

	2023	2022
	(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income / (loss) for the year	174,783,657	(579,843,655)
Adjustments for:		
Unrealised loss on revaluation of investments - net	28,268,924	265,447,463
Mark-up on bank balances	(28,878,129)	(22,813,381)
Dividend income	(212,997,804)	(183,990,648)
	<u>(38,823,352)</u>	<u>(521,200,221)</u>
Decrease / (Increase) in assets		
Investments	699,269,595	475,207,246
Other receivables	(127,323)	(60,885)
Advances and deposits	-	14,108,125
Receivable against sale of investments	-	-
	<u>699,142,272</u>	<u>489,254,486</u>
Increase / (Decrease) in liabilities		
Payable to the Management Company	(315,206)	(1,611,910)
Remuneration payable to the Trustee	(81,331)	(80,522)
Annual fee payable to Securities and Exchange Commission of Pakistan	(193,802)	(85,570)
Payable against purchase of investments	17,282,255	(1,922,839)
Accrued expenses and other liabilities	2,697,848	(57,128,048)
	<u>19,389,764</u>	<u>(60,828,889)</u>
Profit received on bank balances	31,728,675	20,902,700
Dividend received on investments	212,889,042	183,818,361
Net cash flows from operating activities	<u>924,326,401</u>	<u>111,946,436</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of units	210,179,433	836,850,914
Payments on redemption of units	(1,188,605,280)	(1,073,676,874)
Dividend paid in cash	(74,740,130)	-
Net cash used in financing activities	<u>(1,053,165,977)</u>	<u>(236,825,960)</u>
Net decrease in cash and cash equivalents	<u>(128,839,576)</u>	<u>(124,879,524)</u>
Cash and cash equivalents at beginning of the year	276,575,247	401,454,771
Cash and cash equivalents at end of the year	<u>147,735,670</u>	<u>276,575,247</u>

The annexed notes from 1 to 24 form an integral part of these financial statements.

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

Chief Executive Officer

Chief Financial Officer

Director

Notes to and forming part of the Financial Statements For the year ended June 30, 2022

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 The Lakson Equity Fund (the "Fund") was established under the Trust Deed executed on 2 September 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 18 September 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).

1.2 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.

1.3 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.

The Fund is categorised as "Equity Scheme" as per the Circular 07 of 2009 issued by SECP and it primarily invests in listed equity securities and other avenues of investment, which include cash or near cash instruments, cash in bank accounts (excluding TDR) and treasury bills not exceeding 90 days maturity and any other investment authorised by SECP.

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

1.4 The Pakistan Credit Rating Company Limited (PACRA) has maintained asset manager rating of the Management Company of the Fund to the scale 'AM2+' (stable outlook) dated August 26, 2022 (AM2+ as on August 27, 2021).

On April 19, 2023, VIS assigned following rankings to the Fund based on the performance review for the year ended June 30, 2023 (trailing 12 months for 1 Year ranking, trailing 36 months for 3 Year ranking, and trailing 60 months for 5 Year ranking.)

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

1.5 Due to the enactment of the Sindh Trusts Act, 2020 (as amended vide Sindh Trusts (Amended) Act, 2021), 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. For this purpose, Re-Statd Trust Deeds of all Funds have been executed between the Management Company and the Trustees and all the relevant Trust Deeds alongwith necessary documents have been submitted with Assistant Director of Industries and Commerce (Trust Wing), Government of Sindh.

2 BASIS OF PREPARATION

2.1 Statement of compliance

- 2.1.1 These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as 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, the provisions of and directives issued under the Companies Act, 2017, along with part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the 'NBFC Regulations') and requirements of the Trust Deed.

Where the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations, 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.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost basis, unless otherwise stated.

These financial statements have been prepared under accrual basis of accounting except for cash flows information.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan rupees ('Rupees' or 'Rs'), which is the Fund's functional and presentation currency.

2.4 Use of judgments and estimates

The preparation of these financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires the management to make estimates, judgements and assumptions that affect the reported amount of assets, liabilities, income and expenses. It also requires the management to exercise judgement in application of 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 year in which the estimates are revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements as a whole are as follows:

Classification and valuation of investment

For details please refer notes 4.2.1.1 and to these financial statements.

Impairment of investment

For details please refer note 4.2.1.2 to these financial statements.

Provision for taxation

For details please refer notes 4.4 and 17 to these financial statements.

Other assets

Judgement is involved in assessing the realisability of other assets balances.

3 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED ACCOUNTING AND REPORTING STANDARDS

3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2022

The following standards, amendments and interpretations are effective for the year ended June 30, 2022. These standards, amendments and interpretations are either not relevant to the Fund's operations or are not expected to have significant impact on the financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract	January 01, 2022

3.2 New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 01, 2024
Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of Accounting Policies	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements	January 01, 2024
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023

	Effective date (annual periods beginning on or after)
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Certain annual improvements have also been made to a number of IFRSs.	
The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):	
IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 17	Insurance Contracts

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These accounting policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Cash and cash equivalents

Cash and cash equivalents comprise of balances with banks and short-term highly liquid investments with original maturities of three months or less.

4.2 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

4.2.1 Financial assets

4.2.1.1 Classification and measurement of financial assets and financial liabilities

On initial recognition, a financial asset is classified and measured at: amortised cost or fair value through profit or loss (FVTPL). The classification of financial assets is generally based on the business model on which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in income statement.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (refer note 4.2.1.2). Interest income, foreign exchange gains and losses and impairment are recognised in income statement.

4.2.1.2 Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

The guiding principle of the expected credit loss (ECL) model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments. The amount of ECLs recognised as a loss allowance or provision depends on the extent of credit deterioration since initial recognition. Under the general approach, there are two measurement bases:

- 12-month ECLs (Stage 1), which applies to all items (from initial recognition) as long as there is no significant deterioration in credit quality.
- Lifetime ECLs (Stages 2 and 3), which applies when a significant increase in credit risk has occurred on an individual or collective basis.

The Fund's financial assets include mainly investment, advances and deposits, dividend and mark-up receivable and bank balances.

4.2.1.3 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset.

4.2.1.4 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

4.2.2 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

4.2.3 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

4.3 Provisions

Provisions are recognised when the Fund has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

4.4 Taxation

The income of the Fund is exempt from income tax under 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 its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed in cash to the unit holders.

The Fund is also exempt from the provisions of section 113 (minimum tax) and section 113C (Alternative Corporate Tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

The Fund does not account for deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing in cash at least 90% of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders.

4.5 Proposed distributions

Distributions declared subsequent to the reporting date are considered as non-adjusting events and are not recognised before the reporting date.

4.6 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that day. The offer price represents the net assets value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net assets value per unit as of the close of the business day less any back-end load (if applicable), any duties, taxes, charges on redemption and any provision for transaction costs, if applicable. Redemption of units is recorded on acceptance of application for redemption.

4.7 Element of income

Element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit

holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

4.8 Net assets value per unit

The net assets value (NAV) per unit as disclosed in the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

4.9 Revenue recognition

- Realised capital gains / (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Dividend income from equity securities is recognised when the right to receive the dividend is established.
- Mark up on bank deposits is recognised on a time apportionment basis using effective rate.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are included in the income statement in the year in which they arise.

4.10 Expenses

All expenses including NAV based expenses are recognised in the income statement on a time apportionment basis.

4.11 Transactions with related parties / connected persons

Transactions with related parties / connected persons are based at arm's length at normal commercial rates on the same terms and conditions as applicable to third party transactions.

Remuneration to the Management Company and the Trustee is determined in accordance with the provisions of NBFC Regulations and the Trust Deed respectively.

		June 30, 2022	June 30, 2021
5	BANK BALANCES	Note	(Rupees)
	Current accounts	7,703	7,703
	Profit and loss sharing accounts	5.1 147,727,967	276,567,544
		147,735,670	276,575,247

5.1 These represent profit and loss sharing accounts maintained with banks carrying mark-up rates ranging from 11.50% to 19.50% (June 30, 2022: 6.50% to 16.24%) per annum.

6 INVESTMENTS

At fair value through profit or loss

Listed equity securities	6.1	1,372,908,316	2,100,446,835
Market Treasury Bills	6.2	-	-

6.1 Investment at fair value through profit or loss

Following are the details of investments in shares of listed companies - (fully paid up ordinary shares of Rs. 10 each unless stated otherwise):

Sectors / Companies	Holding as at July 01, 2022	Purchased during the year	Bonus shares / letter of right received during the year	Disposed during the year	Holding as at June 30, 2023	Carrying value as of June 30, 2023	Market value as of 30 June 2023	Unrealised gain / (loss) net	Market value as percentage of total investments	Market value as percentage of net assets	Par value of shares held as a percentage of total paid up capital of the investee company
(Rupees)											

Commercial Banks											
Bank Alfalah Limited	1,147,890	564,184	-	527,560	1,184,514	37,908,638	36,056,606	(1,852,032)	2.63	2.46	0.11
Habib Bank Limited	712,636	279,000	-	413,928	577,708	48,476,220	42,305,557	(6,170,663)	3.08	2.89	0.05
MCB Bank Limited	879,644	25,000	-	355,392	549,252	67,385,681	62,872,876	(4,512,805)	4.58	4.29	0.04
Faysal Bank Limited	547,000	542,350	-	13,000	1,076,350	25,015,143	21,720,743	(3,294,400)	1.58	1.48	0.07
United Bank Limited	1,317,832	65,400	-	678,452	704,780	79,574,007	82,839,841	3,265,834	6.03	5.66	0.03
Bank Islami Pakistan Limited	-	1,853,500	-	45,000	1,808,500	24,238,843	32,118,960	7,880,117	2.34	2.19	0.16
Meezan Bank Limited	815,695	-	81,569	297,311	599,953	61,620,662	51,817,941	(9,802,721)	3.77	3.54	0.08
						344,219,193	329,732,524	(14,486,669)	24.02	22.51	
Chemicals											
Engro Polymer & Chemicals Limited	458,400	117,200	-	575,600	-	6,909,570	10,659,222	3,749,652	0.78	0.73	0.25
Descon Oxychem Limited	1,310,000	-	-	869,900	440,100	6,909,570	10,659,222	3,749,652	0.78	0.73	
Fertilizers											
Engro Corporation Limited	222,706	322,921	-	321,557	224,070	56,565,997	58,233,552	1,667,555	4.24	3.98	0.00
Fauji Fertilizer Company Limited	870,273	339,880	-	653,742	556,411	61,021,359	54,773,099	(6,248,260)	3.99	3.74	0.01
Engro Fertilizer Limited	1,070,506	505,730	-	1,085,313	490,923	42,744,200	40,515,875	(2,228,325)	2.95	2.77	0.00
						160,331,556	153,522,526	(6,809,030)	11	10.48	
Pharma & Bio Tech											
The Searl Company Limited (6.1.2)	162,175	-	1,298	154,260	9,893	862,893	375,100	(483,793)	0.03	0.03	0.00
Perenzons Laboratories Limited	141,100	-	15,540	116,100	40,540	9,004,976	5,547,889	(3,586,777)	0.40	0.38	0.01
Higimoon Laboratories Limited	-	26,000	3,360	-	29,360	11,065,297	10,595,434	(469,863)	0.73	0.69	0.00
						21,193,796	15,978,482	(5,215,314)	1.16	1.09	
Textile Composite											
Nishat Mills Limited	228,394	-	-	228,394	-	-	-	-	-	-	0.00
Gul Ahmed Textile Mills Limited	627,818	-	-	627,818	-	-	-	-	-	-	0.00
Kohinoor Textile Mills Limited	13,000	-	-	13,000	-	-	-	-	-	-	0.00
Interloop Pakistan Limited	342,937	-	-	342,937	-	-	-	-	-	-	0.00
Cement											
Lucky Cement Company Limited	114,318	131,200	-	162,100	83,418	40,686,268	43,551,704	2,865,436	3.17	2.97	0.00
Kohat Cement Company Limited	132,000	131,683	-	91,800	171,883	27,134,000	29,816,544	2,682,544	2.17	2.04	0.01
D.G. Khan Cement Company Limited	170,483	784,602	-	955,085	-	-	-	-	-	-	0.00
Maple Leaf Cement Factory Limited	1,873,417	261,950	-	1,330,694	804,673	22,207,162	22,796,386	589,224	1.66	1.56	0.07
Pioneer Cement Limited	176,170	645,450	-	552,450	269,170	20,582,480	23,318,197	2,735,717	1.70	1.59	0.12
Cherat Cement Company Limited	177,947	286,122	-	286,077	177,992	21,934,814	21,408,878	(525,936)	1.56	1.46	0.09
Fauji Cement Company Limited	1,368,500	1,055,000	203,187	668,000	1,958,687	24,221,241	23,034,159	(1,187,082)	1.68	1.57	0.14
						156,765,964	163,925,868	7,159,904	11.94	11.19	
Power Generation & Distribution											
Hub Power Company Limited	1,121,665	330,500	-	551,591	900,574	61,088,457	62,661,939	1,573,482	4.56	4.28	0.07
						61,088,457	62,661,939	1,573,482	4.56	4.28	
Oil and Gas Exploration Companies											
Mari Petroleum Company Limited (6.1.2)	58,502	60,678	-	33,338	85,842	146,068,243	130,019,727	(16,048,516)	9.47	8.88	0.01
Oil and Gas Development Company Limited	1,239,352	62,000	-	480,850	820,702	64,902,297	64,014,756	(887,541)	4.66	4.37	0.02
Pakistan Oilfield Limited	286,796	80,933	-	104,577	265,152	10,535,214	106,539,119	(1,003,095)	0.76	0.72	0.09
Pakistan Petroleum Limited (6.1.2)	1,280,353	136,804	-	537,430	879,647	377,971,970	392,566,956	(25,394,944)	25.68	24.07	0.03

Sectors / Companies	Holding as at July 01, 2022	Purchased during the year	Bonus shares / letter of right received during the year	Disposed during the year	Holding as at June 30, 2023	Carrying value as of June 30, 2023					Unrealised gain / (loss) - net	Market value as percentage of total investments	Market value as percentage of net assets	Par value of a share held as a percentage of total paid up capital of the investee company
						(Rupees)	(Rupees)	(Rupees)	(Rupees)	(%)				
Oil and Gas Marketing Companies	-	122,945	27,211	27,915	122,241	36,396,299	36,702,860	306,561	2.67	2.51	0.12			
	288,883	178,507	-	334,784	132,606	22,670,339	14,720,592	(7,949,767)	1.07	1.01	0.03			
	848,500	1,084,773	-	1,264,725	668,548	23,773,662	26,320,735	2,547,073	1.92	1.80	0.11			
						82,840,321	77,744,187	(5,096,134)	5.66	5.31				
Food & Personal Care Products	-	4,128,026	-	-	4,128,026	22,164,759	23,694,869	1,530,110	1.73	1.62	0.00			
	162,500	322,220	-	484,720	-	18,047,467	17,135,156	(912,311)	1.25	1.17	0.00			
Unifoods Limited	1,121,880	-	94,638	175,500	1,041,018	40,212,286	40,830,025	617,799	2.97	2.79	0.10			
Technology and Communication	-	73,000	-	1,170,176	153,729	12,034,606	14,163,053	2,128,447	1.03	0.97	0.11			
	1,501,597	67,886	-	290,447	279,036	98,929,741	112,543,590	13,613,849	8.20	7.68	0.20			
	5,961,500	772,500	1,072,600	5,317,002	2,489,598	14,708,183	14,539,252	(168,931)	1.06	0.99	1.82			
	249,226	-	-	249,226	-	125,672,530	141,245,895	15,573,365	10.29	9.64	0.00			
Glass and Ceramics	966,000	-	-	966,000	-	-	-	-	-	-	0.00			
Shabbir Tiles & Ceramics Limited	-	337,536	-	147,746	189,790	12,272,257	9,193,428	(3,078,829)	0.67	0.63	0.02			
Engineering	-	47,819	-	726,918	-	-	-	-	-	-	0.00			
Mughal Iron and Steel Limited	2,063,310	209,500	-	2,272,810	-	-	-	-	-	-	0.00			
International Steels Limited	-	153,700	-	175,231	86,391	11,699,491	14,827,287	3,127,796	0.41	1.01	0.00			
Asha Steel Mills Limited	107,922	-	-	71,458	-	-	-	-	-	-	0.00			
Refinery	71,458	-	-	950,200	-	11,699,491	14,827,287	3,127,796	0	1.01	0.00			
Attock Refinery Limited	950,200	-	-	-	-	-	-	-	-	-	0.00			
National Refinery Limited	-	-	-	-	-	-	-	-	-	-	0.00			
Pakistan Refinery Limited	-	-	-	-	-	-	-	-	-	-	0.00			
Total as at June 30, 2023						1,401,177,233	1,372,908,316	(28,268,924)	99.33	93.74				
Total cost as at June 30, 2023						1,489,818,569								
Total as at June 30, 2022						2,365,894,298	2,100,446,835	(265,447,463)	100	90				

6.1.1 Following shares have been pledged with National Clearing Company of Pakistan Limited (NCCPL) as collateral for guaranteeing settlement of the Fund's trades in accordance with Circular no. 11 dated October 23, 2007 issued by the SECP, of following companies:

	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	----- (Number of shares) -----		----- (Rupees) -----	
Engro Corporation Limited	160,000	160,000	41,582,400	41,134,400
Oil and Gas Development Company Limited	70,000	70,000	5,460,000	5,506,900
Pakistan Petroleum Limited	330,000	330,000	19,516,200	133,917,300
	<u>560,000</u>	<u>560,000</u>	<u>66,558,600</u>	<u>180,558,600</u>

6.1.2 Finance act, 2014 had introduced tax on bonus shares issued by the companies. Most of the equity funds including the Fund have challenged the applicability of withholding tax provision on bonus shares before Honourable High Court of Sindh ("the Court") on various legal grounds and have sought relief from the Court. In the Fund's case, tax in the shape of 3,807 shares of Pakistan State Oils Limited and 9,893 shares of The Searle Company Limited have been withheld by CDC. Market value of these shares as at June 30 2023 amounted to Rs. 1.244 m (June 30 2022: Rs.3.643 m) and are included in the Fund's investments in these financial statements.

6.2 Market Treasury Bills

Name of Investee Company	Date of Maturity	-----Number certificates-----				Balance as at June 30, 2023			Market value as % of total investments	Market value as % of net assets
		Holding as at 01 July 2022	Purchases during the period	Disposed / matured during the period	Holding as at 30 June 2023	Carrying value as of the year ended 30 June 2023 before revaluation	Market value as of the year ended 30 June 2023 (After revaluation)	Unrealised gain (loss)		
		(Number of Certificates)				(Rupees)				
3 Months Market Treasury Bill (Face value of Rs 100,000 each)	28-Jul-22	-	1,670,000	1,670,000	-	-	-	-	-	-
3 Months Market Treasury Bill (Face value of Rs 100,000 each)	11-Aug-22	-	2,010,000	2,010,000	-	-	-	-	-	-
3 Months Market Treasury Bill (Face value of Rs 100,000 each)	12-Jan-23	-	350,000	350,000	-	-	-	-	-	-
3 Months Market Treasury Bill (Face value of Rs 100,000 each)	04-Jan-23	-	350,000	350,000	-	-	-	-	-	-
3 Months Market Treasury Bill (Face value of Rs 100,000 each)	06-Apr-23	-	1,000	1,000	-	-	-	-	-	-
12 Months Market Treasury Bill (Face value of Rs 100,000 each)	27-Jan-22	-	1,600,000	1,600,000	-	-	-	-	-	-
Total as at June 30, 2023						-	-	-	-	-
Total as at June 30, 2022						-	-	-	-	-

			June 30, 2023	June 30, 2022
			(Rupees)	
7	DIVIDEND AND OTHER RECEIVABLES	Note		
	Dividend receivable		635,328	526,566
	Withholding tax recoverable	7.1	772,791	645,169
			<u>1,408,119</u>	<u>1,171,735</u>

7.1 The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule of ITO 2001 from withholding of tax under section 150, 150A, 151 and 233 of ITO 2001.

The Federal Board of Revenue through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R" dated May 12, 2015, made it mandatory to obtain exemption certificates under section 159 (1) of the ITO 2001 from Commissioner Inland Revenue (CIR). However, various withholding agents have deducted advance tax under section 150 and 151 of ITO 2001. The management is confident that the same shall be refunded after filing refund application.

8 ADVANCES AND DEPOSITS

	Note	June 30, 2023	June 30, 2022
(Rupees)			
Security deposits with:			
National Clearing Company of Pakistan Limited		2,550,000	2,550,000
Central Depository Company of Pakistan Limited		100,000	100,000
		2,650,000	2,650,000

9 PAYABLE TO THE MANAGEMENT COMPANY

Remuneration payable to the Management Company	9.1	3,652,834	3,874,610
Sindh Sales Tax on Management Company's remuneration	9.2	474,868	503,699
Federal Excise Duty on Management Company's remuneration	9.3	21,182,857	21,182,858
Sales load payable to the Management Company		-	64,598
		25,310,559	25,625,765

9.1 As per the amendment introduced through SRO 639(I)/2019, dated June 20, 2019, in regulation 61 of the NBFC regulation, the Management Company may charge variable fee or fixed fee or the combination of both which shall not exceed the limit disclosed in the offering document, further subject to the guidelines as may be issued by the Commission from time to time. The management upon approval from the commission has changed the management fee to 3% in the 5th supplemental offering document of the fund which was applicable from 29th May 2023. The effective management fee rate for the period ended 30 June 2023 is 2.07% of the average net assets. Remuneration is paid to the Management company in arrears on a monthly basis.

9.2 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (June 30, 2022: 13%) on Management Company's remuneration. Above liability includes Rs. 2,699,429 (June 30, 2022: Rs. 2,699,429) accrued on Federal Excise Duty (FED) on the management remuneration as more fully explained in note 9.3 below. Had the provision on FED not been made, Net Asset Value per unit of the Fund as at June 30, 2023 would have been higher by Re. 0.9545 (June 30, 2022: Re. 0.8430) per unit. The amount is payable to the management company for onwards payment to the Government.

9.3 There is no change in the status of the appeal pending in the Supreme Court of Pakistan against the decision of Sindh High Court as disclosed in detail in note 10.3 to the financial statements for the year ended June 30, 2018 regarding the FED on management's remuneration. The Management Company, as a matter of abundant caution, is carrying provision for FED for the period from June 13, 2013 to June 30, 2016 aggregating to Rs.21.182 million (2022: 21.182 million). Had the provision not been made, Net Asset Value per unit of the Fund as at June 30, 2023 would have been higher by Rs. 1.3688 (June 30, 2022: Rs. 0.7303) per unit.

	Note	June 30, 2023	June 30, 2022
(Rupees)			
10 REMUNERATION PAYABLE TO THE TRUSTEE			
Trustee fee payable	10.1	201,674	273,647
Sindh Sales Tax payable on Trustee Fee	10.2	25,060	34,418
		226,734	308,065

- 10.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provision of the Trust Deed as per the tariff specified therein, based on the average net assets of the Fund. The fee is paid to the Trustee on monthly basis in arrears.

Earlier the tariff structure applicable to the Fund was as follows:

Upto Rs. 1 billion	Rs. 0.7 million or 0.20% per annum of net assets value whichever is higher
Over Rs. 1 billion	Rs. 2.0 million plus 0.10% per annum of net assets value exceeding Rs. 1,000 million

CDC vide notification CDC/CEO/L-112/02/2019, dated June 27, 2019, has revised the rates of the Trustee fee, with effect from July 1, 2019, according to which, Trustee fee is charged by permanently eliminating the minimum fee component as mentioned in the offering documents. During the reporting period, Management Company has charged the Trustee fee accordingly.

- 10.2 The Provincial Government of Sindh has levied Sindh Sales Tax at the rate of 13% (June 30, 2022: 13%) on the Trustee fee through the Sindh Sales Tax on Services Act, 2011.

	Note	June 30, 2023	June 30, 2022
		(Rupees)	
11	PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN		
	Annual fee payable	11.1 399,131	592,933
11.1	As per Regulation 62 of the NBFC Regulations, an Asset Management Company managing a CIS, shall pay SECP an annual fee of 0.02% of the average annual net assets. During the reporting period, Management Company has charged the fee accordingly. The fee is payable annually in arrears.		
12	ACCRUED EXPENSES AND OTHER LIABILITIES		
	Payable to Sindh workers' welfare fund	23 -	-
	Auditors' remuneration	256,004	329,477
	Fee payable to National Clearing Company of Pakistan Limited	575,761	90,000
	Other liabilities	-	39,960
	Brokerage Payable	1,404,155	-
	Withholding tax payable on dividend	1,498,039	-
	Dividend payable	16,836	-
	Professional tax	67,208	660,709
		3,818,003	1,120,146

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 year ended June 30, 2023 is 2.77% (June 30, 2022: 3%) which includes 0.33% (June 30, 2022: 0.36%) representing government levies (comprising of Workers Welfare Fund and SECP fee, etc.). As per SRO 639(I)/2019, dated June 20, 2019 the total expense ratio of the Equity Scheme shall be capped up to 4.5%.

14 CONTINGENCIES AND COMMITMENTS

14.1 There are no contingencies and commitments as at June 30, 2023 (2022; Rs. Nil).

	Note	June 30, 2023 (No. of units)	June 30, 2022
15 NUMBER OF UNITS IN ISSUE			
Total outstanding as of 1 July		25,308,428	27,586,022
Issued during the year	15.1	2,260,922	7,887,658
Redemptions during the year	15.2	(12,094,188)	(10,165,252)
Total units in issue		<u>15,475,162</u>	<u>25,308,428</u>

15.1 Includes 0.014 million (2022: 5.86 million) units on the conversion of units from the related funds.

15.2 Includes 4.765 million (2022: 5.049 million) units on the conversion of units to the related funds.

16 AUDITORS' REMUNERATION

Annual audit fee	200,000	200,000
Half year review fee	125,000	100,000
Out of pocket and sales tax expenses	80,408	52,203
	<u>405,408</u>	<u>352,203</u>

17 TAXATION

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 its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed to the unit holders in cash.

The Fund is also exempt from the provision of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current year as a result of loss incurred during the year.

18 EARNINGS PER UNIT

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

19 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties include Lakson Investments Limited being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the trustee, Siza Services (Private) Limited being holding company of the Management Company, associated companies of the Management Company and the holding company, key management personnel, other funds being managed by the Management Company and also include entities having holding 10% or more in the units of the Fund as at June 30, 2023. It also includes staff retirement funds of the above related parties / connected persons.

19.1	Details of balance with related parties / connected persons at the year end	June 30, 2023	June 30, 2022
	Lakson Investments Limited - Management Company of the Fund	(Rupees)	
	Remuneration and other payables (including the Sindh sales tax and federal excise duty amounting to Rs. 21.658 million (2022: Rs. 21.687 million)*)	<u>25,310,559</u>	<u>25,561,167</u>
	Sales load payable	<u>-</u>	<u>64,598</u>
	Central Depository Company of Pakistan Limited Trustee of the Fund		
	Remuneration payable (Including Sindh sales tax)	<u>226,734</u>	<u>308,065</u>
	Security Deposit	<u>100,000</u>	<u>100,000</u>
19.2	Details of transaction with related parties / connected persons for the year end		
	Lakson Investments Limited - Management Company of the Fund		
	Remuneration for the year	<u>41,222,792</u>	<u>59,296,585</u>
	Sindh sales tax on remuneration of Management Company	<u>5,358,963</u>	<u>7,708,556</u>
	Central Depository Company of Pakistan Limited Trustee of the Fund		
	Remuneration for the year (including Sindh Sales Tax of Rs.389,446 (2022: Rs. 515,428))	<u>3,385,185</u>	<u>4,480,257</u>
	Settlement charges for the year	<u>168,024</u>	<u>463,940</u>

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

	Year ended June 30, 2023						Rupees			
	Number of Units			Number of Units			Balance as at July 01, 2022	Units issued during the year	Units redeemed during the year	Gross Dividend during the period
	Number of Units as at July 01, 2022	Units issued during the year	Refund / Adjustment of units as element of income	Units redeemed during the year	Number of units as at June 30, 2023					Balance as at June 30, 2023
Directors, Chief Executive and their spouse and minors	5,398,402	622,593	32,113	4,000,343	2,052,766	794,095,573	93,478,571	259,459,944	7,462,079	194,280,128
Other key management personnel	40,418	25,067	1,387	39,296	27,576	6,237,167	2,336,874	3,877,868	11,599	2,609,900
Associated companies / undertakings of the Management Company										
Accuray Surgical Limited Employees Contributory Provident Fund	38,322	30,635	864	54,071	15,749	3,547,751	3,005,762	4,566,357	-	1,490,554
Century Insurance Co. Ltd., GF	44,407	17,356	-	45,309	16,454	4,111,090	1,640,434	3,634,436	82,998	1,557,219
Century Insurance Company Limited	-	-	-	-	-	-	-	-	-	-
Century Insurance Company Limited Employees Contributory Provident Fund Trust	56,457	16,138	171	60,106	12,660	5,226,652	1,546,480	4,954,385	48,095	1,198,218
Century Paper & Board Mills Limited ECPFT	524,848	145,265	-	532,400	137,713	48,589,298	13,730,084	43,010,411	694,673	13,033,593
Century Paper & Board Mills Limited EGF	482,065	150,762	-	489,902	142,925	44,628,471	14,749,701	39,418,738	720,963	13,526,852
Colgate Palmolive Pakistan Limited ECPFT	495,962	117,672	-	502,079	111,555	45,915,040	11,122,138	40,894,414	562,724	10,557,941
Colgate Palmolive Pakistan Limited EGF	546,010	168,478	-	554,768	159,720	50,548,430	15,924,180	44,353,497	805,683	15,116,389
Cyber Internet Services (Pvt) Ltd. Empl. CPFT	244,803	82,359	-	249,084	78,077	22,663,278	7,784,370	20,000,520	393,850	7,389,489
Gam Corporation Private Limited Employees Contributory Provident Fund	148,497	-	-	148,497	-	13,747,516	-	12,116,592	-	-
Hasnail Karabhai Foundation ECPFT Trust	7,370	1,516	88	7,370	1,604	682,343	147,561	609,561	-	151,813
Lakson Business Solutions Limited Employees Contributory Provident Fund Trust	1,283	52	-	-	1,335	118,736	4,791	-	6,845	126,314
Lakson Investments Limited ECPFT	36,940	17,207	-	37,834	16,312	3,419,801	1,626,332	3,114,048	82,284	1,543,832
Merit Packaging Limited Employees Contributory Provident Fund Trust	65,549	28,390	131	69,168	24,903	6,068,420	2,700,775	5,512,183	113,593	2,356,854
Merit Packaging Limited Employees Gratuity Fund	33,251	23,851	595	44,238	13,458	3,078,259	2,332,114	3,648,927	13,186	1,273,750
Siza Commodities Private Limited	677,711	-	-	677,711	-	62,741,012	-	64,853,573	-	-
Siza Foods Private Limited Employees Contributory Provident Fund Trust	137,120	88,801	1,433	165,232	62,122	12,694,235	8,503,372	13,712,266	181,514	5,879,446
Siza Private Limited	-	380	-	380	(0)	-	-	73,426	-	-
Siza Services Private Limited	637,853	-	-	637,853	-	59,051,035	-	-	-	-
Siza Services Private Limited Employees Contributory Provident Fund Trust	27,622	3,406	-	27,799	3,229	2,557,144	321,922	2,251,634	16,288	305,591
Sybird (Private) Limited ECPFT	54,472	22,864	229	59,407	18,158	5,042,921	2,189,313	4,858,743	70,570	1,718,503
Holding more than 10% units										
Sindh General Provident Investment Fund	3,879,598	225,078	-	-	4,104,675	359,164,631	-	-	-	20,705,414
Sindh Province Pension Fund	5,635,581	326,952	-	-	5,962,533	521,729,694	-	-	-	30,077,096
CDC Trustee-Punjab Pension Fund Trust	1,792,698	104,005	-	-	1,896,702	175,267,045	-	-	-	9,567,628
										179,509,801

	Year ended June 30, 2022					Rupees			
	Number of Units			Number of holdings at the year ended 30 June 2022	Balance as at July 01, 2021	Units issued during the year	Units redeemed during the year	Balance as at 30 June 2022)	
	Number of units as at 01 July 2021	Units issued during the year	Units redeemed during the year						
Lakson Investments Limited - Management Company of the Fund	1,400,301	-	1,400,301	-	160,388,830	-	137,820,165	-	
Directors, Chief Executive and their spouse and minors	6,932,984	298,724	1,833,305	5,398,403	794,095,615	33,263,345	198,739,124	510,921,600	
Other key management personnel	54,544	57,869	71,906	40,417	6,237,120	5,849,279	7,415,117	3,825,189	
Associated companies / undertakings of the Management Company									
Accuracy Surgical Limited Employees Contributory Provident Fund	17,002	54,456	33,136	38,322	1,947,417	5,659,860	3,521,719	3,626,906	
Century Insurance Company Limited Gratuity Fund	16,250	63,267	35,111	44,407	1,861,220	6,538,684	3,715,276	4,202,783	
Century Insurance Company Limited	992,361	898,464	1,890,826	-	113,663,838	95,000,000	201,442,611	-	
Century Insurance Company Limited Employees Contributory Provident Fund	19,698	78,796	42,037	56,457	2,256,144	8,148,547	4,432,315	5,343,250	
Century Paper & Board Mills Limited Employees Contributory Provident Fund	225,120	796,473	496,745	524,848	25,784,977	82,795,214	52,673,882	49,673,233	
Century Paper & Board Mills Limited Employees Gratuity Fund	198,337	715,639	431,912	482,064	22,717,313	74,256,986	45,742,773	45,624,008	
Colgate Palmolive Pakistan Limited Employees Contributory Provident Fund	235,216	740,297	479,552	495,961	26,941,400	77,093,709	51,014,218	46,999,327	
Colgate Palmolive Pakistan Limited Employees Gratuity Fund	263,795	922,736	640,520	546,011	30,214,811	96,239,169	68,261,496	51,676,180	
Cyber Internet Services (Private) Limited Employees Contributory Provident Fund	104,562	372,610	232,369	244,803	11,976,406	38,813,268	24,600,895	23,168,930	
Gam Corporation Private Limited Employees Contributory Provident Fund	69,779	200,277	121,559	148,497	7,992,391	21,209,029	12,945,303	14,054,191	
Hasanali Karabhai Foundation Employees Contributory Provident Fund	3,161	9,695	5,485	7,370	362,085	1,015,852	583,773	697,556	
Lakson Business Solutions Limited Employees Contributory Provident Fund	1,283	-	-	1,283	146,940	-	-	121,427	
Lakson Investments Limited Employees Contributory Provident Fund	31,132	22,510	16,703	36,940	3,565,877	2,201,254	1,756,000	3,496,092	
Merit Packaging Limited Employees Contributory Provident Fund	23,733	101,772	59,956	65,549	2,718,440	10,485,371	6,316,364	6,203,747	
Merit Packaging Limited Employees Gratuity Fund	13,489	45,203	25,441	33,251	1,544,991	4,702,391	2,681,388	3,146,977	
Siza Commodities (Private) Limited	2,076,328	-	1,402,037	674,291	237,820,106	388,767	150,000,000	63,817,002	
Siza Foods Private Limited Employees Contributory Provident Fund Trust	126,600	149,258	138,738	137,120	6,874,726	22,532,844	14,715,900	12,977,428	
Siza Private Limited	468,327	1,610	469,938	-	53,641,616	183,047	50,774,052	-	
Siza Service (Private) Limited	637,853	-	-	637,853	73,058,927	-	-	60,368,385	
Siza Services Private Limited Employees Contributory Provident Fund	11,936	44,520	28,835	27,621	1,367,169	4,640,426	3,060,296	2,614,163	
Sybird Private Limited Employees Contributory Provident Fund	24,078	86,390	55,995	54,473	2,757,832	9,004,114	5,940,958	5,155,478	
Connected person due to holding more than 10% units									
Bashir Dawood	3,080,034	-	-	3,080,034	352,783,382	-	-	291,503,966	
Sindh General Provident Investment Fund (Being more than 10% unit holding)	3,879,598	-	-	3,879,598	444,364,479	-	-	367,177,181	
Sindh Province Pension Fund (Being more than 10% unit holding)	5,635,581	-	-	5,635,581	645,492,689	-	-	533,368,856	

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

20 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

Introduction and overview

The Fund has exposure to the following risks from financial instruments:

- credit risk;
- liquidity risk;
- market risk; and
- operational risk.

Risk management framework

The Asset Management Company's Board of Directors has overall responsibility for the establishment and oversight of the Fund's risk management framework.

Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily setup to be performed based on limits established by the Management Company, Fund's constitutive documents and the regulations and directives of the SECP. The policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

The Audit Committee of the Management Company oversees how management monitors compliance with the Fund's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Fund. The Audit Committee is assisted in its oversight role by internal audit. Internal audit undertakes regular reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Asset purchases and sales are determined by the Fund's Investment Manager, who has been authorised to manage the distribution of the assets to achieve the Fund's investment objectives. Compliance with the target asset allocations and the composition of the portfolio is monitored by the Investment Committee. In instances where the portfolio has diverged from target asset allocations, the Fund's Investment Manager is obliged to take actions to rebalance the portfolio in line with the established targets, within prescribed time limits.

20.1 Credit risk

Credit risk is the risk of financial loss to the Fund if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from bank balances, receivable against sale of marketable securities and security deposits and dividend receivable on securities.

Management of credit risk

The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed and the requirements of NBFC rules and regulations. Before making investment decisions, the credit rating and

credit worthiness of the issuer is taken into account along with the financial background so as to minimise the risk of default.

Credit risk is managed and controlled by the Management Company of the Fund in the following manner:

- Where the investment committee makes an investment decision, the credit rating and credit worthiness of the issuer is taken into account along with the financial background so as to minimise the risk of default.
- Analysing of credit ratings and obtaining adequate collaterals wherever appropriate / relevant.
- The risk of counterparty exposure due to failed trades causing a loss to the Fund is mitigated by a periodic review of the credit ratings and financial statements on a regular basis.
- Cash is held only with reputable banks with high quality external credit enhancements.
- Investment transactions are carried out with a large number of brokers, whose credit worthiness is taken into account so as to minimise the risk of default and transactions are settled or paid for only upon delivery.

Exposure to credit risk

The maximum exposure to credit risk as at the reporting date is as follows:

	2023		2022	
	Balance as per the Statement of Asset and Liabilities	Maximum Exposure	Balance as per the Statement of Asset and Liabilities	Maximum Exposure
	----- (Rupees) -----			
Bank balances (including profit due)	149,249,982	149,249,982	280,940,393	280,940,393
Investments	1,372,908,316	-	2,100,446,835	-
Dividend receivable	635,328	635,328	526,566	526,566
Deposits and Advances (Central Depository Company of Pakistan and National Clearing Company Limited)	2,650,000	2,650,000	2,650,000	2,650,000
Receivable against sale	1,525,443,626	152,535,310	2,384,563,794	284,116,959

Difference in the balance as per the Statement of Assets and Liabilities and maximum exposure in investments is due to the fact that investments in equity securities of Rs. 1,372,908,316 (2022: Rs. 2,100,446,835) do not carry credit risk.

Bank balances

The Fund's cash and cash equivalent at the reporting date are with banks having the following credit ratings:

Rating	2023 (Rupees)	2022	2023 (%)	2022
AAA	711,064	25,518,178	0.48	9.08
AA+	146,789,945	4,227,802	99.36	1.50
AA	165,024	31,224	0.11	0.01
A+	10,675	27,860	0.01	0.01
A	19,657	-	0.01	89.38
B	24,106	-	0.02	0.00
AA-	15,199	251,109,542	0.01	0.01
A-	-	25,787	0.00	
Total	147,735,670	280,940,394	100.00	100.00

Above total balances include profit due Rs. 1,514,312 (2022: Rs. 4,365,146).

Above rates are on the basis of available ratings assigned by PACRA and JCR-VIS.

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors affects the group of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure.

Details of Fund's concentration of credit risk of financial instruments by industry-wise distribution are as follows:

	2023		2022	
	(Rupees)	(%)	(Rupees)	(%)
Commercial banks (including profit due)	147,735,670	97.33	280,940,394	98.66
National Clearing Company of Pakistan Limited	2,550,000	1.68	2,550,000	0.90
Central Depository Company of Pakistan- security deposit	100,000	0.07	100,000	0.04
Dividend Receivable	635,328	0.42	526,566	0.18
Other receivables	772,791	0.51	645,169	0.23
Other - Pre IPO Advance	-	0.00	-	0.00
	151,793,789	100.00	284,762,129	100.00

Past due and impaired assets and collaterals held

None of the financial assets of the Fund are past due or impaired as at June 30, 2023.

Settlement risk

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed on sale.

For the vast majority of transactions the Fund mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations, mainly by a guaranteed settlement mechanism of NCCPL.

20.2 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial

asset. The Fund's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation.

The Fund aims to maintain the level of cash and cash equivalents and other highly marketable securities at an amount in excess of expected cash outflows on financial liabilities. The Fund is exposed to cash redemptions of its units on a regular basis. Units are redeemable at the holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive document and guidelines laid down by Securities and Exchange Commission of Pakistan (SECP).

Management of liquidity risk

The Fund's policy is to manage this risk by investing majority of its assets in investments that are traded in an active market and can be readily disposed. The Fund invests primarily in marketable securities and other financial instruments, which under normal market conditions are readily convertible to cash. As a result, the Fund may be able to liquidate quickly its investments in these instruments at an amount close to their fair value to meet its liquidity requirement. The present settlement system is a T+2 system, which means that proceeds from sales (to pay off redemptions) of holdings will be received on the second day after the sale, while redemptions have to be paid within a period of six working days from the date of the redemption request.

In addition, the Fund is entitled to borrow, with prior approval of trustee, for meeting redemptions. No such borrowings were made during the year. The maximum amount available to the Fund from borrowings is limited to the extent of 15% of net assets at the time of borrowing with repayment within 90 days of such borrowings.

In order to manage the Fund's overall liquidity, the Fund can also withhold daily redemption request in excess of ten percent of the units in issue and such requests would be treated as redemption request qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue.

Maturity analysis for financial liabilities

Following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

	2023	
	Contractual cash flows	
	Carrying amount	Less than 3 month
	----- (Rupees) -----	
Financial liabilities		
(excluding unit holders' fund)		
Payable to the Management Company	3,652,834	3,652,834
Remuneration payable to the Trustee	201,674	201,674
Accrued expenses and other liabilities	3,818,003	3,818,003
Payable against purchase of investments	31,843,423	31,843,423
	39,515,934	39,515,934
Unit holders' fund	1,464,618,567	1,464,618,567

	2022	
	Contractual cash flows	
	Carrying amount	Less than 3 month
	(Rupees)	
Financial liabilities (excluding unit holders' fund)		
Payable to the Management Company	3,939,208	3,939,208
Remuneration payable to the Trustee	273,647	273,647
Accrued expenses and other liabilities	1,120,146	1,120,146
Payable against purchase of investments	14,561,168	14,561,168
	<u>19,894,169</u>	<u>19,894,169</u>
Unit holders' fund	<u>2,343,000,886</u>	<u>2,343,000,886</u>

* excluding provision for workers' welfare fund, federal excise duty on Management Company's remuneration, annual fee payable to Securities and Exchange Commission of Pakistan and Sindh Sales Tax payable on Management Company's remuneration.

20.3 Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices will affect the Fund's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Management of market risks

The Fund manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan. The maximum risk resulting from financial instruments equals their fair values.

The Fund is exposed to interest rate risk and equity price risk.

20.3.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates. Risk management procedures are the same as those mentioned in the credit risk management.

Exposure to interest rate risk

	2023	2022
	(Rupees)	
Variable-rate instrument		
Financial assets (bank balances)	<u>147,727,967</u>	<u>276,567,544</u>

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / decreased unit holder fund and income statement by Rs. 1,477,279 (June 30, 2022: Rs. 2,765,675). The analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

None of the other assets and Fund's liabilities are exposed to interest rate risk.

A summary of the Fund's interest rate gap position, categorised by the earlier of contractual re-pricing or maturity date is as follows:

June 30, 2023				
	Interest rate % Note	Exposed to	Not exposed to interest rate risk	Total
		interest rate risk		
		No later than one year		
Rupees				
Financial assets				
Bank balances	5.1	147,727,967	1,522,015	149,249,982
Investments		-	1,372,908,316	1,372,908,316
Dividend receivable		-	635,328	635,328
Security deposit		-	2650000	2,650,000
		<u>147,727,967</u>	<u>1,380,365,659</u>	<u>1,528,093,626</u>
June 30, 2022				
	Interest rate % Note	Exposed to	Not exposed to interest rate risk	Total
		interest rate risk		
		No later than one year		
Rupees				
Financial assets				
Bank balances (including profit due)	5.1	276,567,544	4,372,849	280,940,394
Investments		-	2,100,446,835	2,100,446,835
Dividend receivable		-	526,566	526,566
Security deposit		-	2,650,000	2,650,000
		<u>276,567,544</u>	<u>2,107,996,250</u>	<u>2,384,563,795</u>

20.3.2 Other price risk

The Fund is exposed to equity price risk i.e. the risk of unfavourable changes in the fair value of equity securities as a result changes in the levels of Pakistan Stock Exchange Index and the value of individual shares, which arises from investments measured at fair value through income statement.

The management of the Fund monitors the proportion of equity securities in its investment portfolio based on market indices. The Fund's policy is to manage price risk through diversification and selection of securities within the specified limits set by internal risk management guidelines or the requirements of NBFC regulations.

The Fund manages those risk by limiting exposure to any single investee company to the extent of 10% of the issued capital of that investee company and the net assets of the Fund with overall limit of 30% or index weight whichever is higher subject to maximum of 35% to a single industry sector of the net assets of the Fund (the limit set by NBFC regulations).

The Fund also manages its exposure to price risk by reviewing portfolio allocation as frequently as necessary and at least once a quarter from the aspect of allocation within industry and individual stock within that allocation. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Investment Committee. The primary goal of the Fund's investment strategy is to maximise investment returns.

Details of the Fund's investment in industrial / economic sector are given in note 6.1.

Sensitivity analysis - equity price risk

All of the Fund's listed equity investments are listed on Pakistan Stock Exchange Limited. For such investments classified as at fair value through profit or loss the impact on income statement and unit holders' fund, due to a 5% increase or decrease in the fair values of the equity investments, would have been an increase or decrease of Rs. 68,645,416 (2022: Rs. 105,022,342).

20.4 Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Fund's operations either internally within the Fund or externally at the Fund's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risks arise from all of the Fund's activities.

The Fund's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the Board of Directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

20.5 Unit holder's fund management

The Fund's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to continue as a going concern so that it can continue to provide returns to its unit holders. Management monitors the return on capital as well as the level of dividends to unit holders and makes adjustments to it in the light of changes in markets' conditions.

Under the NBFC regulations 2008, the minimum size of an open end scheme shall be one hundred million rupees at all the times during the life of the scheme. The Fund size depends on the issuance and redemption of units.

20.6 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 at the end of the reporting period. The quoted market prices used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (Level 2).
- Unobservable inputs for the asset or liability (Level 3).

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

		2023						
		Carrying amount				Fair Value		
		Fair value through profit and loss	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Total
		(Rupees)						
On-balance sheet financial instruments								
Financial assets measured at fair value								
Listed equity securities	20.6.2	1,372,908,316	-	-	1,372,908,316	1,372,908,316	-	1,372,908,316
		1,372,908,316	-	-	1,372,908,316	1,372,908,316	-	1,372,908,316
Financial assets not measured at fair value								
Bank balances - Held at amortized cost	20.6.1	-	147,735,670	-	147,735,670	-	-	-
Dividend receivable		-	635,328	-	635,328	-	-	-
Security deposit		-	2,650,000	-	2,650,000	-	-	-
Return receivable on bank balances		-	1,514,312	-	1,514,312	-	-	-
		-	152,535,310	-	152,535,310	-	-	-
Financial liabilities not measured at fair value								
Payable to the Management Company	20.6.1	-	3,652,834	-	3,652,834	-	-	-
Remuneration payable to the Trustee		-	201,674	-	201,674	-	-	-
Accrued expenses and other liabilities		-	3,818,003	-	3,818,003	-	-	-
Payable against the purchase of equity investment		-	31,843,423	-	31,843,423	-	-	-
		-	39,515,934	-	39,515,934	-	-	-
		2022						
		Carrying amount				Fair Value		
		Fair value through profit and loss	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Total
		(Rupees)						
On-balance sheet financial instruments								
Financial assets measured at fair value								
Listed equity securities	20.6.2	2,100,446,835	-	-	2,100,446,835	2,100,446,835	-	2,100,446,835
		2,100,446,835	-	-	2,100,446,835	2,100,446,835	-	2,100,446,835
Financial assets not measured at fair value								
Bank balances - Held at amortized cost	20.6.1	-	276,575,247	-	276,575,247	-	-	-
Dividend receivable		-	526,566	-	526,566	-	-	-
Security deposit		-	2,650,000	-	2,650,000	-	-	-
Return receivable on bank balances		-	4,365,146	-	4,365,146	-	-	-
		-	284,116,959	-	284,116,959	-	-	-
Financial liabilities not measured at fair value								
Payable to the Management Company	20.6.1	-	3,939,208	-	3,939,208	-	-	-
Remuneration payable to the Trustee		-	273,647	-	273,647	-	-	-
Accrued expenses and other liabilities		-	1,120,146	-	1,120,146	-	-	-
Payable against the purchase of equity investment		-	14,561,168	-	14,561,168	-	-	-
		-	19,894,169	-	19,894,169	-	-	-

- 20.6.1 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.
- 20.6.2 For level 1 investments at fair value through profit or loss' - 'Investment in respect of equity securities, the Fund uses daily quotation rates which are taken from Pakistan Stock Exchange Limited at the reporting date.

21 RECONCILIATION OF LIABILITIES ARISING OUT OF FINANCING ACTIVITIES

	Receivable against issuance of units	Payable against redemption of units	Dividend payable	Total
	----- (Rupees in '000) -----			
Opening balance as at July 1, 2022	-	-	-	-
Receivable against issuance of units	(210,179,433)	-	-	(210,179,433)
Payable against redemption of units	-	1,188,605,280	-	1,188,605,280
	(210,179,433)	1,188,605,280	-	978,425,847
Amount received on issuance of units	210,179,433	-	-	210,179,433
Amount paid on redemption of units	-	(1,188,605,280)	-	(1,188,605,280)
	210,179,433	(1,188,605,280)	-	(978,425,847)
Closing balance as at June 30, 2023	-	-	-	-

22 SUPPLEMENTARY NON FINANCIAL INFORMATION

The information regarding unit holding pattern, top brokers, members of the Investment Committee, Fund manager, meetings of the Board of Directors of the management company and rating of the Fund and the management company are as follows:

22.1 Unit holding pattern of the Fund

	June 30, 2023		
Category	Number of Investors	Investment Amount	% of Total net assets
	----- (Rupees) -----		
Individual investor	25	5,101,152	0.35
Associated Companies and Directors	24	271,507,691	18.54
Foreign Individuals	3	3,168,461	0.22
Retirement Funds	5	1,148,598,698	78.42
Other Corporate investors	3	36,242,564	2.47
Total	60	1,464,618,567	100.00

	June 30, 2022		
Category	Number of Investors	Investment Amount	% of Total net assets
	----- (Rupees) -----		
Individual investor	30	13,128,480	0.56
Associated Companies and Directors	28	893,616,559	38.14
Insurance companies	2	682,306	0.03
Foreign Individuals	4	288,121,123	12.30
Retirement Funds	8	1,105,232,816	47.17
Other Corporate investors	2	42,219,601	1.80
Total	74	2,343,000,885	100.00

22.2 List of top 10 brokers by percentage of commission paid

Name of Broker	Commission paid (Percentage %) June 30, 2023
Vector Capital Pvt Limited	11.94%
Ismail Iqbal Securities (Pvt.) Ltd	9.09%
Intermarket Securities Limited	8.96%
Topline Securities Limited	7.75%
Khadim Ali Shah Securities (Pvt.) Ltd	6.06%
JS Global Capital Limited	5.29%
Insight Securities Limited	4.59%
Optimus Capital Management (Pvt) Limited	4.20%
Magenta Capital Pvt Limited	0.01%
Habib Metropolitan Financial Services Ltd	0.01%
	June 30, 2022
Intermarket Securities Limited	12.30%
Vector Capital Pvt Limited	11.34%
Ismail Iqbal Securities (Pvt.) Ltd	10.47%
JS Global Capital Limited	7.82%
Insight Securities Limited	7.13%
Optimus Capital Management (Pvt) Limited	0.00%
Magenta Capital Pvt Limited	0.00%
Khadim Ali Shah Securities (Pvt.) Ltd	0.00%
Habib Metropolitan Financial Services Ltd	0.00%

22.3 Particulars of the Investment Committee and Fund manager

Following are the members of the investment committee of the Fund:

- Mr. Babar Ali Lakhani (Chairman Investment Committee)
- Mr. Kashif Mustafa - (Executive Director & COO)
- Mr. Mustafa O. Pasha - (Chief Investment Officer)
- Mr. Hassan Bin Nasir
- Mr. Moazzam Akhtar
- Mr. Mirza Danial Baig
- Ms. Aisha Mohammad

Mr. Babar Ali Lakhani - Chief Executive Officer

Mr. Lakhani has over twenty two years of investment and portfolio management experience in domestic and international equity and fixed income markets. Mr. Lakhani most recently served as the Chief Investment Officer of Century Insurance, a Public Limited Company listed on the Karachi and Lahore Stock Exchanges of Pakistan. He was an Investment Associate at High Street Advisors and a Research Analyst at Credit Suisse Equity Group (formerly Credit Suisse First Boston). Mr. Lakhani brings extensive investment experience, globally practiced portfolio management discipline, and a comprehensive understanding of the global asset management industry to Lakson Investments Limited.

Mr. Lakhani received his BA in Finance from Bentley College, and his MBA from Brandeis University.

Mr. Lakhani is a member of the Global Association of Risk Professionals (GARP), the Society of Financial Service Professionals and the Young Presidents' Organization (YPO). Mr. Lakhani is a member of the Alumni Trustee Committee of Brandeis University and is the school's representative in Pakistan.

Mr. Lakhani was looking after Lakson Asset Allocation Emerging Market Fund and Lakson Asset Allocation Global Commodities Fund. Subsequently, Mr. Pasha have designated to manage the Lakson Asset Allocation Emerging Market Fund and Lakson Asset Allocation Global Commodities Fund respectively.

Mr. Kashif Mustafa – Executive Director and COO

Mr. Mustafa has more than fourteen years of experience working in the financial markets of Pakistan local & international brokerage houses, and leading Asset Management Companies. Mr. Mustafa's experience includes; Financial Analysis, Equity Research, Investment Advisory and Business Development.

Mr. Mustafa O. Pasha, CFA – Chief Investment Officer

Mr. Pasha has over fourteen years of experience in the asset management and investment advisory industry. He did his Bachelors in Economics from McGill University (Montreal, Canada) in 2006 and obtained his CFA charter in 2012.

He was previously associated with BMA where he initially served as a fixed income analyst and later became the in house economist for the entire BMA group. Between 2009 - 2012 he supervised fixed income/money market investments across all mutual funds and institutional/HNW accounts advised by BMA. He is also managing Lakson Tactical Fund.

Mr. Hassan Bin Nasir

Mr. Hassan Bin Nasir has over twelve years of experience and currently holds positions of Vice President Fixed Income in Lakson Investments Limited. He completed his Masters in Business Administration in Finance major from Bahria University, Pakistan. He has immense experience in managing portfolios across Collective Investment Schemes, Separate Managed Accounts with Strong Fixed Income background, investment strategy and trading experience in instruments including, Government Securities, Corporate Debt Securities, Banking Products and Shariah Compliant Corporate Debt Securities. He is managing the following funds:

- Lakson Income Fund
- Lakson Money Market Fund
- Lakson Asset Allocation Developed Markets Fund

Mr. Moazzam Akhtar

Moazzam is a CFA charterholder along with a Bachelor's in Finance, with over six years of experience in Equity Research. He joined Lakson as an Investment Professional in the Research team, and has recently been elevated to Deputy Head of Research.

He is responsible for managing the research team, and works closely with the Investments team.

Mr. Mirza Danial Baig

Mr. Baig has a Master's degree in Business Administration, with over seven (7) years of experience in asset management and banking. He has knowledge base in NBFC Rules & Regulations, AML Regulations, corporate governance, formulation of internal policies/mechanisms, development and execution of multi-faceted compliance programs.

He has been associated with Lakson Investments since September 2022, as Manager Compliance, where he is responsible for overseeing the Compliance Function.

Ms. Aisha Mohammad

Aisha has a Master's in Economics, and has over three years of work experience. Prior to joining Lakson, she was associated with Alfalah GHP, as Assistant Manager Compliance. She joined Lakson in Compliance, and has recently been transferred as Manager Risk.

She is responsible for managing the overall Risk function of the Company.

22.4 Directors meeting attendance

2023

Name of directors	Designation	Meeting Attended	22 Sep 22	31 Oct 22	20 Feb 23	28 Apr 23
- Mr. Iqbal Ali Lakhani	Chairman	2	✓	X	X	✓
- Mr. Babar Ali Lakhani	CEO	4	✓	✓	✓	✓
- Mr. Jacques John Vesser*	Director	1	X	X	✓	X
- Mr. Amin Mohammed Lakhani	Director	4	✓	✓	✓	✓
- Mr. Jamil Ahmed Mughal	Director	4	✓	✓	✓	✓
- Ms. Roxanne Davies*	Director	2	✓	✓	X	X
			5	4	4	4

* Ms. Roxanne Davies resigned in the month of April 2023 and Mr. Jacques John Vesser resigned in the month of March 2023.

22.5 Rating of the Fund and the management company

Details of the ratings of the Fund and the Management Company are given in note 1.4 to the financial statements.

23 SINDH WORKERS' WELFARE FUND

The Government of Sindh introduced levy of the Sindh Workers' Welfare Fund (SWWF) through the Sindh Workers' Welfare Act, 2014. The Mutual Fund Association of Pakistan (MUFAP), in the previous years based on opinion obtained from the tax consultants, concluded that SWWF is not applicable on mutual funds. MUFAP also wrote to the Sindh Revenue Board (SRB) that mutual funds are not establishments and are pass through vehicles; therefore, they do not have any worker and, as a result, no SWWF is payable by them. SRB responded back that as mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001, and thus SWWF is payable by them. MUFAP has taken up the matter with the concerned ministry [Sindh Finance Ministry] for appropriate resolution of the matter.

During the current year, SRB through its letter dated August 12, 2021 (received on August 13, 2021) to Mutual Funds Association of Pakistan (MUFAP) has clarified that Asset Management Companies (AMCs) are covered under the term "financial institutions" as per the Sindh WWF Act 2014 and are therefore subject to SWWF charge whereas as the Mutual Funds / Pension Funds managed by those AMCs do not qualify as "financial institutions" as per SWWF Act 2014.

In the wake of the aforesaid clarification of SRB, the MUFAP called its Extraordinary General Meeting (EOGM) on August 13, 2021, wherein the MUFAP recommended to its members that effective from August 13, 2021, SWWF recognised earlier should be reversed in light of the clarification issued by SRB. Subsequently, MUFAP approached SECP and obtained the clarification with respect to this matter as well.

Hence, On August 13, 2021 the Fund ceased to charge further provision for SWWF and has reversed full provision for SWWF amounting to Rs. 57.225 million.

24 GENERAL

- 24.1 These financial statements were authorized for issue by the Board of Directors of the Management Company on September 04, 2023.



For Lakson Investments Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

Performance Table	FY23	FY22	FY21	FY20	FY19
Net Assets - Beginning (PKR Mil.)	2,343	3,160	2,932	3,293	3,235
Net Assets - Ending (PKR Mil.)	1,465	2,343	3,160	2,932	3,293
Net Asset value per share	94.6431	92.5778	114.5388	87.9078	91.0784
Selling Price for units	97.8515	95.3552	117.9750	90.5451	93.8108
Repurchase Price for units	94.6431	92.5778	114.5388	87.9078	91.0784
Highest Offer Price (PKR)	106.9158	123.1612	124.8151	115.7108	124.2959
Lowest Offer Price (PKR)	91.4671	93.9138	92.0618	73.0724	92.9168
Highest Redemption Price (PKR)	103.4101	119.5739	121.1797	112.3405	120.6756
Lowest Redemption Price (PKR)	88.803	91.1784	89.3803	70.944	90.2104
Beginning NAV - Ex-Div. (PKR)	92.5778	114.5388	87.9078	91.0784	114.2367
Interim Distributions (PKR)	5.337	Nil	2.6	Nil	Nil
Final Distribution (PKR)	-	-	-	-	-
Ending NAV - Ex-Div. (PKR)	94.6431	92.5778	114.5388	87.9078	91.0784
Return	8.16%	-19.18%	33.23%	-19.17%	-20.27%
Net Income / (loss) (PKR Mil.)	99	(580)	689	(164)	(799)
Total Distribution (PKR Mil.)	75	Nil	62	Nil	Nil
Accumulated Capital Growth	(419)	(442)	138	(490)	-326
Average Annual return of the Fund					
One Year	8.16%	-19.18%	33.23%	-3.48%	-20.27%
Two year	-5.51%	7.02%	28.59%	-23.05%	-30.43%
Three year	16.47%	3.93%	2.52%	-32.85%	-12.06%
Since inception (November 13,2009)	221.95%	197.65%	276.55%	182.64%	192.83%
Distributions	FY23	FY22	FY21	FY20	FY19
Interim Distribution	5.337	-	2.6	-	-
Final Distribution	Nil	-	-	-	-
NAV before Distribution	97.3293	-	118.17	-	-
NAV after Distribution	91.9923	-	115.57	-	-
Distribution Date	22-Jun-23	-	26-Jun-21	-	-

Disclaimer

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

During FY23

Summary of Actual Proxy voted by CIS:

	Resolutions	For	Against	Abstain*
Number	2	2	-	-
(%ages)	100%	100%	-	-

Note: The proxy voting policy of the Lakson Equity Fund (LEF) is available on the website of Lakson Investments Limited, the Management Company. A detailed information regarding actual proxies voted by the Management Company in respect of the Lakson Equity Fund (LEF) is also available without charge upon request to all unit holders.



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