

LAKSON ASSET ALLOCATION DEVELOPED MARKETS FUND  
Annual Report 2024



**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**

<b>Management Company</b>	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
<b>Board of Directors of the Management Company</b>	Mr. Iqbal Ali Lakhani - Chairman Mr. Babar Ali Lakhani - Chief Executive Officer Mr. Jamil Ahmed Mughal Mr. Amin Mohammed Lakhani
<b>Chief Financial Officer</b>	Mr. Junaid Arshad
<b>Company Secretary of the Management Company</b>	Ms. Nobia Shams
<b>Audit Committee</b>	Mr. Amin Mohammed Lakhani Mr. Iqbal Ali Lakhani Mr. Jamil Ahmed Mughal
<b>Human Resource and Remuneration Committee</b>	Mr. Iqbal Ali Lakhani - Chairman Mr. Babar Ali Lakhani
<b>Trustee</b>	Central Depository Company of Pakistan Limited CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi, Pakistan.
<b>Auditors</b>	BDO Ebrahim & Co. Chartered Accountants 2nd Floor, Block C, Lakson Square, Building No. 1, Sarwar Shaheed Road, Karachi - 74200.
<b>Bankers to the Fund</b>	Allied Bank Limited Bank Alfalah Limited Dubai Islamic Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited Habib Bank AG Zurich National Bank of Pakistan United Bank Limited



**Legal Adviser**

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

**Registrar**

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

**Distributor**

Rabia Fida  
BMA Capital Management

**Rating**

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





## **REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2024**

The Board of Directors of Lakson Investments Limited, the Management Company of the Lakson Asset Allocation Developed Markets Fund ('LAADMF' or 'Fund') is pleased to submit its report together with Audited Financial Statements for the year ended June 30, 2024.

### **Fund Objective**

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

### **Principal activities**

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

### **Fund Performance**

Lakson Asset Allocation Developed Markets Fund generated an absolute return of 11.56% in FY24 compared to the Benchmark return of 21.41%. The LAADMF underperformed the benchmark by - 9.85%. As of June 30, 2024, 30% of the fund was invested in equities, 33% in T-Bills, 35% in PIBs, 4% in cash on a total asset's basis. The fund size of LAADMF as of June 30, 2024, is 1,539.16mn

### **Earnings 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 21.2914 per unit (21.2914% of face value of PKR 100/-) amounting to PKR 135.9874 million in cash during the year ended June 30, 2024.

### **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 assigned the one-year performance rankings of "1-Star" and three years & five years performance rankings of "3-Star" to the LAADMF 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' fund.
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 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 of June 30, 2024, 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, 2025. 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, 2025.

**Economy Review**

Economic challenges faced by Pakistan met with a breather at the start of FY24 as Pakistan signed IMF's 9-month Stand-By Arrangement (SBA) worth US\$3 billion.

We saw continuation of positive outcomes from fiscal and regulatory reforms initiated under guidelines given by the IMF.

Concerted efforts to narrow the current account deficit yielded success. Growth in exports, remittances, outpacing import demand, narrowed the current account balance to a deficit of cumulative US\$626 million in FY24 compared to US\$2,077 million in FY23.

This balanced approach further added on to assistance from bilateral and multilateral lenders, raising State Bank of Pakistan's (SBP) foreign exchange reserves by 2x YoY to a of US\$9.4 billion. Resultantly import cover also reached 2x in Jun-2024 compared to 1.3x a year ago.

An expected new program to be approved by the IMF during FY25 will further strengthen reserves. The stable external account led to almost flat in Pakistani Rupee (PKR) against the US dollar during the second half of FY24, closing at PKR278/USD on Jun-2024 (+4% YoY).

With a stable currency and high base effect from the previous year, Pakistan continued its disinflationary phase that began in 3QFY24. Consumer Price Index (CPI) for FY24 averaged ~24%, compared to 29% in FY23.



Amid disinflation, the Monetary Policy Committee (MPC) initiated a monetary easing cycle for the first time in four years, trimming Policy Rate by 1.5% to 20.5% in June-2024. The secondary market continued to price in further anticipation of a near-term rate cut, remaining below the revised benchmark rates.

Towards the end of fiscal year, the government announced the Federal Budget for FY25, outlining higher tax measures that is targeted to improve FY25 fiscal deficit to 5.9% of GDP (lowest in seven years), while targeting primary balance of 1.2% of GDP for the year.

#### **Fixed Income Market Review**

The secondary market yields remained volatile throughout the year, contrary to market expectations, the central bank maintained its tight monetary policy stance throughout the year, keeping Policy rate unchanged at 22%, until June-2024 when the first rate cut of 150bp was announced.

To gain benefit from the changing yields, banks continued to utilize SBP window facility to place their excess liquidity. Participation and acceptance in T-Bill and Floater PIB auctions remained higher during the year where cut-off yields were below the Policy Rate, maintaining an inverter yield curve.

Benchmark 6M Kibor were up 3% on average to 22% during FY24, however remains below the policy rate since Oct-2023.

#### **Developed Market Review**

The MSCI World index recorded an 18.4% YoY increase during FY24. This improvement in performance can be attributed to an ongoing enthusiasm surrounding artificial intelligence (AI) and resilient US economic data, downward trending inflation across numerous economies and monetary easing in signals given by Fed, Bank of England (BoE) and the European Central Bank (ECB).

#### **Future Outlook**

The SBP has finally begun monetary easing cycle with first cut of 150bps in Policy rate announced in June-2024, followed by another 100bps cut in July-2024. The policy rate now stands at 19.5%. This easing stance followed a four-year period of tightening and stable rates cycle and complemented the ongoing disinflation trend with CPI dropping to 11.8% in May 2024. Additionally, a close-to-break-even Balance of Payments, supported by elevated remittances, contributed to the stability of SBP's foreign exchange reserves.

We expect Pakistan to enter single-digit inflation figure from August-2024 onwards, due to favorable base effect from last year's elevated prices. This will create room for further rate cuts ahead. Anticipation of monetary easing was already reflected in secondary market yields trading below the benchmark rate from Oct-2023.

Moreover, the announcement of ambitious revenue target in the FY25 Budget helped the government to secure IMF's staff-level agreement on a 37-month, US\$7bn Extended Fund Facility Arrangement (EFF), which is subject to IMF's Executive Board approval. The key focus areas outlined by the fund include

- 1) fiscal consolidation with tall revenue targets (FY24 fiscal deficit already reported some improvement),
- 2) disinflation-supportive monetary policy stance,
- 3) energy sector reforms including no direct subsidy,
- 4) privatization of profitable State-Owned Enterprises (SOEs) and
- 5) taxation of agriculture sector from Jan-2025.

Going forward, investor sentiment is expected to receive a significant boost this month as the IMF program for Pakistan nears final approval at the Board level. Concurrently, ongoing negotiations with friendly countries including China, Saudia Arabia and UAE for debt restructuring and privatization



program are seen as a crucial step towards the Fund program. These developments, coupled strong corporate earnings and progress over resolution of energy sector circular debt results, are poised to improve investor confidence and continue unlocking valuations from the prevailing ~4x P/E. Extended political noise is a key hinderance to the aforementioned triggers.

**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 12, 2024  
Karachi**





لیکسن ایسٹ ایلوکیشن ڈیولپڈ مارکیٹس فنڈ  
**30 جون 2024 کو ختم ہونے والے سال کے لیے**  
**مینجمنٹ کمپنی کے ڈائریکٹرز کی رپورٹ**

لیکسن ایسٹ ایلوکیشن ڈیولپڈ مارکیٹس فنڈ ("LAADMF") کی مینجمنٹ کمپنی، لیکسن انویسٹمنٹس لمیٹڈ کے بورڈ آف ڈائریکٹرز کیلئے 30 جون 2024 کو ختم ہونے والے سال کے لیے اپنی رپورٹ مع آڈٹ شدہ مالیاتی گوشوارے پیش کرنا باعث مسرت ہے۔

**فنڈ کا مقصد**

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

**نمایاں سرگرمیاں**

LAADMF ایک اوپن اینڈ ایسٹ ایلوکیشن اسکیم ہے اور پاکستان اسٹاک ایکسچینج لمیٹڈ میں لسٹڈ ہے۔ اسکیم کو انویسٹمنٹ مینجمنٹ کے ایک فعال انداز کو اختیار کرتے ہوئے چلایا جاتا ہے، جس میں بڑے عوامل جیسے حکومتی پالیسیز، گلوبل اسٹاک ڈیٹا، کموڈٹیز کی قیمتیں اور سپلائی/ڈیمانڈ اسٹاکس کے تجزیوں کو پیش نظر رکھا جاتا ہے۔ اس اسکیم سے ڈومیسٹک گورنمنٹ سکیورٹیز اور ڈیولپڈ مارکیٹس سکیورٹیز کے درمیان باہمی تبادلے کے ساتھ سرمایہ کاری کی جاتی ہے، جو ڈیولپڈ مارکیٹس کی کارکردگی کے متعلق انویسٹمنٹس ٹیم کی توقعات کی بنیاد پر ہوتی ہے۔ یہ اسکیم ڈیولپڈ مارکیٹس کی سرمایہ کاری سے متعلق شیئ مارک MSCI World Index کے حوالے سے متعلقہ ممالک کو اور ویٹ یا انڈرویت کر سکتی ہے۔ فلسفہ انکم سکیورٹیز میں اسکیم کی سرمایہ کاری کو دورانیہ اور yield curve مینجمنٹ کے ذریعے حکومتی سیکورٹیز کی مختلف میچورٹیز کے مابین منتقل کرتے ہوئے منظم کیا جاتا ہے۔

**فنڈ کی کارکردگی**

لیکسن ایسٹ ایلوکیشن ڈیولپڈ مارکیٹس فنڈ نے مالی سال 2024ء میں شیئ مارک منافع 21.41% کے مقابلے میں 11.56% کا مطلق منافع حاصل کیا۔ فنڈ نے شیئ مارک کے مقابلے میں 9.85% کمتر کارکردگی کا مظاہرہ کیا۔ 30 جون 2024ء کے مطابق فنڈ نے مجموعی اثاثہ جات کی بنیاد پر 30% ایکویٹیز میں، 33% فی بلز میں، 35% پی آئی بیز میں اور 4% کیش میں تقویض کیا۔ 30 جون 2024ء کے مطابق فنڈ کا حجم 1,539.16 ملین ہے۔

**فی شیئر آمدنی (EPU)**

فی شیئر آمدنی (EPU) ظاہر نہیں کی گئی، کیوں کہ ہم محسوس کرتے ہیں کہ EPU شمار کرنے کے لیے موزوں اوسط یوٹس 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 2024 کو ختم ہونے والے سال کے لیے فی یونٹ 21.2914 روپے (100 روپے کی فیس ویلیو کا 21.2914%)، کی عبوری کیش ادائیگی کا اعلان کیا ہے، جس کی مالیت 135.9874 ملین روپے بنتی ہے۔

### اہم خطرات و مضامین

اقتصادی عدم استحکام، بڑھتا ہوا کرنٹ اکاؤنٹ خسارہ، زرمبادلہ کے کم ہوتے ذخائر، توقع سے زیادہ افراط زر، روپے کی قدر میں کمی، ایک طرفہ ادو طرفہ ڈولر ایجنسیز کی طرف سے توقع سے کم مالی امداد، مزید مالیاتی سختی اور بگڑتے ہوئے خارجہ تعلقات پاکستان میں تمام کاروباری شعبوں کے لیے خطرہ بنے ہوئے ہیں۔

### لیسیٹ فیڈر ایڈز ریٹنگ

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے منجمنٹ کمپنی کی لیسیٹ فیڈر ریٹنگ "AM2+" پر برقرار رکھی ہے۔ VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے LAADMF فنڈ کو ایک سال کی "1 اسٹار" جبکہ 3 اور 5 سال کی "3 اسٹار" پر فارمنس 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 منصفانہ عکاسی کرتے ہیں۔
- 3- فنڈ کے اکاؤنٹس کے کھاتے درست انداز میں رکھے گئے ہیں۔
- 4- مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل بیرونی کی گئی ہے اور شماراتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔
- 5- ان مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی معیارات، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، نان بینکنگ ٹرانس کمپنیز (ایٹیلیٹسٹ اینڈ ریگولیشن) کروڑ 2003 کے تقاضوں، نان بینکنگ ٹرانس کمپنیز اینڈ نوٹیفائیڈ اینڈ ریگولیشنز (NBFC ریگولیشنز)، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ ڈائریکٹریز اور فنڈ کی دستوریت کے تقاضوں کی بیرونی 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 موثر 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- مینیجر، ڈیویڈ جیمسوالا اور چارجرز کی مدد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی 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 بیٹرن 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 زیمرز BDO ابراہیم اینڈ کو، چارٹرڈ اکاؤنٹنٹس نے اہل ہونے کی بنیاد پر 30 جون 2025 کو ختم ہونے والے سال کے لیے دوبارہ تقرری کے لیے اپنی رضامندی ظاہر کی ہے۔ آڈٹ کمیٹی کی سفارش پر بورڈ آف ڈائریکٹرز نے 30 جون 2025 کو ختم ہونے والے سال کے لیے زیمرز BDO ابراہیم اینڈ کو، چارٹرڈ اکاؤنٹنٹس کی دوبارہ تقرری کر دی ہے۔

معاشی جائزہ

ملک کو درپیش معاشی چیلنجز کے حوالے سے مالی سال 2024 کے آغاز میں اس وقت کچھ راحت ملی، جب پاکستان نے آئی ایم ایف کے 9 ماہ کے اسٹینڈ بائی معاہدے (SBA) پر دستخط کیے جس کی مالیت 3 ارب ڈالر ہے۔

ہم نے آئی ایم ایف کی جانب سے دی گئی ہدایات کے تحت شروع کی گئی مالیاتی اور ریگولیٹری اصلاحات کے تحت نتائج کا تسلسل دیکھا۔ کرنٹ اکاؤنٹ خسارے کو کم کرنے کی ٹھوس کوششوں کے نتیجے میں کامیابی ملی۔ برآمدات اور ترسیلات زر میں اضافے نے درآمدی طلب کو پیچھے چھوڑ دیا، جس کی وجہ سے کرنٹ اکاؤنٹ بیلنس کا فرق کم ہو کر مالی سال 2024 میں مجموعی خسارہ 626 ملین ڈالر رہا، جو مالی سال 2023 میں 2,077 ملین ڈالر تھا۔

اس متوازن حکمت عملی نے دو طرفہ اور کثیرالجہتی قرض دہندگان کی جانب سے معاونت میں مزید اضافہ کیا، جس سے اسٹیٹ بینک آف پاکستان کے زرمبادلہ ذخائر میں سال بہ سال 2 گنا اضافہ ہوا اور یہ 9.4 بلین امریکی ڈالر تک پہنچ گئے۔ اس کے نتیجے میں جون 2024 میں امپورٹ کو بھی ایک سال قبل کے 1.3 گنا کے مقابلے میں 2 گنا تک پہنچ گیا۔

مالی سال 2025 کے دوران آئی ایم ایف کے ساتھ متوقع نئے پروگرام کی منظوری سے زرمبادلہ کے ذخائر مزید مستحکم ہوں گے۔ مستحکم ایکسٹرل اکاؤنٹ کی وجہ سے مالی سال 2024 کی دوسری ششماہی کے دوران امریکی ڈالر کے مقابلے میں پاکستانی روپے میں تقریباً استحکام رہا، جو جون 2024 میں 278 روپے فی امریکی ڈالر (ثبت 4 فیصد، سال بہ سال) پر بند ہوا۔

مستحکم کرنسی اور باہمی اثرات کے ساتھ، گزشتہ سال کے مقابلے میں پاکستان نے مالی سال 2024 کی تیسری سہ ماہی میں شروع ہونے والا افراط زر میں کمی کا سلسلہ جاری رکھا۔ مالی سال 2024 کے لئے کنزرویٹو پرائس انڈیکس (سی پی آئی) اور سلا 24 فیصد تھا جبکہ مالی سال 2023 میں یہ 29 فیصد تھا۔ تفریط زر کے دوران، مائیکرو پالیسی کمیٹی (MPC) نے چار سال میں پہلی بار مالیاتی نرمی کا عمل شروع کیا اور جون 2024 میں شرح سود کو 1.5 فیصد کم کر کے 20.5 فیصد کر دیا۔ شرح سود میں مزید کمی کی توقع پر، ثانوی مارکیٹ میں قیمتوں میں اضافہ جاری رہا، جو نظر ثانی شدہ پیٹنچ مارک شرحوں سے کم رہا۔ مالی سال کے اختتام پر، حکومت نے مالی سال 2025 کے لئے وفاقی بجٹ کا اعلان کیا، جس میں اضافی ٹیکس اقدامات کی نشاندہی کی گئی ہے، جن کا مقصد مالی سال 2025 کے مالی خسارے کو جی ڈی پی کے 5.9 فیصد (سات سالوں میں سب سے کم) تک لانا ہے، جبکہ سال کے لئے جی ڈی پی کے 1.2 فیصد کے پرائمری بیلنس کا ہدف مقرر کیا گیا ہے۔



### فلسفہ انکم مارکیٹس کا جائزہ

جانوری مارکیٹ کے منافع جات سال بھر اتار چڑھاؤ کا شکار رہے، مارکیٹ کی توقعات کے برعکس مرکزی بینک نے سال بھر اپنی سخت مانیٹری پالیسی پوزیشن برقرار رکھی اور شرح سود کو جون 2024 تک 22 فیصد پر برقرار رکھا، جب شرح سود میں 150 بیس پوائنٹس کی پہلی کٹوتی کا اعلان کیا گیا تھا۔ بدلتے ہوئے منافع جات سے فائدہ اٹھانے کے لیے بینکوں نے اپنی اضافی لیکویڈیٹی رکھنے کے لیے اسٹیٹ بینک کی وڈ سہولت کا استعمال جاری رکھا۔ سال کے دوران ٹی بلز اور فلوٹری آئی بی نیٹا میوں میں شرکت اور قبولیت زیادہ رہی، جہاں کم سے کم منافع شرح سود سے کم رہا، جس سے انورٹڈ yield curve برقرار رہا۔

بینچ مارک 6M کاٹی بور (Kibor) مالی سال 2024 کے دوران اوسطاً 3 فیصد اضافے کے ساتھ 22 فیصد تک پہنچ گیا تھا، تاہم اکتوبر 2023 کے بعد سے شرح سود سے کم ہے۔

### ڈیولپمنٹ مارکیٹ کا جائزہ

مالی سال 2024 کے دوران MSCI ورلڈ انڈیکس میں سال بہ سال 18.4 فیصد اضافہ ریکارڈ کیا گیا۔ کارکردگی میں اس بہتری کی وجوہات مصنوعی ذہانت (AI) اور لچکدار امریکی معاشی اعداد و شمار کے حوالے سے پایا جانے والا جوش و خروش، متعدد معیشتوں میں افراط زر میں کمی اور فیڈ (FED)، بینک آف انگلینڈ (BoE) اور یورپی مرکزی بینک (ECB) کی جانب سے دیے گئے مالیاتی نرمی سے متعلق سگنلز ہیں۔

### مستقبل کا منظر نامہ

اسٹیٹ بینک نے جون 2024 میں اعلان کردہ شرح سود میں 150 بی پی ایس کی پہلی کٹوتی کے ساتھ مالیاتی نرمی کا عمل شروع کر دیا ہے، جس کے بعد جولائی 2024 میں مزید 100 بی پی ایس کی کٹوتی کی گئی۔ شرح سود اب 19.5 فیصد ہے۔ نرمی کا یہ انداز چار سال کے عرصے پر محیط سخت گیری اور مستحکم شرح سود کا سلسلہ دیکھنے کے بعد سامنے آیا اور مئی 2024 میں سی پی آئی کے 11.8 فیصد تک گرنے کے ساتھ، اس نے جاری افراط زر کے رجحان کو مکمل کیا۔ مزید برآں ترسیلات زر میں اضافے کی مدد سے ایک تقریباً ہم سطح توازن ادائیگی (نیلنس آف پیمنٹس) نے اسٹیٹ بینک کے زرمبادلہ ذخائر میں استحکام لانے میں اہم کردار ادا کیا۔

ہم توقع کرتے ہیں کہ پاکستان میں اگست 2024 کے بعد سے افراط زر کی شرح سنگل ڈیجٹ میں آ جائے گی، جس کی وجہ گزشتہ سال کی بڑھی ہوئی قیمتوں کے سازگار میں اثرات ہیں۔ اس سے آگے چل کر شرح سود میں مزید کٹوتی کی گنجائش پیدا ہوگی۔ اکتوبر 2023 کے بعد سے بینچ مارک شرح سے نیچے ٹریڈ کرنے والی جانوری مارکیٹ کے منافع سے مالیاتی نرمی کی توقعات پہلے ہی ظاہر ہو چکی تھیں۔

مزید برآں، مالی سال 2025 کے بجٹ میں محصولات کے زائد ہدف کے اعلان سے حکومت کو آئی ایم ایف کے ساتھ اسٹاف لیول پر 37 ماہ کے 7 ارب ڈالر مالیاتی توسیعی فنڈ فیسیلیٹی آررینجمنٹ (ای ایف ایف) معاہدہ کرنے میں مدد ملی، جو آئی ایم ایف کے ایگزیکٹو بورڈ کی منظوری سے مشروط ہے۔ فنڈ کی طرف سے بیان کردہ اہم توجہ طلب شعبوں میں (1) محصولات کے بڑے اہداف کے ساتھ مالی استحکام (مالی سال 2024 کے مالی خسارے میں پہلے ہی کچھ بہتری کی اطلاع دی گئی ہے)، (2) افراط زر کم کرنے میں معاونت کرنے والی مانیٹری پالیسی پر مبنی موقف، (3) توانائی کے شعبے میں اصلاحات بشمول براہ راست سبسڈی کی ممانعت، (4) سرکاری ملکیت والے منافع بخش اداروں کی چھکاری اور (5) جنوری 2025 سے زرعی شعبے پر ٹیکس لگانا شامل ہیں۔ آگے چل کر سرمایہ کاروں کے جذبات کو رواں ماہ نمایاں تقویت ملنے کی توقع ہے کیونکہ پاکستان کے لئے آئی ایم ایف پروگرام، بورڈ کی سطح پر حتیٰ منظوری کے



قریب ہے۔ اس کے ساتھ ساتھ دوست ممالک بشمول چین، سعودی عرب اور متحدہ عرب امارات کے ساتھ قرضوں کی ری اسٹرکچرنگ اور نجکاری پروگرام کے لیے جاری مذاکرات کو فنڈ پروگرام کی جانب ایک اہم قدم کے طور پر دیکھا جا رہا ہے۔ یہ عوامل، مستحکم کارپوریٹ آمدنی اور توانائی شعبے کے گردش قرضوں کے مسئلے کے حل میں پیش رفت کے ساتھ مل کر، سرمایہ کاروں کے اعتماد کو بہتر بنانے اور موجودہ 4x P/E مالیتی قدر و قیمت میں تبدیلیاں لانا جاری رکھنے پر آمادہ دکھائی دیتے ہیں۔ سیاسی شورشوں میں اضافہ مذکورہ محرکات کی راہ میں حائل ایک اہم رکاوٹ ہے۔

اظہار تشکر

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

برائے و مخائبہ بورڈ

ڈائریکٹر

چیف ایگزیکٹو آفیسر

تاریخ: 12 ستمبر 2024

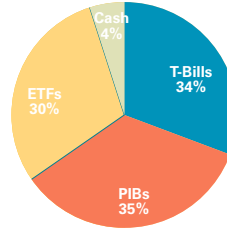


**REPORT OF THE FUND MANAGER  
FOR THE YEAR ENDED JUNE 30, 2024**

**Fund Facts**

Fund Type	Open-End
Category	Asset Allocation Fund
Net Assets (PKR Mil.)	1539.16
NAV (30.06.2024)	185.8415
Pricing Mechanism	Forward Day
Trustee	CDC Pakistan Limited
Auditor	BDO Ebrahim & Co
Management Fee	up to 2.5% of the average annual net
Front End Load	2.50%
Back End Load	None
Launch Date	October 11, 2011
Benchmark	Weighted average daily return of 6M KIBOR and the MSCI World Index based on the Scheme's actual proportion in the debt securities and developed market securities
Dealing Days	Mon - Fri
Cut-Off Time	04:00 PM
Asset Manager Rating	AM2+ by PACRA (25.Aug.2023)
Risk Profile	High Risk

**Asset Allocation**



Fund Performance	LAADMF	Benchmark
FY24 - YTD	11.56%	21.41%
June-24	1.30%	1.77%
2 Months	2.77%	4.35%
3 Months	3.45%	4.51%
6 Months	5.40%	10.76%
12 Months	11.56%	21.41%
CY24- YTD	5.37%	10.72%
3 Years	51.13%	83.64%
5 Years	63.35%	113.69%
Since Inception	237.86%	382.85%

the benchmark of the fund was changed in September 2016

**I- Shares 0-3 Month Tbill As of June 2024**

Country	Exposure
United States	30.3%

**Investment Committee**

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

**Investment Objective**

The investment objective of the Lakson Asset Allocation Developed Markets Fund ("LAADMF") is to provide long-term capital appreciation by investing in a mix of domestic debt and Developed Markets securities.

The LAADMF achieved its investment objective by investing in a mix of risk free PIBs, T-Bills and Exchange Traded Funds ("ETFs") that tracked the performance of the MSCI World Index. The domestic debt component provides investors with long term capital protection; whereas the international portion aims to provide long term capital appreciation and a powerful currency hedge.



#### **Investment Strategy**

The Fund maintained concentration to Developed Market exposure in US markets like the S&P and NASDAQ during the year. The domestic debt component of the LAADMF portfolio was constructed by investing in liquid and risk free instruments like PIBs and T-Bills, which were trimmed at intervals when the market allowed for booking hefty gains. The exposure in T-Bills was managed based on the relative yield analysis of these instruments and our yield curve expectations. High exposure in cash enabled the fund to benefit from lower marked to market volatility, while maintaining liquidity and meeting all its obligations in a timely manner.

#### **Economic Review**

Economic challenges faced by Pakistan met with a breather at the start of FY24 as Pakistan signed IMF's 9-month Stand-By Arrangement (SBA) worth US\$3 billion.

We saw continuation of positive outcomes from fiscal and regulatory reforms initiated under guidelines given by the IMF.

Concerted efforts to narrow the current account deficit yielded success. Growth in exports, remittances, outpacing import demand, narrowed the current account balance to a deficit of cumulative US\$626 million in FY24 compared to US\$2,077 million in FY23.

This balanced approach further added on to assistance from bilateral and multilateral lenders, raising State Bank of Pakistan's (SBP) foreign exchange reserves by 2x YoY to a of US\$9.4 billion. Resultantly import cover also reached 2x in Jun-2024 compared to 1.3x a year ago.

An expected new program to be approved by the IMF during FY25 will further strengthen reserves. The stable external account led to almost flat in Pakistani Rupee (PKR) against the US dollar during the second half of FY24, closing at PKR278/USD on Jun-2024 (+4% YoY).

With a stable currency and high base effect from the previous year, Pakistan continued its disinflationary phase that began in 3QFY24. Consumer Price Index (CPI) for FY24 averaged ~24%, compared to 29% in FY23.

Amid disinflation, the Monetary Policy Committee (MPC) initiated a monetary easing cycle for the first time in four years, trimming Policy Rate by 1.5% to 20.5% in June-2024. The secondary market continued to price in further anticipation of a near-term rate cut, remaining below the revised benchmark rates.

Towards the end of fiscal year, the government announced the Federal Budget for FY25, outlining higher tax measures that is targeted to improve FY25 fiscal deficit to 5.9% of GDP (lowest in seven years), while targeting primary balance of 1.2% of GDP for the year.

#### **Developed Markets Review**

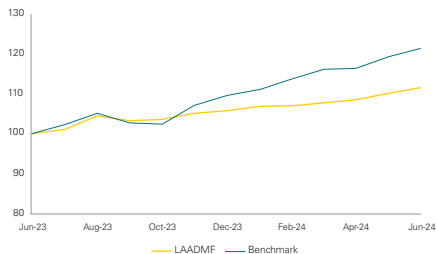
The MSCI World index recorded an 18.4% YoY increase during FY24. This improvement in performance can be attributed to an ongoing enthusiasm surrounding artificial intelligence (AI) and resilient US economic data, downward trending inflation across numerous economies and monetary easing in signals given by Fed, Bank of England (BoE) and the European Central Bank (ECB).

#### **Fund Performance**

Lakson Asset Allocation Developed Markets Fund generated an absolute return of 11.56% in FY24 compared to the Benchmark return of 21.41%. The LAADMF underperformed the benchmark by -9.85%. As of June 30, 2024, 30% of the fund was invested in equities, 33% in T-Bills, 35% in PIBs, 4% in cash on a total asset's basis. The fund size of LAADMF as of June 30, 2024, is 1,539.16mn



Performance Table	FY24	FY23
Net Assets - Beginning (PKR Mil.)	1,415.57	1,015
Net Assets - Ending (PKR Mil.)	1,539.16	1,416
Highest Offer Price (PKR)	212.7464	193.4737
Lowest Offer Price (PKR)	188.6191	155.8164
Highest Redemption Price (PKR)	206.8914	188.1490
Lowest Redemption Price (PKR)	183.4281	152.0160
Beginning NAV - Ex-Div. (PKR)	185.5763	151.8853
Interim Distributions (PKR)	21.2914	-
Final Distribution (PKR)	-	-
Ending NAV - Ex-Div. (PKR)	185.8415	185.5763
Return	11.56%	22.18%
Net Income / (Loss) (PKR Mil.)	164.00	238.00
Distributions	FY24	FY23
Interim Distribution	21.2914	-
Final Distribution	-	-
NAV before Distribution	206.8914	-
NAV after Distribution	185.6000	-
Distribution Date	25-Jun-24	-



#### Future Outlook

The SBP has finally begun monetary easing cycle with first cut of 150bps in Policy rate announced in June-2024, followed by another 100bps cut in July-2024. The policy rate now stands at 19.5%. This easing stance followed a four-year period of tightening and stable rates cycle and complemented the ongoing disinflation trend with CPI dropping to 11.8% in May 2024. Additionally, a close-to-break-even Balance of Payments, supported by elevated remittances, contributed to the stability of SBP's foreign exchange reserves.

We expect Pakistan to enter single-digit inflation figure from August-2024 onwards, due to favorable base effect from last year's elevated prices. This will create room for further rate cuts ahead. Anticipation of monetary easing was already reflected in secondary market yields trading below the benchmark rate from Oct-2023.

Moreover, the announcement of ambitious revenue target in the FY25 Budget helped the government to secure IMF's staff-level agreement on a 37-month, US\$7bn Extended Fund Facility Arrangement (EFF), which is subject to IMF's Executive Board approval. The key focus areas outlined by the fund include

- 1) fiscal consolidation with tall revenue targets (FY24 fiscal deficit already reported some improvement),
- 2) disinflation-supportive monetary policy stance,
- 3) energy sector reforms including no direct subsidy,
- 4) privatization of profitable State-Owned Enterprises (SOEs) and
- 5) taxation of agriculture sector from Jan-2025.

Going forward, investor sentiment is expected to receive a significant boost this month as the IMF program for Pakistan nears final approval at the Board level. Concurrently, ongoing negotiations with friendly countries including China, Saudia Arabia and UAE for debt restructuring and privatization program are seen as a crucial step towards the Fund program. These developments, coupled strong corporate earnings and progress over resolution of energy sector circular debt results, are poised to improve investor confidence and continue unlocking valuations from the prevailing ~4x P/E. Extended political noise is a key hinderance to the aforementioned triggers.

#### 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 assigned the one-year performance ranking of "1-Star", three years & five years performance ranking of "3-Star" to the LAADMF 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, 2024 the LAADMF does not employ any leverage.

**Breakdown of Unit Holding by Size**

Units Range	No. of Clients	Units Held
Holding upto 100	22	602
101 - 500	7	1,283
501 - 1,000	-	-
1,001 - 5,000	6	16,724
5,001 - 10,000	1	5,501
10,001 - 50,000	10	341,153
50,001 - 100,000	1	69,159
100,001 - 500,000	10	2,845,345
500,001 - 1,000,000	2	1,512,938
1,000,001 - 5,000,000	1	3,489,390
5,000,001 - above	-	-
	<b>60</b>	<b>8,282,094</b>



CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED

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Email: [info@cdcpak.com](mailto:info@cdcpak.com)



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**LAKSON ASSET ALLOCATION DEVELOPED MARKETS 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 Asset Allocation Developed Markets Fund (the Fund) are of the opinion that Lakson Investments Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2024 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 16, 2024







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 Pakistan

**INDEPENDENT AUDITORS' REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS TO THE UNIT  
HOLDERS' OF LAKSON ASSET ALLOCATION DEVELOPED MARKET FUND**

**Opinion**

We have audited the financial statements of Lakson Asset Allocation Developed Market Fund ("the Fund"), which comprise the statement of assets and liabilities as at June 30, 2024, and the income statement, the statement of comprehensive income, the statement of movement in unit holders' fund and the statement of cash flows for the year ended June 30, 2024, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at June 30, 2024, 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.	<b>Existence and Valuation of investments</b>  As disclosed in note 6 to the accompanying financial statements of the fund for the year ended June 30, 2024, the investments held by the Fund comprised of debt instruments amounting to Rs. 1486.57 million which represent 97% of the Net Assets Value (NAV) of the Fund.	Our audit procedures included the following:  <ul style="list-style-type: none"> <li>We evaluated the design and implementation of key controls over investment, and tested controls over acquisition, disposals and periodic valuation of Investments portfolio.</li> </ul>





S.NO	Key audit matter(s)	How the matter was addressed in our audit
	<p>As these investments represent a significant element of the statement of assets and liabilities, any discrepancy in the valuation or existence of investments could cause the NAV to be materially misstated.</p> <p>In view of the significance of the above-mentioned balances in relation to the Fund's total assets and NAV, we considered the existence and valuation of investments as a key audit matter.</p>	<ul style="list-style-type: none"> <li>We performed substantive audit procedures on year-end balance of debt instruments including review of custodian's statement, related reconciliations and re-performance of valuation based on PKRV and PKFRV rates from the Mutual Fund Association of Pakistan (MUFAP).</li> <li>We assessed the Fund's compliance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) in relation to the investment concentration and exposure limits.</li> <li>We also evaluated the adequacy of the overall disclosures in the financial statements in respect of the investment, ensuring compliance with the NBFC Regulations and the relevant accounting requirements.</li> </ul>

**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 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.

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**BDO Ebrahim & Co. Chartered Accountants**

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





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.

- 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.

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**BDO Ebrahim & Co. Chartered Accountants**

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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

BDO EBRAHIM & CO.  
CHARTERED ACCOUNTANTS

DATED: 12 SEP 2024

UDIN: AR202410067c95nl2zv8



**Statement of Assets and Liabilities  
As at June 30, 2024**

	Note	2024 (Rupees)	2023
<b>ASSETS</b>			
Bank balances	5	63,198,259	41,854,303
Investments	6	1,486,570,596	1,395,103,298
Accrued mark-up and other receivable	7	18,329,203	6,798,486
<b>TOTAL ASSETS</b>		<b>1,568,098,058</b>	<b>1,443,756,087</b>
<b>LIABILITIES</b>			
Payable to the Management Company	8	8,046,455	8,099,252
Payable to the Trustee	9	235,874	224,102
Payable to the Securities and Exchange Commission of Pakistan	10	120,206	224,684
Accrued expenses and other liabilities	11	20,538,178	19,636,388
<b>TOTAL LIABILITIES</b>		<b>28,940,713</b>	<b>28,184,426</b>
<b>NET ASSETS</b>		<b>1,539,157,345</b>	<b>1,415,571,662</b>
<b>UNIT HOLDERS' FUND (AS PER ATTACHED STATEMENT)</b>			
		<b>1,539,157,345</b>	<b>1,415,571,662</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	13		
		-----Number of units-----	
Number of units in issue	14	8,282,094	7,627,973
		-----Rupees-----	
Net assets value per unit		185.8415	185.5763

The annexed notes from 1 to 23 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, 2024**

Income	Note	2024 (Rupees)	2023
Realized gain on sale of investments - net		185,849	22,760,427
Unrealized (diminution) / appreciation on investments			
at fair value through profit or loss - net		(3,892,076)	74,586,591
Dividend income on investments		3,930,044	12,228,795
Markup on bank balances		6,598,270	4,441,426
Markup on investments		206,089,651	111,647,314
Exchange (loss) / gain on foreign currency			
current account		(547,304)	40,871,944
		<u>212,364,434</u>	<u>266,536,496</u>
<b>Expenses</b>			
Remuneration of the Management Company	8.1	34,985,455	19,833,957
Sindh sales tax on remuneration of the			
Management Company	8.2	4,548,109	2,578,414
Remuneration of the Trustee	9	2,811,249	2,397,778
Annual fee to the Securities and Exchange			
Commission of Pakistan	10	1,413,448	224,709
SECP supervisory fee		2,500	2,500
Auditors' remuneration	15	553,457	579,095
Legal and professional fees		146,250	120,001
Printing charges		20,340	27,120
Brokerage, custody, settlement and bank charges		3,445,411	2,525,201
<b>Total expenses</b>		<u>47,926,219</u>	<u>28,288,776</u>
<b>Net income for the year before taxation</b>		<u>164,438,215</u>	<u>238,247,720</u>
Taxation	16	-	-
<b>Net income for the year</b>		<u><u>164,438,215</u></u>	<u><u>238,247,720</u></u>
<b>Allocation of net income for the year</b>			
Net income for the year after taxation		164,438,215	238,247,720
Income already paid on units redeemed		(26,466,901)	(226,343,320)
		<u>137,971,313</u>	<u>11,904,400</u>
<b>Accounting income available for distribution</b>			
Relating to capital gains		-	11,904,400
Excluding capital gains		137,971,313	-
		<u>137,971,313</u>	<u>11,904,400</u>

The annexed notes from 1 to 23 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, 2024**

	2024	2023
	(Rupees)	
Net income for the year	164,438,215	238,247,720
Other comprehensive income for the year	-	-
<b>Total comprehensive income for the year</b>	<b>164,438,215</b>	<b>238,247,720</b>

The annexed notes from 1 to 23 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, 2024**

	Capital value	Year ended 2024 Undistributed income	Total	Capital value	Year ended 2023 Undistributed income	Total
<b>Net assets at beginning of the year</b>	1,306,571,347	109,000,315	1,415,571,662	917,611,396	97,095,915	1,014,707,311
<b>Issuance of 3,668,981 units (2023: 15,097,124 units)</b>						
Capital value	657,150,023	-	657,150,023	2,293,031,216	-	2,293,031,216
Element of income	24,691,405	-	24,691,405	415,712,309	-	415,712,309
Total proceeds on issuance of units	681,841,428	-	681,841,428	2,708,743,525	-	2,708,743,525
<b>Redemption of 3,014,861 units (2023: 14,149,896 units)</b>						
Capital value	(559,486,672)	-	(559,486,672)	(2,149,161,180)	-	(2,149,161,180)
Element of loss	(752,970)	(26,466,901)	(27,219,872)	(170,622,394)	(236,343,320)	(396,965,714)
Total payments on redemption of units	(560,239,642)	(26,466,901)	(586,706,544)	(2,319,783,575)	(236,343,320)	(2,546,126,895)
<b>Total comprehensive income for the year</b>	-	164,438,215	164,438,215	-	238,247,720	238,247,720
Interim cash distribution during the year @ Rs. 21.2914 on 25th June 2024	-	(135,987,415)	(135,987,415)	-	-	-
<b>Net assets as at end of the year</b>	1,428,173,132	110,984,214	1,539,157,345	1,306,571,347	109,000,315	1,415,571,662
<b>Undistributed income brought forward:</b>						
Realized income	34,413,724				99,123,569	
Unrealized income / (loss)	74,586,591				(2,027,654)	
	109,000,315				97,095,915	
<b>Accounting income available for distribution:</b>						
Relating to capital gains	-				11,904,400	
Excluding capital gains	137,971,313				11,904,400	
Interim cash distribution during the year @ Rs. 21.2914 on 25th June 2024	(135,987,415)				-	
<b>Undistributed income at end of the year</b>	110,984,213				109,000,315	
<b>Undistributed income brought forward</b>						
Realized income	114,876,289				34,413,724	
Unrealized (loss) / income	(9,892,076)				74,586,591	
Undistributed income at end of the year	110,984,213				109,000,315	
<b>Net assets value per unit at beginning of the year</b>	185,5763				151,8853	
<b>Net assets value per unit at end of the year</b>	185,8415				185,5763	

The annexed notes from 1 to 23 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, 2024**

	2024	2023
	(Rupees)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net income for the year	164,438,215	238,247,720
<b>Adjustments for:</b>		
Realized gain on sale of investment at fair value	(185,849)	-
Unrealized diminution / (appreciation) on investments at fair value through profit or loss - net	3,892,076	(74,586,591)
Dividend income on investments	(3,930,044)	(12,228,795)
Markup on bank balances and Government securities	(212,687,922)	(116,088,740)
	<u>(48,473,524)</u>	<u>35,343,594</u>
<b>Increase in assets</b>		
Investments	(95,173,525)	(438,507,333)
Other receivable and advance tax	(11,530,715)	(2,621,293)
	<u>(106,704,240)</u>	<u>(441,128,626)</u>
<b>Increase in liabilities</b>		
Payable to the Management Company	(52,796)	1,696,398
Payable to the Trustee	11,772	28,037
Payable to the Securities and Exchange Commission of Pakistan	(104,478)	15,884
Accrued expenses and other liabilities	901,790	557,492
	<u>756,288</u>	<u>2,297,811</u>
Dividend income	3,930,044	13,091,934
Markup received	212,687,920	113,247,260
Net cash generated from / (used in) operating activities	<u>62,196,488</u>	<u>(277,148,027)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of units	681,841,428	2,708,743,525
Payments on redemption of units	(586,706,544)	(2,546,126,895)
Cash distribution	(135,987,415)	-
Net cash (used in) / generated from financing activities	<u>(40,852,533)</u>	<u>162,616,630</u>
Net increase / (decrease) in cash and cash equivalents	<u>21,343,955</u>	<u>(114,531,397)</u>
Cash and cash equivalents at beginning of the year	41,854,303	156,385,700
Cash and cash equivalents at end of the year	<u>63,198,259</u>	<u>41,854,303</u>

The annexed notes from 1 to 23 form an integral part of these financial statements.

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

  
\_\_\_\_\_  
**Chief Executive Officer**

  
\_\_\_\_\_  
**Chief Financial Officer**

  
\_\_\_\_\_  
**Director**



## **Notes to the Financial Statements For the year ended June 30, 2024**

### **1 LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1 The Lakson Asset Allocation Developed Markets Fund) (the "Fund") was established under the Trust Deed executed on May 30, 2011 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 July 7, 2011 by the Securities and Exchange Commission of Pakistan (SECP) in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations).
- 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 the 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 "Asset Allocation Scheme" as per the Circular 07 of 2009 issued by Securities and Exchange Commission of Pakistan (SECP) and is authorised to invest within the prescribed limit mentioned in the offering document of the fund in listed securities, Government securities, debt securities, deposits and foreign currency deposits with local or foreign banks etc. in Pakistan.

Further, as allowed by SECP and State Bank of Pakistan, the Fund can invest abroad up to 30% of the aggregated funds mobilized (including foreign currency funds) subject to a maximum limit of USD 15 million. The investments authorized outside Pakistan include exchange traded funds based on equities / debt with exposure in the commodities, index tracker funds tracking different commodities indices, actively managed commodities based funds, equities and debt securities of companies with exposure in commodities, future contracts of different commodities and foreign currency deposits etc.

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

- 1.4 Pakistan Credit Rating Company Limited (PACRA) has maintained the rating of the Management Company of the Fund to the scale 'AM2+' (stable outlook) vide its report dated August 25, 2023 (2023: AM2+ as on August 26, 2022).

On May 23, 2024 VIS credit rating company limited assigned following rankings to the Fund based on the performance review for the year ended June 30, 2024:

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

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

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

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

### **2.2 Basis of measurement**

These financial statements have been prepared under the historical cost basis, except for certain investments which are measured at fair value.

### **2.3 Functional and presentation currency**

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

### **2.4 Critical accounting estimates and judgments**

In preparing these financial statements, management has made judgement, estimates and assumptions that affect the application of the Fund's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognized prospectively. Information about judgements made in applying accounting policies that have the most significant effects on the amount recognized in the financial statements to the carrying amount of the assets and liabilities and assumptions and estimation uncertainties that have a significant risk resulting in a material adjustment in the subsequent year relates to;

- (a) classification of financial assets (Note 4.1.1 and 4.1.2)
- (b) impairment of financial assets (Note 4.1.6 and 4.1.8)
- (c) provisions (Note 4.9)

## **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, 2024**



The following standards, amendments and interpretations are effective for the year ended June 30, 2024. These standards, amendments and interpretations are either not relevant to the Fund's operations or did not have significant impact on the financial statements other than certain additional disclosures.

	<b>Effective date (annual periods beginning on or after)</b>
Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 Making Materiality Judgements- Disclosure of Accounting Policies"	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes	January 01, 2023

The Fund adopted the narrow-scope amendments to the International Accounting Standard (IAS) 1, Presentation of Financial Statements which have been effective for annual reporting periods beginning on or after January 01, 2023. Although the amendments did not result in any changes to accounting policy themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material' rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting the Fund to provide useful entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and updates to the information disclosed in Note 4 Material accounting policies (2023: Significant accounting policies) in certain instances in line with the amendments and concluded that all its accounting policies are material for disclosure.

### **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.

	<b>Effective date (annual periods beginning on or after)</b>
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 01, 2024
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026



	Effective date (annual periods beginning on or after)
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
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' - 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 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	January 01, 2025
IFRS 17 Insurance Contracts	January 01, 2026
IFRS 1 'First-time Adoption of International Financial Reporting Standards' has been issued by IASB effective from July 01, 2009. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).	
IFRS 18 'Presentation and Disclosures in Financial Statements' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by SECP.	
IFRS 19 'Subsidiaries without Public Accountability: Disclosures' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by SECP.	
IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023. However SECP has notified the timeframe for the adoption of IFRS - 17 which will be adopted by January 01, 2026.	

#### **4 MATERIAL ACCOUNTING POLICY INFORMATION**

##### **4.1 Financial assets**

##### **4.1.1 Classification**

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income or fair value through profit or loss.

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 (SPPI) 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 as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch 'that would otherwise arise.

#### **Business model assessment**

The Fund makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Fund's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of, an overall assessment of how the Fund's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment on debt securities, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Fund considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Fund's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

The Fund has determined that it has two business models.



- Held-to-collect business model: this includes cash and cash equivalents and debt securities. These financial assets are held to collect contractual cash flow.
- Other business model: this includes debt securities. These financial assets are managed and their performances is evaluated, on a fair value basis, with frequent sales taking place.

#### **4.1.2 Reclassifications**

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Fund changes its business model for managing financial assets.

#### **4.1.3 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.

#### **4.1.4 Initial recognition and measurement**

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement.

#### **4.1.5 Subsequent measurement**

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

<b>Financial assets at FVTPL</b>	These assets are subsequently measured at fair value. Net gains and losses, including any markup or dividend income, are recognised in income statement.
<b>Financial assets at amortised cost</b>	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Markup income, foreign exchange gains and losses and impairment are recognised in income statement.

The fair value of financial assets are determined as follows:

##### **a) Debt securities (other than Government securities)**

The debt securities are valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities vide its Circular No. 33 of 2012 dated October 24, 2012.

##### **b) Government securities**

The government securities are valued on the basis of rates announced by the Financial Markets Association of Pakistan.

##### **c) Equity Securities**

The equity securities are valued on the basis of closing quoted market prices available at the stock exchanges.



#### **4.1.6 Impairment of financial assets**

##### **Financial assets at amortised cost**

The Fund assesses at each reporting date whether there is an objective evidence that the financial asset or a group of financial assets is impaired. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. 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. However, SECP through its SCD/AMCW/RS/MUFAP/2017-148 dated 21, November 2017 have deferred the applicability of impairment requirements of IFRS 9 in relation to debt securities for mutual funds and have instructed to continue to follow the requirements of Circular No. 33 of 2012 dated October 24, 2012.

The provisioning policy has been duly formulated and approved by the Board of Directors of the Management Company. Provision against non-performing debt securities is made in accordance with the provisioning criteria for non-performing debt securities specified by the SECP. As allowed by the SECP, the management may also make provision against debt securities over and above the minimum provision requirement prescribed in Circular No. 33 of 2012 dated October 24, 2012, in accordance with the provisioning policy duly approved by the Board of Directors of the Management Company.

#### **4.1.7 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.

#### **4.1.8 Offsetting of financial assets and financial 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.

#### **4.1.9 Cash and cash equivalents**

Cash and cash equivalents comprise of deposits and current accounts maintained with banks. Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

#### **4.1.10 Trade date accounting**

All regular way purchases and sales of investments are recognised on the trade date, i.e. the date on which commitment to purchase / sale is made by the Fund. Regular way purchases or sales of investment require delivery of securities within two days after transaction date as required by stock exchange regulations.

#### **4.2 Offsetting of financial assets and financial 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 Financial liabilities**

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. They are initially recognized 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.

#### **4.4 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 / Management Company 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. The sales load is payable to the investment facilitators, distributors and the Management Company.

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, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

#### **4.5 Net assets value per unit**

The net assets value per unit 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.

#### **4.6 Revenue recognition**

- Realised gains / (losses) arising on sale of investments are included in the Income Statement on the date at which transactions take place.
- Unrealised appreciation / (diminution) 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 period in which they arise.
- Profit on bank deposits, term deposit receipts, mark-up / return on investments in debt securities is recognised using the effective interest method.
- Dividend income is recognised on an accrual basis when right to receive for the same is established

#### **4.7 Element of income / loss and capital gains / losses in prices of units sold less those in units redeemed**

Element of Income represents the difference between net assets value on the issuance or redemption date, as the case may be, of units and the Net asset Value (NAV) 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 same ex-dividend net asset value of all units outstanding on accounting date, net element of income contributed on the issue of units lying in unit holders fund is refunded on units (refund of capital) in the same proportion as dividend bears to accounting income available for distribution.

As per the guidelines provided by MUFAP (MUFAP Guidelines consented upon by SECP) the refund of capital is made in the form of additional units at zero price. Income already paid on redemption of units during the year are taken separately in the statement of movement in unitholders' fund.



MUFAP, in consultation with the SECP, has specified methodology for determination of income paid on units redeemed (income already paid) during the year under which such income is paid on gross element received and is calculated from the latest date at which the Fund achieved net profitability during the year. The income already paid (Element of Income) on redemption of units during the year are taken separately in statement of movement in unitholders' fund.

#### **4.8 Taxation**

The Fund is exempt from taxation under clause 99 of the Part I of the 2nd Schedule of the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income for the year as reduced by capital gains whether realized or unrealized is distributed amongst the unit holders, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account.

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

#### **4.9 Provisions**

Provisions are recognised when the Fund has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and reliable estimate of the amount can be made. Provision are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

#### **4.10 Dividend distribution and appropriations**

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared. Based on MUFAP's guidelines (duly consented upon by SECP) distributions for the year is deemed to comprise of the portion of amount of income already paid on units redeemed and the amount of cash distribution for the year.

The distribution per unit is announced based on units that were held for the entire period. The rate of distribution is adjusted for the effect of refund of capital if any based on the period of investment made during the year. Resultantly, the rate of distribution per unit may vary depending on the period of investment.

#### **4.11 Other assets**

Other assets are stated at cost less impairment losses, if any.

#### **4.12 Foreign currency transactions**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the conversion of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the period end exchange rates are recognised in the income statement.

#### **4.13 Earnings per unit (EPU)**

Earnings Per Unit (EPU) has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.



**4.14 Expenses**

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

**4.15 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.

		2024	2023
5	<b>BANK BALANCES</b>	<b>Note</b>	<b>(Rupees)</b>
	Local currency		
	In current accounts	8,504	8,504
	In savings account	5.1 23,724,839	6,845,116
		<b>23,733,343</b>	6,853,620
	Foreign currency		
	In current account	5.2 39,464,916	35,000,683
		<b>63,198,259</b>	<b>41,854,303</b>

5.1 These carry mark-up rates ranging from 19.5% to 20.5% (30 June 2023: from 5.0% to 19.5%) per annum.

5.2 This represents USD denominated current account maintained in a foreign country amounting to USD 141,787 (2023: USD 122,384).

		2024	2023
6	<b>INVESTMENTS</b>	<b>Note</b>	<b>(Rupees)</b>
	At fair value through profit or loss		
	Government Securities - Market Treasury Bills	6.1 505,127,625	935,556,649
	Pakistan Investment Bonds	6.2 525,450,500	-
		<b>1,030,578,125</b>	935,556,649
	Exchange Traded Funds (Foreign Investments)	6.3 455,992,471	459,546,649
		<b>1,486,570,596</b>	<b>1,395,103,298</b>



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

Name of Investee Company	Issue Date	Date of Maturity	Number certificates				Balance as at June 30, 2024			Market value as % of total investments (based on market value)	Market value as % of net assets (based on market value)
			Holding as at 01 July 2023	Purchases during the period	Disposed / matured during the year	Holding as at 30 June 2024	Carrying value	Market value	Unrealised appreciation / (diminution)		
(Number of Certificates)							(Rupees)			%	
Treasury Bills - 03 months	22-Apr-23	15-Jul-23	500,000	-	500,000	-	-	-	-	0.00%	0.00%
Treasury Bills - 03 months	22-Jun-23	14-Sep-23	9,310,000	5,190,000	14,500,000	-	-	-	-	0.00%	0.00%
Treasury Bills - 03 months	10-Aug-23	02-Nov-23	-	9,600,000	9,600,000	-	-	-	-	0.00%	0.00%
Treasury Bills - 03 months	07-Sep-23	30-Nov-23	-	9,700,000	9,700,000	-	-	-	-	0.00%	0.00%
Treasury Bills - 03 months	21-Sep-23	14-Dec-23	-	190,000	190,000	-	-	-	-	0.00%	0.00%
Treasury Bills - 03 months	24-Aug-23	16-Nov-23	-	190,000	190,000	-	-	-	-	0.00%	0.00%
Treasury Bills - 03 months	02-Nov-23	25-Jan-24	-	3,000,000	3,000,000	-	-	-	-	0.00%	0.00%
Treasury Bills - 03 months	16-Nov-23	07-Feb-24	-	1,250,000	1,250,000	-	-	-	-	0.00%	0.00%
Treasury Bills - 03 months	30-Nov-23	22-Feb-24	-	3,140,000	3,140,000	-	-	-	-	0.00%	0.00%
Treasury Bills - 03 months	07-Feb-24	02-May-24	-	1,250,000	25,000	-	-	-	-	0.00%	0.00%
Treasury Bills - 03 months	02-May-24	25-Jul-24	-	2,150,000	720,000	1,430,000	141,079,948	141,101,675	21,727	9.17%	9.49%
Treasury Bills - 01 Year	28-Dec-23	26-Dec-24	-	3,500,000	-	3,500,000	319,970,545	319,024,300	(946,245)	20.73%	21.46%
Treasury Bills - 01 Year	25-Jan-24	23-Jan-25	-	500,000	-	500,000	45,267,009	45,001,650	(265,359)	2.92%	3.03%
Treasury Bills - 01 Year	11-Jan-24	25-Jan-24	-	1,900,000	1,900,000	-	-	-	-	0.00%	0.00%
Total as at June 30, 2024							506,317,502	505,127,625	(1,189,877)	32.82%	33.98%
Total as at June 30, 2023							937,035,556	935,556,649	(1,478,907)	66.09%	67.06%

6.1.1 These represent 3 months & 1 year Government Treasury bill carrying a fixed mark-up rate ranging from 20.73% to 21.95% per annum and will mature from July 24, 2024 to Jan 23, 2025. The face value of Treasury Bills held as at June 30, 2024 amounted to Rs. 543 million. (June 30, 2023: 981 million)

**6.2 Government securities - Pakistan Investments Bonds - at fair value through profit or loss**

Tenure	Note	Date of Maturity	Mark-up rate	-----Number certificates-----				Balance as at June 30, 2024			Market value as % of total investments (based on market value)	Market value as % of net assets (based on market value)
				Holding as at 01 July 2023	Purchases during the period	Disposed / matured during the year	Holding as at 30 June 2024	Carrying value	Market value	Unrealised appreciation / (diminution)		
(Number of Certificates)				(Rupees)								
Pakistan Investment Bond - 5 Year	6.2.1	19-Oct-28	21.30%	-	3,590,000	-	3,590,000	349,686,958	347,332,500	(2,354,458)	22.57%	23.36%
Pakistan Investment Bond - 5 Year	6.2.2	14-Dec-28	21.33%	-	1,850,000	-	1,850,000	178,734,233	178,118,000	(616,233)	11.57%	11.98%
Total as at June 30, 2024								528,421,190	525,450,500	(2,970,690)	34.14%	35.35%
Total as at June 30, 2023												

6.2.1 This represents investments in 5 years Pakistan Investment Bond carrying an effective profit rate of 21.30% and having maturity on 19 October 2028. The face value of Pakistan Investment Bond as at June 30, 2024 amounted to Rs. 359 million.

6.2.2 This represents investments in 5 years Pakistan Investment Bond carrying an effective profit rate of 21.32% and having maturity on 14 December 2028. The face value of Pakistan Investment Bond as at June 30, 2024 amounted to Rs. 185 million.

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

Name of Investments	Note	Date of Maturity	Custodian	-----Number certificates-----				Balance as at June 30, 2024			Market value as % of total investments (based on market value)	Market value as % of net assets (based on market value)
				Holding as at 01 July 2023	Purchases during the year	Disposed / matured during the year	Holding as at 30 June 2024	Carrying value	Market value	Unrealised appreciation / (diminution)		
				(Number of Certificates)				(Rupees)				
Ishares 0-3 Months Treasury Bonds ETF	6.3.1	0 to 3-Months Liquidity	Habib Bank AG	15,968	-	15,968	-	-	-	-	-	-
Blackrock ICS US Dollar Liquidity Fund	6.3.2	Fund 3 to 7-Years	Habib Bank AG	-	10,000	10,000	-	-	-	-	-	-
Ishares USD Treasury Bond 3-7 Years UCITS ETF	6.3.3	Years	Habib Bank AG	-	12,500	-	12,500	456,726,734	455,992,471	(734,263)	29.63%	30.67%
<b>Total as at June 30, 2024</b>								<b>456,726,734</b>	<b>455,992,471</b>	<b>(734,263)</b>	<b>29.63%</b>	<b>30.67%</b>
Total as at June 30, 2023								383,482,495	459,546,649	76,064,154	32.46%	32.94%



- 6.3.1 iShares Trust - iShares 0-3 Month Treasury Bond ETF is an exchange traded fund launched by BlackRock, Inc. The fund is managed by BlackRock Fund Advisors. It invests in fixed income markets of the United States. The fund primarily invests in U.S. dollar denominated treasury securities with remaining maturity of less than or equal to three months. It seeks to track the performance of the ICE 0-3 Month US Treasury Securities Index, by using representative sampling technique. Total value of the units as at the year-end amounted to USD Nil (2023: 15,968 units).
- 6.3.2 BlackRock ICS US Dollar Liquidity Fund seeks current income consistent with preservation of principal and liquidity by investing in a broad range of transferable securities such as securities, instruments and obligations that may be available in the relevant markets (both within and outside the U.S.) for instruments denominated in U.S. dollars. As at June 30, 2024 Nil holding (30 June 2023: Nil). Total value of the units as at the year-end amounted to USD Nil (2023: Nil).
- 6.3.3 iShares USD Treasury Bond 3-7 Years UCITS ETF seeks to track the performance of an index composed of US Dollar denominated government bonds issued by the US Treasury. These are valued at the rates quoted on a daily basis by the London Stock Exchange. Total value of the units at USD 131.06 per unit at the year ended amounted to USD 1,638,250 (2023: Nil).
- 6.3.4 Above units are held by Habib Bank AG Zurich as a custodian.

		June 30, 2024	June 30, 2023
	Note	(Rupees)	
<b>7</b>	<b>ACCRUED MARK-UP AND OTHER RECEIVABLES</b>		
Markup Receivable on:			
Profit and loss sharing bank balances		284,709	3,382,302
Profit receivable on Government Securities		17,097,900	-
		<b>17,382,609</b>	3,382,302
Advance tax	7.1	946,594	3,416,184
		<b>18,329,203</b>	6,798,486

- 7.1 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax. The amount of withholding tax deducted on markup on bank deposits has been shown as advance tax as at June 30, 2024, as in the opinion of the management, the amount of tax deducted at source will be refunded.

**8 PAYABLE TO THE MANAGEMENT COMPANY**

Remuneration of the Management Company	8.1	2,852,352	2,899,075
Sindh Sales Tax on remuneration of the Management Company	8.2	370,806	376,880
Federal Excise Duty on:			
Management Company's remuneration	8.3	4,823,298	4,823,298
		<b>8,046,455</b>	8,099,252



8.1 As per regulation 61 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of the management fee as disclosed in the Offering Document subject to the total expense ratio limit. As per offering document, the Management Company can charge management fee up to 2.5% of average annual net assets of the fund, calculated on daily basis. The effective management fee rate for the year ended June 30, 2024 is 2.35% of average annual net assets calculated on daily basis.

8.2 The Sindh Provincial Government has levied Sindh Sales Tax (SST) at the rate of 13% (June 30, 2023: 13%) on the remuneration of management company through Sindh Sales Tax on Services Act, 2011.

8.3 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016. During the year ended June 30 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 01, 2016. However, as a matter of prudence the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 4.823 million is being retained in these financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been made, the net asset value of the Fund as at June 30, 2024 would have been higher by Rs. 0.58 (June 30, 2023: Rs.0.63) per unit.

## 9 PAYABLE TO THE TRUSTEE

The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provision of Trust Deed as follows:

<b>Net assets up to 1 billion</b>	0.20% per annum of the daily average net assets of the Fund.
<b>Net assets exceeding Rs 1 billion</b>	Rs 2 million plus 0.10% per annum of the daily average net assets of the Fund exceeding Rs 1 billion.

## 10 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

This represents annual fee payable to SECP in accordance with the NBFC Regulations, whereby the Company is required to pay SECP an amount at the rate of 0.095% per annum of the average daily net assets of the fund in accordance with the regulation 62 of the NBFC Regulation 2008.



		June 30, 2024	June 30, 2023
	Note	(Rupees)	
<b>11</b>	<b>ACCRUED EXPENSES AND OTHER LIABILITIES</b>		
	Brokerage payable	1,701	-
	Auditors' remuneration	395,034	427,074
	Custody fee payable	57,736	5,036
	Rating fee payable	86,174	117,664
	Professional fees payable	713,884	713,884
	Withholding tax payable on dividend	14,789,959	-
	CGT Payable	120,980	14,012,395
	Other liabilities	4,372,709	4,360,335
		<u>20,538,178</u>	<u>19,636,388</u>
<b>12</b>	<b>TOTAL EXPENSE RATIO</b>		
	Securities and Exchange Commission of Pakistan (SECP) vide its directive no. SCD/PRDD/Direction/18/2016 dated July 20, 2016, require 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, 2024 is 3.22% which includes 0.43% representing government levies (comprising of Workers Welfare Fund and SECP fee, etc). As per the NBFC Regulation the total expense ratio of the Asset Allocation Scheme shall be capped up to 4.5% (excluding the government levies).		
<b>13</b>	<b>CONTINGENCIES AND COMMITMENTS</b>		
	Other than the tax contingency disclosed in note 16.2 to the financial statements, there were no contingencies and commitments as at June 30, 2024.		
		June 30, 2024	June 30, 2023
	Note	(Rupees)	
<b>14</b>	<b>NUMBER OF UNITS IN ISSUE</b>		
	Total outstanding as of July 01	7,627,973	6,680,744
	Issued during the year	3,668,981	15,097,124
	Redemptions during the year	(3,014,861)	(14,149,896)
	Total units in issue as of June 30	<u>8,282,093</u>	<u>7,627,973</u>
<b>15</b>	<b>AUDITORS' REMUNERATION</b>		
	Annual audit fee	297,000	297,000
	Fee for the review of half yearly financial statements	125,760	162,000
	Report on agreed upon procedures in respect of investment abroad	60,000	46,179
	Out of pocket and sales tax expenses	70,697	73,916
		<u>553,457</u>	<u>579,095</u>



**16 TAXATION**

16.1 The Fund's income is exempt from Income Tax as per Clause 99 of Part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders. The management has distributed at least 90% of income earned during current year as reduced by capital gains, whether realised or unrealised, to its unit holders, therefore, no provision for taxation has been recorded in these financial statements.

16.2 During the year ended June 30, 2014 FBR had issued show cause notices to the Fund under section 122(9) for the amendment of assessment on the grounds that exemption from tax claimed under clause 99 of Part-I of the Second Schedule is not as per law. Total tax including Workers' Welfare Fund payable as per the amended assessment is Rs. 7.203 million and Rs 19.001 million for the tax years 2012 and 2013 respectively. A suit has been in the High Court of Sindh for declaration and permanent injunction for which a stay order has been granted by the Sindh High Court. The management expects a favorable outcome and accordingly, no provision has been recorded in respect of this matter.

**17 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, Habib Bank AG Zurich Switzerland being the Custodian, Siza Services (Private) Limited being holding company of the Management Company, associated companies of the Management Company and the holding company, key management personnel, other funds being managed by the Management Company and entities having holding 10% or more in the units of the Fund as at June 30, 2024. It also includes staff retirement funds of the above related parties / connected persons.

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

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

**17.1 Details of balances with related parties / connected persons at the year end**

		June 30, 2024	June 30, 2023
Lakson Investments Limited - Management Company of the Fund	Note	(Rupees)	
Remuneration payable	17.4	2,852,352	2,899,075
Sindh Sales Tax on Management Company's remuneration*		370,806	376,880
Federal Excise Duty			
Management Company's remuneration*		4,823,298	4,823,298

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



		June 30, 2024	June 30, 2023
	Note	(Rupees)	
<b>Central Depository Company of Pakistan Limited - Trustee of the Fund</b>			
Remuneration payable (including Sindh Sales tax of Rs. 27,136 (2023: Rs. 25,780))	17.4	<u>235,874</u>	<u>224,102</u>
<b>Habib Bank AG Zurich - Custodian</b>			
Bank Deposits		<u>39,464,916</u>	<u>35,000,683</u>
Custodian fee payable		<u>57,736</u>	<u>5,036</u>
		2024	2023
	Note	(Rupees)	
17.2	<b>Details of transaction with related parties / connected persons during the year</b>		
<b>Lakson Investments Limited - Management Company of the Fund</b>			
Remuneration for the year		<u>34,985,455</u>	<u>19,833,957</u>
Sindh sales tax on remuneration of Management Company *		<u>4,548,109</u>	<u>2,578,414</u>
<b>Central Depository Company of Pakistan Limited - Trustee of the Fund</b>			
Remuneration for the year (including Sindh Sales tax of Rs. 323418 ( 2023: 275,851 )*)		<u>2,811,249</u>	<u>2,397,778</u>
<b>Habib Bank AG Zurich - Custodian</b>			
Brokerage and settlement charges		<u>2,234,322</u>	<u>1,236,341</u>
Custody charges		<u>1,104,039</u>	<u>1,163,484</u>
* Sales tax is paid / payable to the management company for onwards payment to the Government.			



**17.3 Details of units held, issued and redeemed by the related parties / connected persons.**

	Year ended June 30, 2024									
	Number of Units				Rupees					
	Number of Units as at July 01, 2023	Units issued during the year	Units redeemed during the year	Number of holdings at the year ended 30 June 2024	Balance as at July 01, 2023	Units issued during the year	Dividend Paid during the year	Units redeemed during the year	Balance at the year end 30 June 2024 (Investment at current NAV)	
Lakson Investments Limited	74,555	126,226	1,164	201,945	13,835,608	20,500,000	3,698,290	-	37,529,691	
Directors, Chief Executive and their spouse and minors	4,803,275	681,541	14,638	4,991,122	891,374,054	49,375,711	94,067,026	82,219,178	927,557,690	
Key management personnel, employees and connected persons of the Management Company	21,438	35	0	21,472	1	3,978,443	6,671	-	3,948,782	
Other key management personnel	-	-	-	-	-	-	-	-	-	
Associated companies / undertakings of the Management Company	-	-	-	-	-	-	-	-	-	
Accuray Surgical Limited Employees Contributory Provident Fund	26,495	27,331	1,134	26,495	28,465	4,916,928	5,283,304	333,304	5,149,958	
Century Insurance Company Limited Gratuities Fund	44,850	46,242	1,918	44,850	48,160	8,323,150	8,938,923	563,923	8,717,613	
Century Insurance Company Limited Employees Contributory Provident Fund Trust	39,994	42,468	1,571	44,582	39,452	7,421,917	8,211,956	461,956	8,688,168	
Century Paper & Board Mills Limited ECPFT	425,140	478,263	19,995	425,140	498,258	78,895,998	92,481,370	5,806,370	82,635,151	
Century Paper & Board Mills Limited EGF	406,044	451,335	18,812	406,044	470,148	75,352,142	87,263,892	5,488,892	78,923,339	
Colgate Palmolive Pakistan Limited ECPFT	393,252	431,786	18,046	393,252	449,832	72,978,289	83,493,085	5,243,085	76,436,982	
Colgate Palmolive Pakistan Limited EGF	446,233	518,830	21,614	446,233	540,444	82,810,297	100,311,606	6,311,606	86,734,962	
Cyber Internet Services (Private) Limited Employees CPFT	221,384	247,204	10,333	221,384	257,538	41,083,621	47,801,439	3,001,439	43,030,715	
Hasanali Karabhai Foundation ECPFT Trust	5,761	5,277	223	5,761	5,501	1,069,027	1,020,956	65,651	1,119,692	
Lakson Business Solutions Limited Employees Contributory Provident Fund Trust	1,277	103	-	-	1,380	236,983	19,033	27,189	256,379	
Lakson Investments Limited ECPFT	26,109	33,316	1,349	28,028	32,746	4,845,270	6,450,103	375,103	5,450,318	
Merit Packaging Limited Employees Contributory Provident Fund Trust	41,754	44,006	1,839	41,754	45,845	7,748,568	8,509,320	534,320	8,115,799	
Merit Packaging Limited Employees Gratuities Fund	26,819	26,883	980	30,146	24,536	4,976,943	5,199,055	288,190	5,862,913	
Siza Foods Private Limited Employees Contributory Provident Fund Trust	232,885	251,069	8,894	271,792	221,056	43,217,886	48,571,757	2,571,757	53,263,069	
Siza Services Private Limited Employees Contributory Provident Fund Trust	19,450	22,086	916	19,450	23,002	3,609,415	4,269,336	269,336	3,780,478	
Sybird (Private) Limited ECPFT	43,829	47,733	1,994	43,829	49,727	8,133,608	9,229,770	579,770	8,519,088	
NayaPay (Private) Limited Employee Contributory Provident Fund	-	21,605	2,414	-	24,018	-	4,457,802	11,146	4,463,602	



	Year ended June 30, 2023					Rupees			
	Number of Units			Number of		Dividend Paid	Units issued	Units redeemed	Balance at the year end 30 on June 2023 (Investment at current NAV)
	Units as at July 01, 2022	Units issued during the year	Units redeemed during the year	holdings at the year ended 30 June 2023	Balance as at July 01, 2022				
Lakson Investment Limited - Management Company of the Fund	74,555	74,555	-	74,555	11,323,781	-	13,825,864	-	13,835,608
Directors, Chief Executive and their spouse and minors	3,999,071	4,803,720	-	4,803,275	607,400,118	-	71,825	-	891,374,054
Key management personnel, employees and connected persons of the Management Company	1,518	62,691	-	21,193	230,487	-	6,154,514	-	3,932,931
Other key management personnel	-	-	-	-	-	-	-	-	-
Associated companies / undertakings of the Management Company	-	-	-	-	-	-	-	-	-
Accurat Surgical Limited Employees Contributory Provident Fund	33,814	120,781	-	128,100	5,135,921	-	16,068,190	-	17,194,816
Century Insurance Company Limited GF	40,507	121,728	-	117,384	6,152,349	-	20,985,325	-	20,116,746
Century Insurance Company Limited Employees Contributory Provident Fund Trust	47,174	172,177	-	179,357	39,594	-	22,666,115	-	23,891,477
Century Paper & Board Mills Limited ECPFT	462,216	1,756,964	-	1,794,040	425,140	-	228,744,157	-	235,031,404
Century Palmolive Pakistan Limited EGF	414,047	1,642,740	-	1,650,743	406,044	-	62,887,673	-	215,953,762
Colgate Palmolive Pakistan Limited ECPFT	433,221	1,612,204	-	1,652,174	393,252	-	65,799,964	-	216,733,365
Colgate Palmolive Pakistan Limited EGF	481,135	1,866,349	-	1,901,251	446,233	-	73,077,354	-	243,915,183
Cyber Internet Services (Private) Limited Employees CPFT	218,744	889,494	-	886,853	221,384	-	33,223,932	-	114,768,971
Gam Corporation Private Limited Employees Contributory Provident Fund	133,395	377,879	-	511,275	-	-	20,260,802	-	66,997,653
Hasanali Karabhai Foundation ECPFT Trust	6,435	23,544	-	24,218	5,761	-	977,339	-	3,164,753
Lakson Business Solutions Limited Employees Contributory Provident Fund Trust	1,277	-	-	-	1,277	-	193,959	-	236,983
Merit Packaging Limited Employees Contributory Provident Fund Trust	27,293	80,491	-	81,675	26,109	-	4,145,476	-	14,034,759
Merit Packaging Limited Employees Contributory Provident Fund Trust	57,024	190,428	-	205,697	41,754	-	8,661,053	-	24,762,139
Merit Packaging Limited Employees Contributory Provident Fund Trust	29,627	110,462	-	113,270	26,819	-	4,499,868	-	14,259,271
Sia Foods Private Limited Employees Contributory Provident Fund Trust	120,770	701,652	-	589,537	232,885	-	18,343,176	-	61,424,053
Sia Services Private Limited Employees Contributory Provident Fund Trust	24,308	76,495	-	81,353	19,450	-	3,691,952	-	11,991,856
Sybird (Private) Limited ECPFT	47,986	181,685	-	185,841	43,829	-	7,288,295	-	24,387,097



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

## 18 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

### Introduction and overview

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

- credit risk (refer note 18.1)
- liquidity risk (refer note 18.2)
- market risk (refer note 18.3)
- operational risk (refer note 18.4)

### Risk management framework

The Fund'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 based on the 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 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.

### 18.1 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 deposits with banks and financial institutions, investments in equity traded funds and as a result of dividend receivable on equity securities and markup receivable.

#### 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 and guidelines issued from SECP from time to time. 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.
- Credit risk on dividend receivable is minimal due to statutory protection.

**Exposure to credit risk**

The maximum exposure to credit risk as at June 30, 2024 was as follows:

	2024		2023	
	Balance as per the Statement of Asset and Liabilities	Maximum exposure	Balance as per the Statement of Asset and Liabilities	Maximum exposure
	----- (Rupees) -----		----- (Rupees) -----	
Bank balances (including profit due)	63,482,968	63,482,968	45,236,605	45,236,605
Investments	1,486,570,596	-	1,395,103,298	-
	<u>1,550,053,564</u>	<u>63,482,968</u>	<u>1,440,339,903</u>	<u>45,236,605</u>

Bank balances (including profit)

The Fund's cash and cash equivalents at June 30, 2024 with banks had following credit ratings:

Rating	2024	2023	2024	2023
	----- Rupees -----		----- % -----	
AAA	-	354,485	0.00	0.77
AA	-	10,000	0.000	0.02
A1+	24,018,053	6,489,136	37.83	14.01
Other*	39,464,916	35,000,683	62.17	85.20
Total balance	<u>63,482,968</u>	<u>41,854,303</u>	<u>100</u>	<u>100</u>

Above ratings are on the basis of available ratings assigned by PACRA and VIS Credit Rating Company Limited (Formerly JCR-VIS Credit Rating Company Limited) as of June 30 2024.

\* The reported balance is in Habib Bank AG Zurich Switzerland. Rating of the bank is not available, however, the management consider that this is a reputable bank of good credit standing.

**Concentration of credit risk**

Concentration of credit risk exists when changes in economic or industry factors affect 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 industrial distribution are as follows:

	2024		2023	
	(Rupees)	(%)	(Rupees)	(%)
Commercial banks	63,482,968	100.00	45,236,605	100.00
Government securities	-	0.00	-	0.00
Dividend receivable -	-	0.00	-	0.00
Exchange Traded Funds	-	0.00	-	0.00
	<b>63,482,968</b>	<b>100</b>	<b>45,236,605</b>	<b>100</b>

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 2024.

#### 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 honor 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.

## 18.2

#### 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.

In accordance with regulation 58(1)(k) of the NBFC regulations, 2008, 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 with in 90 days of such borrowings. No such borrowing were made during the year.

In order to manage the Fund's overall liquidity, the Fund is also allowed in accordance with regulation 57(10) of NBFC Regulations, 2008, 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. However, during the period no such option was exercised or considered necessary.

#### Maturity analysis for financial liabilities

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

	2024	
	Contractual cash flows	
	Carrying amount	Less than 3 month
	----- (Rupees) -----	
<b>Financial liabilities</b>		
Payable to the Management Company *	2,852,352	2,852,352
Remuneration payable to the Trustee *	208,738	208,738
Accrued expenses and other liabilities *	5,760,595	5,760,595
	<u>8,821,685</u>	<u>8,821,685</u>
Unit holders' fund	<u>1,539,157,345</u>	<u>1,539,157,345</u>
	2023	
	Contractual cash flows	
	Carrying amount	Less than 3 month
	----- (Rupees) -----	
<b>Financial liabilities</b>		
Payable to the Management Company *	2,899,075	2,899,075
Remuneration payable to the Trustee *	198,322	198,322
Accrued expenses and other liabilities *	1,263,658	1,263,658
	<u>4,361,055</u>	<u>4,361,055</u>
Unit holders' fund	<u>1,415,571,662</u>	<u>1,415,571,662</u>

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

Above financial liabilities do not carry any mark-up.

### 18.3 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 currency risk, interest rate risk and equity price risk.



### 18.3.1 Foreign Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund has a bank balance and investments in foreign exchange traded funds which are exposed to foreign exchange risk. The fund has no foreign currency denominated liability.

As per the approval accorded by the Securities and Exchange Commission of Pakistan and State Bank of Pakistan the Fund's exposure in foreign currency shall not exceed 30% of the aggregate funds mobilised subject to cap of US\$ 15 million. Investment Committee monitors and reviews the investment performance and makes necessary adjustment in light of the current economic scenario and currency valuation outlook to mitigate the risk.

The Fund's total exposure to foreign exchange at June 30 are as follows:

	2024	
	(Rupees)	(USD)
<b>Financial assets</b>		
Bank balance	39,464,916	141,787
Exchange traded funds (foreign investments)	455,992,471	1,638,250
On balance sheet gap in foreign currency exposure	<u>495,457,387</u>	<u>1,780,037</u>
	2023	
	(Rupees)	(USD)
<b>Financial assets</b>		
Bank balance	35,000,683	122,384
Exchange traded funds (foreign investments)	459,546,649	1,606,860
On balance sheet gap in foreign currency exposure	<u>494,547,331</u>	<u>1,729,244</u>

The following significant exchange rates applied during the year:

	Average rates		Balance sheet date rate	
	2024	2023	2024	2023
Rupees / US Dollars	<u>283.08</u>	<u>247.88</u>	<u>278.34</u>	<u>285.99</u>

A five percent strengthening of Pakistani Rupee against US dollar would have decreased the net assets of the fund by Rs. 1.973 million (2023: Rs. 1.750 million). This analysis assumes that all other variables in particular interest rate remain constant. Weakening of Pakistani Rupee by the same percentage would have a vice versa impact.

### 18.3.2 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

The interest rate profile of the Fund's interest-bearing financial instruments is as follows:

		2024	2023
		(Rupees)	
<b>Variable-rate instrument</b>			
Financial assets (bank balances)	5.1	<u>23,724,839</u>	<u>6,845,116</u>
Total		<u>23,724,839</u>	<u>6,845,116</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. 23,724,839 (2023: Rs. 6,845,116). The analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Above bank balances are reprised by the bank after changes in the State Bank of Pakistan's policy rate and do not have any contractual maturity.

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, 2024		
		Exposed to interest rate risk no later than one month	Not exposed to interest rate risk	Total
On balance sheet financial instruments				
	Note	Rupees		
<b>Financial assets</b>				
Investments - Exchange Trade Units		-	455,992,471	455,992,471
Bank balances (including profit due)	5.1	23,724,839	39,758,129	63,482,968
<b>Total financial assets</b>		<u>23,724,839</u>	<u>495,750,600</u>	<u>519,475,439</u>
<b>Financial liabilities</b>				
Payable to the Management Company		-	2,852,352	2,852,352
Remuneration payable to the Trustee		-	208,738	208,738
Accrued expenses and other liabilities		-	5,760,595	5,760,595
<b>Total financial liabilities</b>		<u>-</u>	<u>8,821,685</u>	<u>8,821,685</u>
<b>On balance sheet gap</b>		<u>23,724,839</u>	<u>486,928,915</u>	<u>510,653,754</u>
		June 30, 2023		
		Exposed to interest rate risk no later than one month	Not exposed to interest rate risk	Total
On balance sheet financial instruments				
	Note	Rupees		
<b>Financial assets</b>				
Investments - Exchange Trade Units		-	459,546,649	459,546,649
Bank balances (including profit due)	5.1	6,845,116	38,391,489	45,236,605
<b>Total financial assets</b>		<u>6,845,116</u>	<u>497,938,137</u>	<u>504,783,254</u>
<b>Financial liabilities</b>				
Payable to the Management Company		-	2,899,075	2,899,075
Remuneration payable to the Trustee		-	198,322	198,322
Accrued expenses and other liabilities		-	1,263,658	1,263,658
<b>Total financial liabilities</b>		<u>-</u>	<u>4,361,055</u>	<u>4,361,055</u>
<b>On balance sheet gap</b>		<u>6,845,116</u>	<u>493,577,083</u>	<u>500,422,199</u>

#### 18.3.3 Other price risk

Price risk comprise of equity price risk which is the risk of unfavorable changes in the fair value of Exchange Traded Funds as the result of changes in the levels of respective indices and the value of individual securities. This arises from the investment held by the Fund for which prices in the future are uncertain.

As per the approval accorded by the Securities and Exchange Commission of Pakistan and State Bank of Pakistan the Fund's exposure in foreign currency shall not exceed 30% of the aggregate funds mobilised subject to cap of US\$ 15 million. Investment Committee monitors



and reviews the investment performance and makes necessary adjustment in light of the current economic scenario and currency valuation outlook to mitigate the risk.

Details of the Fund's investment in industrial / economic sector are given in note 6.3.

**Sensitivity analysis - Equity Price risk**

In respect of the 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 investments, would have been decrease of Rs. 22.800 million (2023: 22.977 million).

**18.4 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 behavior. 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.

**18.5 Unit holder's fund risk 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.

**18.6 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 on the period end date. The quoted market prices used for financial assets held by the Fund is current bid price.

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

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs) (level 3)

		2024					
		Carrying amount			Fair Value		
		At fair value through profit and loss	Amortised cost	Total	Level 1	Level 2	Total
		(Rupees)					
On-balance sheet financial instruments							
Financial assets measured at fair value							
Government Securities - Market							
Treasury Bills	6.1	505,127,625	-	505,127,625	-	505,127,625	505,127,625
Government Securities - Pakistan							
Investment Bonds		525,450,500	-	525,450,500	-	525,450,500	525,450,500
Exchange Traded Funds (foreign investments)	6.2	455,992,471	-	455,992,471	455,992,471	-	-
		1,486,570,596	-	1,486,570,596	455,992,471	1,030,578,125	1,030,578,125
Financial assets not measured at fair value							
Bank balances	5	-	63,198,259	63,198,259	-	-	-
Accrued mark-up and other receivable	7	-	284,709	284,709	-	-	-
		-	63,482,968	63,482,968	-	-	-
Financial liabilities not measured at fair value							
Payable to the Management Company	8	-	2,852,352	2,852,352	-	-	-
Payable to the Trustee	9	-	208,738	208,738	-	-	-
Accrued expenses and other liabilities	11	-	5,760,595	5,760,595	-	-	-
		-	8,821,685	8,821,685	-	-	-
2023							
		Carrying amount			Fair Value		
		At fair value through profit and loss	Amortised cost	Total	Level 1	Level 2	Total
		(Rupees)					
On-balance sheet financial instruments							
Financial assets measured at fair value							
Government Securities - Market							
Treasury Bills	6.1	935,556,649	-	935,556,649	-	935,556,649	935,556,649.12
Exchange Traded Funds (foreign investments)	6.2	459,546,649	-	459,546,649	459,546,649	-	459,546,649
		1,395,103,298	-	1,395,103,298	-	935,556,649	935,556,649
Financial assets not measured at fair value							
Bank balances	5	-	41,854,303	41,854,303	-	-	-
Accrued mark-up and other receivable	7	-	3,382,302	3,382,302	-	-	-
		-	45,236,605	45,236,605	-	-	-
Financial liabilities not measured at fair value							
Payable to the Management Company	8	-	2,899,075	2,899,075	-	-	-
Payable to the Trustee	9	-	198,322	198,322	-	-	-
Accrued expenses and other liabilities	11	-	1,263,658	1,263,658	-	-	-
		-	4,361,055	4,361,055	-	-	-

\* excluding income tax recoverable and prepaid annual listing fee.

\*\* excluding provision for workers' welfare fund, federal excise duty on Management Company's remuneration, Sindh sales tax payable on Management Company remuneration, Sindh sales tax payable on Trustee remuneration and withholding tax payable.



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

**19 RECONCILIATION OF LIABILITIES ARISING OUT OF FINANCING ACTIVITIES**

	Payable against dividend	Receivable against issuance of units	Payable against redemption of units	Total
	----- (Rupees in) -----			
Opening balance as at 1 July 2023	-	-	-	-
Receivable against issuance of units	-	(681,841,428)	-	(681,841,428)
Payable against redemption of units	-	-	586,706,544	586,706,544
Dividend payable	135,987,415	-	-	135,987,415
	135,987,415	(681,841,428)	586,706,544	40,852,531
Amount received on issuance of units	-	681,841,428	-	681,841,428
Amount paid on redemption of units	-	-	(586,706,544)	(586,706,544)
Dividend paid	(135,987,415)	-	-	(135,987,415)
	(135,987,415)	681,841,428	(586,706,544)	(40,852,531)
Closing balance as at 30 June 2024	-	-	-	-

**20 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:

**20.1 Unit holding pattern of the Fund**

2024			
Category	No. of unit holders	Investment amount	% of total
	----- (Rupees) -----		
Individuals	31	5,912,320	0.38
Associated Companies and Directors	21	609,721,798	39.61
Retirement Funds	3	55,215,676	3.59
NBFC's (Management Company)	1	37,529,691	2.44
Director	4	830,777,861	53.98
	60	1,539,157,345	100.00
2023			
Category	No. of unit holders	Investment amount	% of total
	----- (Rupees) -----		
Individuals	30	10,567,122	0.75
Associated Companies and Directors	20	579,964,632	40.97
Retirement Funds	3	54,174,208	3.83
NBFC's (Management Company)	1	13,835,608	0.98
Director	4	757,030,092	53.48
	58	1,415,571,662	100.00



**21.2 List of top ten brokers by percentage of commission paid**

Broker Name	2024	2023
	Commission paid (Percentage)	
Habib Bank AG Zurich	98.67%	98.77%
C&M Private Limited	0.67%	0.00%
Magenta Capital	0.42%	0.90%
KTrade Securities	0.15%	0.00%
Bright Capital Private Limited	0.06%	0.00%
Optimus Markets (Pvt.) Limited	0.02%	0.07%
Continental exchange	0.00%	0.17%
Invest One Market Securities (Private) Limited	0.00%	0.09%
Vector Capital	0.00%	0.00%

**20.3 Particulars of 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. Danial Baig

**Mr. Babar Ali Lakhani - Chief Executive Officer**

Mr. Lakhani has over twenty three 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. Umair and 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 fifteen 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 fifteen 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.

**Mr. Hassan Bin Nasir - Fund Manager**

Mr. Hassan Bin Nasir has over thirteen 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 Islamic Money Market Fund

**Mr. Mirza Danial Baig**

Mr. Baig has a Master's degree in Business Administration, with over eight (8) 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.

**20.4 Directors meeting attendance**

**2023 - 2024**

Name of directors	Meeting Attended	September 04, 2023	October 20, 2023	February 27, 2024	April 30, 2024
Mr. Iqbal Ali Lakhani	4	✓	✓	✓	✓
Mr. Babar Ali Lakhani	4	✓	✓	✓	✓
Mr. Amin Mohammed Lakhani	4	✓	✓	✓	✓
Mr. Jamil Ahmed Mughal	4	✓	✓	✓	✓
		4	4	4	4



**20.5 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.

**21 CORRESPONDING FIGURES**

Corresponding figures have been arranged and reclassified, wherever necessary for the purpose of comparison and for better presentation.

**22 GENERAL**

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

**23 DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on September 12, 2024 by the Board of Directors of the Management Company.



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

Chief Executive Officer

Chief Financial Officer

Director



<b>Performance Table</b>	<b>FY24</b>	<b>FY23</b>	<b>FY22</b>	<b>FY21</b>
Net Assets - Beginning (PKR Mil.)	576	2,618	5,100	3,061
Net Assets - Ending (PKR Mil.)	7786	576	2,618	5,100
Net Asset value per share	101.9433	101.9766	101.3972	101.1275
Selling Price for units	103.6764	103.7102	102.9182	102.6445
Repurchase Price for units	101.9433	101.9766	101.3972	101.1275
Highest Offer Price (PKR)	119.8356	112.1301	111.4865	109.6882
Lowest Offer Price (PKR)	101.8528	102.9514	102.6911	102.5166
Highest Redemption Price (PKR)	117.8324	110.2557	109.8389	108.0671
Lowest Redemption Price (PKR)	100.1502	101.4299	101.1735	101.0015
Beginning NAV - Ex-Div. (PKR)	101.9766	101.3972	101.1275	100.8591
Interim Distributions (PKR)	16.2433	8.8585	8.7114	6.9833
Final Distribution (PKR)	-	-	-	-
Ending NAV - Ex-Div. (PKR)	101.9433	101.3972	101.3972	101.1275
Return	15.95%	9.15%	8.90%	7.19%
Net Income (PKR Mil.)	720	105	115	169
Total Distribution (PKR Mil.)	265	46	109	163
Accumulated Capital Growth	556	101	42	36
WAM (Days)	403	1,251	1,444	697
Average Annual return of the Fund				
One Year	15.95%	9.15%	8.90%	7.19%
Two year	12.55%	9.03%	8.37%	10.94%
Three year	21.29%	8.81%	10.72%	10.38%
Since inception (November 13,2009)	21.87%	16.99%	16.70%	16.23%
<b>Distributions</b>	<b>FY24</b>	<b>FY23</b>	<b>FY22</b>	<b>FY21</b>
Interim Distribution	16.2433	8.8585	8.7114	6.9833
Final Distribution	-	-	-	-
NAV before Distribution	117.8324	101.3972	109.8389	108.0819
NAV after Distribution	101.5891	101.3972	101.1275	108.0819
Distribution Date	25-Jun-24	19-Jun-23	27-Jun-22	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.





A Lakson Group Company

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