

LAKSON ISLAMIC TACTICAL 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

Management Company

Lakson Investments Limited
Head Office
Lakson Square, Building No.2,
Sarwar Shaheed Road,
Karachi-74200, Pakistan.
Phone: (9221) 3840.0000
Fax: (9221) 3568.1653
Web site: www.li.com.pk
E-mail: info@li.com.pk

**Board of Directors of
the Management Company**

Mr. Iqbal Ali Lakhani - Chairman
Mr. Babar Ali Lakhani - Chief Executive Officer
Mr. Jamil Ahmed Mughal
Mr. Amin Mohammed Lakhani

Chief Financial Officer

Mr. Junaid Arshad

**Company Secretary
of the Management Company**

Ms. Nobia Shams

Audit Committee

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

**Human Resource and
Remuneration Committee**

Mr. Iqbal Ali Lakhani - Chairman
Mr. Babar Ali Lakhani

Trustee

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

Auditors

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

Bankers to the Fund

AlBaraka Bank Pakistan Limited
Bank Islami Pakistan Limited
Dubai Islamic Bank Limited
Habib Metropolitan Islamic Bank Limited
Habib Bank AG Zurich

Legal Adviser	Fazleghani Advocates F-72/I, Block 8, KDA-5, Kehkashan, Clifton, Karachi, Pakistan.
Shariah Advisor	Al Hilal Shariah Advisors
Registrar	Lakson Investments Limited Lakson Square Building No.2, Sarwar Shaheed Road, Karachi-74200, Pakistan
Distributor	Rabia Fida BMA Capital Management
Rating	2-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 Islamic Tactical Fund ('LITF' 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 LITF is to provide long-term capital appreciation by exclusively investing in Shariah Compliant avenues including equities, fixed income instruments and emerging market securities.

Principal activities

LITF is an open-end asset allocation fund and is listed on Pakistan Stock Exchange Limited. The Fund is managed using an active investment management style which focuses on an analysis of the macro factors such as government policies, global economic data, commodities prices and supply/demand dynamics. The Fund switches exposure between equities and fixed income based on the outlook of the investments team. Exposure of the Scheme in fixed income securities is managed through duration and yield curve management.

Fund Performance

Lakson Islamic Tactical Fund provided a return of 37.77% for FY24 against the Benchmark return of 24.65%. The fund has overperformed the benchmark by 13.12% during the period. As of June 30, 2024, the Fund had 31% exposure in equities, 33% in cash and 35% in Sukuk on a total asset basis. The fund size of the LITF as of June 30, 2024, is PKR 578.44mn

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.

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 31.8942 per unit (31.8942% of face value of PKR 100/-) amounting to PKR 8.4492 million in cash during the year ended June 30, 2024.

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 ranking of "2-Star", three-year & five-year performance ranking of "3-Star" to the LITF 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

In fiscal year 2024, the Islamic money market in Pakistan exhibited cautious optimism amid evolving economic conditions. Market participants largely anticipated a potential rate cut of 100 to 150 basis points (bps) in the last MPs meeting of the fourth quarter. This expectation led to significant volatility in trading, as investors sought to avoid opportunity losses.

There was a notable pressure in the market to acquire long-term securities, particularly Ijarah (Variable Rate Ijarah - VRR & Fixed Rate Ijarah - FRR). Most funds experienced substantial liquidity in the Islamic money market, positioning themselves as major lenders in long-term Musharakah and Bimuajjal financing. In the final Ijarah auction of the quarter, VRR prices were recorded at 100.36, while FRR rates ranged from 100.00 to 100.59.

Looking ahead, the market anticipates further rate cuts in the upcoming Monetary Policy Statement (MPS), which has driven significant participation in Ijarah auctions. This trend is partly due to a limited availability of securities in the market, as many investors are reluctant to sell their holdings purchased at favorable rates.

Emerging Market Review

The MSCI Emerging market index rose by 9.8% YoY during FY24. MSCI remains optimistic about emerging market equities on the back of accelerating growth, higher corporate earnings expectations, global monetary easing and attractive valuations.

Future Outlook

The SBP has finally began 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 اسلامک ٹیکٹیکل فنڈ
30 جون 2024 کو ختم ہونے والے سال کے لیے
منجمنٹ کمپنی کے ڈائریکٹرز کی رپورٹ

لیکسن اسلامک ٹیکٹیکل فنڈ ("LITF" یا "فنڈ") کی منجمنٹ کمپنی، لیکسن انویسٹمنٹس لمیٹڈ کے بورڈ آف ڈائریکٹرز کے لیے 30 جون 2024 کو ختم ہونے والے سال کے لیے اپنی رپورٹ مع آڈٹ شدہ مالیاتی گوثوارے پیش کرنا باعث مسرت ہے۔

فنڈ کا مقصد
لیکسن اسلامک ٹیکٹیکل فنڈ کی سرمایہ کاری کا مقصد، خاص طور پر شریعہ سے مطابقت رکھنے والے ذرائع بشمول ایکویٹیز، فکسڈ انکم انسٹرومنٹس اور ایمرجنگ مارکیٹس سیکیورٹیز میں سرمایہ کاری کرتے ہوئے سرمائے کی قدر میں طویل مدتی اضافہ کرنا ہے۔

نمایاں سرگرمیاں
LITF ایک اوپن اینڈ انسٹیشن ایلیکیشن فنڈ ہے اور پاکستان اسٹاک ایکسچینج لمیٹڈ میں اسٹاک۔ اس اسکیم کا انتظام و انصرام ایک ایکٹیو انویسٹمنٹ منجمنٹ اسٹائل استعمال کرتے ہوئے کیا جاتا ہے جو اقتصادی ماحول کے تجربے پر قیود مرکوز رکھتا ہے مثلاً حکومتی پالیسیز، عالمی اقتصادی ڈیٹا، کموڈٹیز کی قیمتیں اور رسد/طلب کا تحریک۔ یہ فنڈ، انویسٹمنٹ ٹیم کی توقعات کی بنیاد پر ایکویٹیز اور فکسڈ انکم میں سرمایہ کاری کا تبادلہ کرتی ہے۔ فکسڈ انکم سیکیورٹیز میں اسکیم کی سرمایہ کاری کا انتظام و انصرام دورانیے اور yield curve منجمنٹ کو مد نظر رکھ کر کیا جاتا ہے۔

فنڈ کی کارکردگی
لیکسن اسلامک ٹیکٹیکل فنڈ نے مالی سال 2024 میں شیئ مارک منافع 24.65% کے مقابلے میں 37.77% منافع مہیا کیا۔ اس مدت کے دوران فنڈ نے شیئ مارک کے مقابلے میں 13.12% بہتر کارکردگی کا مظاہرہ کیا۔ 30 جون 2024 کے مطابق فنڈ نے مجموعی اثاثہ جات کی بنیاد پر ایکویٹیز میں 31%، کیش میں 33% اور صکوک میں 35% سرمایہ کاری کی۔ 30 جون 2024 کے مطابق LITF کا فنڈ جیم 578.44 ملین روپے ہے۔

اہم خطرات و خدشات
اقتصادی عدم استحکام، بڑھتا ہوا کرنٹ اکاؤنٹ خسارہ، زرمبادلہ کے کم ہوتے ذخائر، توقع سے زیادہ افراط زر، روپے کی قدر میں کمی، یک طرفہ اور دو طرفہ قرض فراہم کنندہ انجینئرز 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۔

فی شئیر آمدنی (EPU)

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

آمدنی کی تقسیم

چیف ایگزیکٹو آفیسر نے مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کی طرف سے دیئے گئے اختیار کے تحت 30 جون 2024 کو ختم ہونے والے سال کے لیے فی یونٹ 31.8942 روپے (100 روپے کی فیس ویلیو کا 31.8942%) کی عبوری کیش ادائیگی کا اعلان کیا ہے، جس کی مالیت 8.4492 ملین روپے بنتی ہے۔

ایسٹ فیچر اینڈ فنڈ ریٹنگ

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے مینجمنٹ کمپنی کی ایسٹ فیچر ریٹنگ "AM2+" پر قرار رکھی ہے۔ VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے LITF کو ایک سال کی پرفارمنس ریٹنگ "2 اسٹار" جبکہ تین سال اور پانچ سال کی "3 اسٹار" دی ہے۔

اضافی معاملات

- 1- مینجمنٹ کمپنی کے ڈائریکٹرز کی تفصیل اس سالانہ رپورٹ میں ظاہر کی گئی ہے۔
- 2- مینجمنٹ 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 ہوئے ہیں۔
- 4- مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی گئی ہے اور شاپائی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔
- 5- ان مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی معیاروں، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، نان بینکنگ فنانس کمپنیز (ایسٹبلشمنٹ اینڈ ریگولیشن) رولز 2003 کے تقاضوں، نان بینکنگ فنانس کمپنیز اینڈ نوٹیفائیڈ اسٹیبلشمنٹ ریگولیشنز، 2008 (NBFC ریگولیشنز)، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ ڈائریکٹریز اور فنڈ کی دستوری دستاویزات کے تقاضوں کی پیروی کی گئی ہے اور ان سے کسی بھی انحراف کی مناسب انداز میں نشان دہی کی گئی ہے۔
- 6- انٹرئل کنٹرول کا نظام مستحکم اور 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- فیکسز، ڈیویڈنڈ، محصولات اور چارجز کی مدد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
- 10- پروویڈنڈ فنڈ کی سرمایہ کاری کی مالیت سے متعلق گوشوارہ فنڈ پر قابل اطلاق نہیں ہے جیسا کہ ایسے اخراجات مینجمنٹ کمپنی کی طرف سے برداشت کیے جاتے ہیں۔

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

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

بیرونی آڈیٹر

موجودہ آڈیٹر میسرز BDO براہیم 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 کمپنی کی سفارشات پر بورڈ آف ڈائریکٹرز نے 30 جون 2025 کو ختم ہونے والے سال کے لیے میسرز BDO براہیم 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 مثبت 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 اسٹیبٹ پینک 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 اپورٹ کوریج 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 ایکسٹرنل 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 ہائی بین الاقوامی 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 کنزیومر پرائس انڈیکس (سی پی آئی) اوسطاً 24 فیصد تھا جبکہ مالی سال 2023 میں یہ 29 فیصد تھا۔ تقریباً 20 فیصد کے دوران، مانیٹری 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 بیٹچ مارکٹ 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 مارکیٹ کا جائزہ

مالی سال 2024ء میں پاکستان میں اسلامی کرنسی مارکیٹ نے بدلتے ہوئے معاشی حالات کے دوران مضبوطی کا مظاہرہ کیا۔ مارکیٹ کے شرکاء نے چوتھی سہ ماہی کے آخری IMPS اجلاس میں شرح سود میں 100 سے 150 بیس پوائنٹس (بی پی ایس) کی ممکنہ کمی کی توقع کی تھی۔ اس توقع کی وجہ سے ٹریڈنگ میں نمایاں اتار چڑھاؤ دیکھا گیا کیونکہ سرمایہ کاروں نے مواقع گنوانے سے بچنے کی کوشش کی۔

مارکیٹ میں طویل مدتی سیکورٹیز حاصل کرنے کے لئے ایک قابل ذکر باؤتھا، خاص طور پر اجارہ (وی پی ایس) ریٹ اجارہ۔ وی آر آر وولفلسڈ ریٹ اجارہ۔ ایف آر آر)۔ زیادہ تر فنڈز کو اسلامی منی مارکیٹ میں کافی لیکویڈیٹی کا تجربہ ہوا اور انہوں نے خود کو طویل مدتی مشارکہ اور بھجمل (Bimujjal) فنانسنگ میں بڑے قرض دہندگان کے طور پر پیش کیا۔ سہ ماہی کی آخری اجارہ بیلامی میں، وی آر آر کی قیمتیں 100.36 ریکارڈ کی گئیں، جبکہ ایف آر آر کی قیمتیں 100.00 سے 100.59 تک تھیں۔

مستقبل کو دیکھتے ہوئے، مارکیٹ آئندہ مانیٹری پالیسی اسٹیٹمنٹ (ایم پی ایس) میں شرح سود میں مزید کمی کی توقع کر رہی ہے، جس نے اجارہ بیلامی میں شرکت میں نمایاں اضافہ کیا ہے۔ یہ رجحان جزوی طور پر مارکیٹ میں سیکورٹیز کی محدود دستیابی کی وجہ سے ہے، کیونکہ بہت سے سرمایہ کار موافقہ نرخوں پر خریدی گئی اپنی ہولڈنگز کو فروخت کرنے سے بچنا چاہتے ہیں۔

ایمرجنگ مارکیٹ کا جائزہ

مالی سال 2024ء کے دوران MSCI ایمرجنگ مارکیٹ انڈیکس میں سال بہ سال 9.8 فیصد اضافہ ہوا۔ MSCI ایمرجنگ مارکیٹ انڈیکس کے بارے میں پرامید ہے جس کی وجوہات میں بڑھتی ہوئی شرح نمو، کارپوریٹ آمدنی کی توقعات میں اضافہ، عالمی مالیاتی نرمی اور پیکش و بیو ایٹن شامل ہیں۔

مستقبل کا منظر نامہ

اسٹیٹ بینک نے جون 2024ء میں اعلان کردہ شرح سود میں 150 بی پی ایس کی پہلی کمی کے ساتھ مالیاتی نرمی کا عمل شروع کر دیا ہے، جس کے بعد جولائی 2024ء میں مزید 100 بی پی ایس کی کمی 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 2024ء میں سی پی آئی کے 11.8 فیصد تک گرنے کے ساتھ، اس نے جاری افراط زر کے رجحان کو مکمل کیا۔ مزید برآں تریلا زرمیں اضافے کی مدد سے ایک تقریباً ہم سطح توازن ادائیگی (بیلنس آف پیمنٹس) نے اسٹیٹ بینک کے زرمبادلہ ذخائر میں استحکام لانے میں اہم کردار ادا کیا۔

ہم توقع کرتے ہیں کہ پاکستان میں اگست 2024ء کے بعد سے افراط زر کی شرح سنگین ڈیمپٹ میں آجائے گی، جس کی وجہ گزشتہ سال کی بڑھی ہوئی قیمتوں کے سازگار اثرات ہیں۔ اس سے آگے چل کر شرح سود میں مزید کمی کی گنجائش پیدا ہوگی۔ اکتوبر 2023ء کے بعد سے شیڈ مارک شرح سے نیچے ٹریڈ کرنے والی ثانوی مارکیٹ کے منافع سے مالیاتی نرمی کی توقعات پہلے ہی ظاہر ہو چکی تھیں۔

مزید برآں، مالی سال 2025ء 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 مالیتی توسیع فنڈ فیسلٹی آرینجمنٹ (ای ایف ایف) معاہدہ کرنے میں مدد ملی، جو آئی ایم ایف کے ایگزیکٹو بورڈ کی منظوری سے شروع ہے۔ فنڈ کی طرف سے بیان کردہ اہم توجہ طلب شعبوں میں (1) محصولات کے بڑے اہداف کے ساتھ مالی استحکام (مالی سال 2024ء کے مالی خسارے میں پہلے ہی کچھ بہتری

کی اطلاع دی گئی ہے)۔ (2) افراط زر کم کرنے میں معاونت کرنے والی مائٹری پالیسی پر مبنی موقف، (3) توانائی کے شعبے میں اصلاحات بشمول براہ راست سبسڈی کی ممانعت، (4) سرکاری ملکیت والے منافع بخش اداروں کی نجکاری 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 شوروں 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 کمیٹی آف پاکستان لمیٹڈ اور پاکستان اسٹاک ایکسچینج لمیٹڈ کا ان کے مسلسل تعاون اور مدد پر شکر گزار ہے۔ منجھٹ کمیٹی کے ڈائریکٹرز فنڈ کی ترقی اور دانش مندانہ انتظام و انصرام کے لیے منجھٹ کمیٹی کی ٹیم کی محنت اور کاوشوں کا بھی اعتراف کرتے ہیں۔

برائے انتخاب بورڈ

ڈائریکٹر

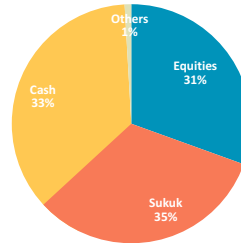
چیف ایگزیکٹو آفیسر

تاریخ: 12 ستمبر 2024ء

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

Fund Facts	
Fund Type	Open-End
Category	Shariah Compliant Asset Allocation Fund
Net Assets (PKR Mil.)	578.44
NAV (30.06.2024)	86.1242
Pricing Mechanism	Forward Day
Trustee	CDC Pakistan Limited
Auditor	BDO Ebrahim & Co
Management Fee	Upto 2% effective from Dec 20, 2021. (Current 2.00%)
Front End Load	2.50%
Back End Load	None
Launch Date	October 11, 2011
Benchmark	Weighted average daily return of KMI- 30 Index, 6M deposit rates of three A rated Islamic Banks or Islamic windows of Conventional Banks and MSCI Emerging Markets Islamic Index based on the Scheme's actual proportion in the equity, debt and emerging 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	LITF	Benchmark
FY24 - YTD	37.77%	24.65%
June-24	1.15%	0.19%
2 Months	4.49%	1.98%
3 Months	7.80%	4.13%
6 Months	12.72%	6.86%
12 Months	37.77%	24.65%
CY24- YTD	12.69%	6.86%
3 Years	34.27%	21.67%
5 Years	73.98%	60.11%
Since Inception	87.67%	95.31%

the benchmark of the fund was changed in September 2016

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 Islamic Tactical Fund ("LITF") is to provide long-term capital appreciation by investing in a mix of shariah compliant avenues. The LITF achieved its investment objective by investing in a mix of risk-free government securities, corporate bonds, emerging market securities and equity market.

Investment Strategy

The asset allocation of LITF portfolio was constructed by investing in liquid and risk-free instruments like Shariah Government securities, Shariah compliant equities and high yielding Shariah bonds. The exposure of LITF in risk free options and bonds was managed based on the relative yield analysis of these instruments and our yield curve expectations. Exposure in cash enabled the LITF to benefit from adverse movements in secondary yields, while maintaining liquidity and meeting all its obligations in a timely manner. Equity exposure of the Fund will be determined by carrying out an analysis of the prevalent price to earnings (PE) ratio or multiple of the KSE-30 Index. An increase in the PE ratio will lead to a reduction in equity exposure and vice versa. The balance will remain invested in high quality Shariah compliant fixed income instruments of varying duration.

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.

Fixed Income Market Review

In fiscal year 2024, the Islamic money market in Pakistan exhibited cautious optimism amid evolving economic conditions. Market participants largely anticipated a potential rate cut of 100 to 150 basis points (bps) in the last MP's meeting of the fourth quarter. This expectation led to significant volatility in trading, as investors sought to avoid opportunity losses.

There was a notable pressure in the market to acquire long-term securities, particularly Ijarah (Variable Rate Ijarah - VRR & Fixed Rate Ijarah - FRR). Most funds experienced substantial liquidity in the Islamic money market, positioning themselves as major lenders in long-term Musharakah and Bimuaajjal financing. In the final Ijarah auction of the quarter, VRR prices were recorded at 100.36, while FRR rates ranged from 100.00 to 100.59.

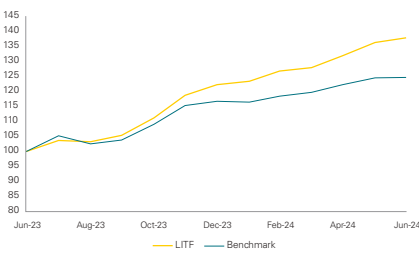
Looking ahead, the market anticipates further rate cuts in the upcoming Monetary Policy Statement (MPS), which has driven significant participation in Ijarah auctions. This trend is partly due to a limited availability of securities in the market, as many investors are reluctant to sell their holdings purchased at favorable rates.

Emerging Markets Review

The MSCI Emerging market index rose by 9.8% YoY during FY24. MSCI remains optimistic about emerging market equities on the back of accelerating growth, higher corporate earnings expectations, global monetary easing and attractive valuations.

Fund Performance

Lakson Islamic Tactical Fund provided a return of 37.77% for FY24 against the Benchmark return of 24.65%. The fund has overperformed the benchmark by 13.12% during the period. As of June 30, 2024, the Fund had 31% exposure in equities, 33% in cash and 35% in Sukuk on a total asset basis. The fund size of the LITF as of June 30, 2024, is PKR 578.44mn

Performance Table	FY24	FY23	LITF vs. Benchmark
Net Assets - Beginning (PKR Mil.)	290.15	330.2100	
Net Assets - Ending (PKR Mil.)	578.44	290.1500	
Highest Offer Price (PKR)	121.3931	98.1092	
Lowest Offer Price (PKR)	88.1171	85.0483	
Highest Redemption Price (PKR)	118.0522	95.4091	
Lowest Redemption Price (PKR)	85.6920	82.9739	
Beginning NAV - Ex-Div. (PKR)	85.7275	85.9367	
Interim Distributions (PKR)	31.8942	8.9656	
Final Distribution (PKR)	-	-	
Ending NAV - Ex-Div. (PKR)	86.1242	85.9367	
Return	37.77%	-0.17%	
Net Income / (Loss) (PKR Mil.)	117.00	26.00	
Distributions	FY24	FY23	
Interim Distributions (PKR)	31.8942	8.9656	
Final Distribution	-	-	
NAV before Distribution	117.6217	85.9367	
NAV after Distribution	85.7275	85.9367	
Distribution Date	24-Jun-24	26-Jun-23	

Income Distribution

The Chief Executive Officer under the authority from Board of Directors of the Management Company declared the interim payout of PKR 31.8942 per unit (31.8942% of face value of PKR 100/-) amounting to PKR 8.4492 million in cash during the year ended June 30, 2024.

Future Outlook

The SBP has finally began 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 "2-Star", three-year & five-year performance ranking of "3-Star" to the LITF 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 LITF does not employ any leverage.

Breakdown of Unit Holding by Size

Units Range	No. of Clients	Units Held
Holding upto 100	6	209
101 - 500	-	-
501 - 1,000	1	589
1,001 - 5,000	2	3,471
5,001 - 10,000	1	7,727
10,001 - 50,000	1	14,131
50,001 - 100,000	6	404,705
100,001 - 500,000	3	337,922
500,001 - 1,000,000	2	1,153,814
1,000,001 - 5,000,000	4	4,793,819
5,000,001 - above	-	-
	26	6,716,388

CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED

Head Office:

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

LAKSON ISLAMIC TACTICAL 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 Islamic Tactical 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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 Lakson Square, Building No. 1
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 Pakistan

INDEPENDENT AUDITORS' REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS TO THE UNIT HOLDERS' OF LAKSON ISLAMIC TACTICAL FUND

Opinion

We have audited the financial statements of Lakson Islamic Tactical 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.	Existence and Valuation of investments As disclosed in note 6 to the accompanying financial statements of the fund for the year ended June 30, 2024, the Fund has investments classified as "Fair value through profit or loss" and "Amortized cost" amounting to Rs. 314.171 million and Rs. 72.154 million in aggregate representing 66.79 % of the Net Assets Value (NAV) of the Fund.	Our audit procedures included the following: • We evaluated the design and implementation of key controls over investment, and tested controls over acquisition, disposals and periodic valuation of investments portfolio.

BDO Ebrahim & Co. Chartered Accountants

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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"> • We have performed substantive audit procedures on the year – end balances of investment portfolio including review of custodian's statement and re-performance of investment valuations on the basis of quoted market prices as at June 30, 2024 and matching the valuation of investment with that appearing in the financial statements. • 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. • 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.

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.

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.

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

Report on other legal and regulatory requirements

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

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

KARACHI

DATED: 12 SEP 2024

UDIN: AR202410067UKRgILFr


BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

BDO Ebrahim & Co. Chartered Accountants

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September 11, 2024



الحمد لله رب العالمين، والصلاة والسلام على سيد الأنبياء والمرسلين، وعلى آله وصحبه أجمعين، وبعد

The purpose of this report is to provide an opinion on the Shariah Compliance of the Fund's investment and operational activities with respect to Shariah guidelines provided.

It is the core responsibility of the Management Company to operate the Fund and invest the amount of money in such a manner which is in compliance with the Shariah principles as laid out in the Shariah guidelines. In the capacity of the Shariah Advisor, our responsibility lies in providing Shariah guidelines and ensuring compliance with the same by review of activities of the fund. We express our opinion based on the review of the information, provided by the management company, to an extent where compliance with the Shariah guidelines can be objectively verified.

Our review of Fund's activities is limited to enquiries of the personnel of Management Company and various documents prepared and provided by the management company.

Keeping in view the above; we certify that:

We have reviewed all the investment and operational activities of the fund including all transactions and found them to comply with the Shariah guidelines. On the basis of information provided by the management company, all operations of the fund for the year ended June 30, 2024 comply with the provided Shariah guidelines. Therefore, it is resolved that investments in Lakson Islamic Tactical Fund managed by Lakson Investment Limited are halal and in accordance with Shariah principles.

May Allah (SWT) bless us and forgive our mistakes and accept our sincere efforts in accomplishment of cherished tasks and keep us away from sinful acts.

والله أعلم بالصواب، وصلى الله على نبينا محمد وعلى آله وصحبه وبارك وسلم

For and on behalf of Al-Hilal Shariah Advisors (Pvt.) Limited.


Mufti Irshad Ahmad Aijaz
Member Shariah Council




Faraz Younus Bandukda, CFA
Chief Executive

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

	Note	2024 (Rupees)	2023
ASSETS			
Bank balances	5	189,620,331	185,960,674
Investments	6	386,324,946	103,195,494
Markup accrued		9,383,970	3,287,545
Deposits and other receivables		2,694,256	2,684,676
TOTAL ASSETS		588,023,504	295,128,389
LIABILITIES			
Payable to the Management Company	9	2,347,034	1,815,628
Payable to the Trustee		106,897	80,538
Payable to Securities and Exchange Commission of Pakistan		44,839	57,526
Accrued expenses and other liabilities	12	2,070,874	1,369,099
Payable against purchase of investments		5,010,106	1,655,213
TOTAL LIABILITIES		9,579,750	4,978,004
NET ASSETS		578,443,754	290,150,384
UNIT HOLDERS' FUND (AS PER THE STATEMENT ATTACHED)			
		578,443,754	290,150,384
CONTINGENCIES AND COMMITMENTS			
	14		
(Number of units)			
Number of units in issue		6,716,388	3,384,564
(Rupees)			
Net assets value per unit		86.1242	85.7275

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

For Lakson Investments Limited
(Management Company)


 Chief Executive Officer


 Chief Financial Officer


 Director

Income Statement For the year ended June 30, 2024

Income	Note	2024	2023
		(Rupees)	
Gain / (loss) on sale of investment at fair value through profit or loss - net		5,940,478	(2,485,889)
Unrealised appreciation / (diminution) on re-measurement of investments 'at fair value through profit or loss' - net"	6.1	61,826,934	(1,258,507)
		67,767,412	(3,744,396)
Dividend income		12,966,891	13,148,207
Profit on:			
Bank balances		33,752,610	22,201,911
Sukuk and musharaka certificate		-	3,111,825
Commercial papers		15,598,602	826,419
		49,351,212	26,140,155
Exchange (loss) / gain on foreign currency deposits		(123,039)	214,332
		129,962,476	35,758,299
Expenses			
Remuneration to the Management Company	9.1	7,882,310	4,968,701
Sindh Sales tax on remuneration to the Management Company	9.2	1,024,700	645,931
Remuneration to the Trustee		864,206	650,331
Annual fee to Securities and Exchange Commission of Pakistan		374,410	57,552
SECP supervisory fee		2,500	2,500
Shariah advisor fee		330,000	594,873
Brokerage, settlement, bank and other charges		788,380	1,045,114
Auditors' remuneration	16	521,442	681,319
Printing charges		-	17,290
PSX listing fee		30,315	25,000
Charity expense		543,054	782,841
Legal and professional fees		599,999	322,837
		12,961,317	9,794,289
Net income from operating activities		117,001,159	25,964,009
Net income for the year before taxation		117,001,159	25,964,009
Taxation	17	-	-
Net income for the year		117,001,159	25,964,009
Allocation of net income for the year:			
Net income for the year		117,001,159	25,964,009
Income already paid on units redeemed		(105,933,693)	(1,616,888)
		11,067,466	24,347,122
Accounting income available for distribution			
Related to capital gains		7,986,328	-
Excluding capital gains		3,081,138	24,347,122
		11,067,466	24,347,122

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

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


Chief Executive Officer


Chief Financial Officer


Director

**Statement of Comprehensive Income
For the year ended June 30, 2024**

	2024	2023
	(Rupees)	
Net income for the year	117,001,159	25,964,009
Other comprehensive income	-	-
Total comprehensive income for the year	<u>117,001,159</u>	<u>25,964,009</u>

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



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



Chief Executive Officer



Chief Financial Officer



Director

**Statement Of Movement in Unit Holders' Fund
For the year ended June 30, 2024**

	Year ended 2024		Year ended 2023	
	Capital value	Undistributed Income	Capital value	Undistributed Income
	(Rupees)			
Net assets at beginning of the year	332,153,273	(42,002,887)	371,494,463	(41,286,239)
Issuance of 14,289,761 units (2023: 512,115 units)				
Capital value	1,076,023,153	-	41,561,386	-
Element of income	280,923,926	-	15,905,021	-
Total proceeds on issuance of units	1,356,947,079	-	57,466,407	-
Redemption of 10,957,937 units (2023: 972,953)				
Capital value	(939,396,574)	(939,396,574)	(83,548,337)	(83,548,337)
Element of loss	(131,875,391)	(105,933,694)	(13,259,260)	(1,616,888)
Total payments on redemption of units	(1,071,271,965)	(1,045,330,268)	(96,807,597)	(85,165,225)
Distributions during the period @ Rs.31,8942 per unit on June 24th, 2024 (2023: Rs. 8.9656 per unit)	-	(8,449,211)	(25,063,770)	(25,063,770)
Total comprehensive income for the year	617,828,387	(939,384,633)	332,153,273	(42,002,887)
Net assets as at end of the year	617,828,387	(939,384,633)	578,443,754	(250,150,384)
Undistributed loss brought forward:				
Realized loss at the beginning of the year	(40,744,380)	(40,744,380)	(22,439,370)	(22,439,370)
Unrealized loss at the beginning of the year	(1,258,507)	(1,258,507)	(18,846,869)	(18,846,869)
Accounting income available for distribution:				
Relating to capital gains	7,986,328	7,986,328	-	-
Excluding capital gains	3,081,138	3,081,138	24,347,122	24,347,122
Distributions during the period @ Rs.31,8942 per unit on June 24th, 2024 (2023: Rs. 8.9656 per unit)	11,067,466	11,067,466	(25,063,770)	(25,063,770)
Undistributed loss at end of the year	(8,449,211)	(8,449,211)	(42,002,887)	(42,002,887)
Undistributed loss carried forward:				
Realized loss	(101,211,567)	(101,211,567)	(40,744,380)	(40,744,380)
Unrealized income / (loss)	61,826,934	61,826,934	(1,258,507)	(1,258,507)
Net assets value per unit at beginning of the year	(39,384,633)	(39,384,633)	(42,002,887)	(42,002,887)
Net assets value per unit at end of the year	85.7275	85.7275	85.8709	85.8709
Net assets value per unit at end of the year	86.1242	86.1242	85.7275	85.7275

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

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


Chief Executive Officer


Chief Financial Officer


Director

Statement of Cash Flow
For the year ended June 30, 2024

	2024	2023
	(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year	117,001,159	25,964,009
Adjustments for:		
Unrealised (appreciation) / diminution on re-measurement of investments 'at fair value through profit or loss' - net"	(61,826,934)	1,258,507
	55,174,225	27,222,516
(Increase) / decrease in assets		
Investments - net	(221,302,518)	163,180,799
Mark-up accrued	(6,096,425)	(1,881,997)
Deposits and other receivables	(9,580)	(11,141)
	(227,408,523)	161,287,661
Increase / (decrease) in liabilities		
Payable to the Management Company	531,406	79,976
Payable to the Trustee	26,359	(71,857)
Payable to Securities and Exchange Commission of Pakistan	(12,687)	(27,953)
Accrued expenses and other liabilities	3,354,893	(989,663)
Payable against purchase of investments	701,776	910,613
	4,601,747	(98,884)
Net cash (used in) / generated from operating activities	(167,632,551)	188,411,294
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from issuance of units	1,356,947,079	57,466,407
Cash paid on redemption of units	(1,177,205,659)	(98,424,485)
Dividend paid	(8,449,211)	(25,063,770)
Net cash generated / (used in) financing activities	171,292,209	(66,021,848)
Net increase in cash and cash equivalents	3,659,657	122,389,446
Cash and cash equivalents at the beginning of the year	185,960,674	63,571,228
Cash and cash equivalents at the end of the year	189,620,331	185,960,674

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

For Lakson Investments Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

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

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 The Lakson Islamic Tactical 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 by the Securities and Exchange Commission of Pakistan (SECP) on July 7, 2011 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. 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 "Shariah Compliant/Islamic Scheme" as per the Circular 07 of 2009 issued by Securities and Exchange Commission of Pakistan (SECP) and is authorised to invest in Shariah compliant investments within the limits prescribed in the offering document so as to ensure a riba-free return on investments. All investments of the Fund are as per the guidelines of the Shariah principles provided by the Shariah Advisor of the Fund and comprise of the investments permissible as 'Authorised Investments' under the Trust Deed.

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

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

- 1.4 The Pakistan Credit Rating Company Limited (PACRA) has maintained asset manager rating of the Management Company of the Fund to the scale 'AM2+' (stable outlook) dated August 25, 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:

1 Year ranking : MFR 2-Star
 3 Year ranking : MFR 3-Star
 5 Year ranking : MFR 3-Star

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-stated 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

The transactions undertaken by the Fund are in accordance with the Shariah guidelines issued by the Shariah advisor and are accounted for on substance rather than the form. This practice is being followed to comply with the requirements of accounting and reporting standards as applicable in Pakistan.

2.1 Statement of compliance

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

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

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

These financial statements are presented in Pakistan rupees ('Rupees' or 'Rs.'), which is the Fund's functional and presentation currency. All amount have been rounded off to the nearest of rupees, unless otherwise indicated.

2.4 Critical accounting estimates and judgements

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)
- (b) impairment of financial assets (note 4.1.5)
- (c) provisions (note 4.7)
- (d) element of income (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.

	Effective date (annual periods beginning on or after)
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 Company 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 1 January 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 Company 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 Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
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
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 or fair value through profit or loss (FVTPL).

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.

On initial recognition of an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income (OCI). This election is made on an investment by investment basis.

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 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.

4.1.4 Subsequent measurement

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

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any profit / markup or dividend income, are recognised in income statement.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Profit / 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) Equity securities

Equity securities are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange.

b) Debt securities

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.

4.1.5 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 November 21, 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.

4.1.6 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.

4.1.7 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.

4.1.8 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 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.

4.3 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.

4.4 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 yield method.
- Dividend income is recognised on an accrual basis when right to receive 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 reporting date and are adjusted to reflect the current best estimate.

4.10 Dividend distribution

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	BANK BALANCES	Note	(Rupees)	
	Local currency			
	In profit and loss sharing accounts	5.1	189,598,938	185,470,125
	In current account		21,393	-
			189,620,331	185,470,125
	Foreign currency			
	In current account	5.2	-	490,549
			<u>189,620,331</u>	<u>185,960,674</u>
5.1	These carry mark-up at rates ranging from 9% to 18.5% (June 30, 2023: 3.85% to 19.5%) per annum.			
5.2	This represents USD denominated current account maintained in a foreign country amounting to USD Nil (2023: USD 365).			
6	INVESTMENTS			
	At fair value through profit or loss			
	Listed equity securities	6.1	180,633,907	91,683,077
	GOP Ijara Sukuk	6.2	133,537,500	11,512,417
			314,171,407	103,195,494
	At amortised cost			
	Short term Ijara Sukuk	6.3	72,153,539	-
			<u>386,324,946</u>	<u>103,195,494</u>

6.1 Shares of listed company
At fair value through profit or loss
Shares of listed companies - fully paid up ordinary shares of Rs. 10 each unless stated otherwise

Name of the investee company	Holding as at July 01, 2023	Purchased during the year	Bonus / right shares received during the year	Sold during the year	Holding as at June 30, 2024	(Rupees)				----- (%) -----		
						Carrying value before revaluation as of June 30, 2024	Market value as of 30 June 2024 (after revaluation)	Unrealised appreciation / (diminution) - net	Market value as percentage of total investments	Market value as percentage of net assets	% of holding in investee company	
Commercial Banks												
Meezan Bank Limited	47,782	17,617	-	3,475	61,924	6,220,202	14,823,986	8,603,784	3.84%	2.56%	0.15%	
Bank Islami Pakistan Limited	152,100	-	-	152,100	-	-	-	-	0.00%	0.00%	0.00%	
Faysal Bank Limited	-	224,930	-	-	224,930	9,812,421	11,795,329	608,025	3.05%	2.04%	0.11%	
						16,032,623	26,619,316	9,211,809	6.89%	4.60%	0.26%	
Fertilizers												
Engro Corporation Limited (6.1.1)	23,979	-	-	7,100	16,879	4,386,683	5,615,412	1,229,129	1.45%	0.97%	0.11%	
Engro Fertilizers Limited	93,932	12,500	-	22,485	83,947	7,285,590	13,953,670	6,668,080	3.61%	2.41%	0.10%	
Fauji Fertilizer Bin Qasim Limited	-	180,367	-	69,965	110,402	2,609,640	3,915,959	1,306,319	1.01%	0.68%	0.04%	
						14,281,913	23,485,441	9,203,528	6.08%	4.06%	0.25%	
Automobile Assemblers												
Milat Tractors Limited	-	3,410	-	-	3,410	2,069,757	2,169,033	99,275	0.56%	0.37%	0.48%	
						2,069,757	2,169,033	99,275	0.56%	0.37%	0.48%	
Chemicals												
Lotte Chemical Pakistan Limited	-	44,233	-	44,233	-	-	-	-	0.00%	0.00%	0.00%	
Lucky Core Industries Limited	-	3,022	-	-	3,022	2,377,217	2,808,919	431,702	0.73%	0.49%	0.30%	
						2,377,217	2,808,919	431,702	0.73%	0.49%	0.30%	
Engineering												
Mughal Iron & Steel Industries Limited	-	20,507	-	-	20,507	1,458,399	1,907,151	448,752	0.49%	0.33%	0.15%	
						1,458,399	1,907,151	448,752	0.49%	0.33%	0.15%	
Pharma & Bio Tech												
The Searl Company (6.1.2)	10	-	-	-	10	383	571	188	0.00%	0.00%	0.00%	
AGP Limited	-	32,479	-	-	32,479	2,382,423	3,000,085	617,663	0.78%	0.52%	0.31%	
Highnoon Laboratories Limited	2,472	3,306	-	-	5,778	2,197,379	4,123,065	1,925,686	1.07%	0.71%	2.02%	
						4,580,185	7,123,722	2,543,537	1.84%	1.23%	2.33%	
Cement												
Cherat Cement Company Limited	-	31,399	-	15,371	16,028	2,207,128	2,614,648	407,520	0.68%	0.45%	0.15%	
Kohat Cement Company Limited	-	7,750	-	6,748	1,002	193,107	250,931	57,824	0.06%	0.04%	0.02%	
D.G. Khan Cement	-	45,600	-	45,600	-	-	-	-	0.00%	0.00%	0.00%	
Pioneer Cement Company Limited	-	47,208	-	7,700	39,508	3,896,873	6,663,024	2,766,151	1.72%	1.15%	0.29%	
Maple Leaf Cement Limited	-	148,333	-	19,100	129,233	4,345,968	4,910,854	564,886	1.27%	0.85%	0.09%	
Lucky Cement Company Limited	12,391	1,600	-	2,790	11,201	6,249,156	10,156,283	3,907,127	2.63%	1.76%	0.31%	
Fauji Cement Company Limited	-	222,062	-	2,500	219,562	2,980,416	5,030,165	2,049,750	1.30%	0.87%	0.04%	
						19,872,648	29,625,905	9,753,257	7.67%	5.12%	0.90%	

Name of the investee company	Holding as at July 01, 2023	Purchased during the year	Bonus / right shares received during the year	Sold during the year	Holding as at June 30, 2024	Number of Shares					Carrying value before revaluation as of June 30, 2024	(Rupees)		Market value as percentage of total investments	Market value as percentage of net assets	% of holding in investee company	
												Market value	Unrealised appreciation / (diminution) - net				
Power Generation & Distribution																	
Hub Power Company Limited	90,549	14,200	-	19,780	84,969						6,195,622	13,856,745	7,661,123	3.59%	2.40%	0.12%	
Engro Powergen Qadirpur Limited	-	89,500	-	58,185	31,315						844,314	879,952	35,638	0.23%	0.15%	0.03%	
											7,039,935	14,736,696	7,696,761	3.81%	2.55%	0.15%	
Oil and Gas Exploration Companies																	
Mari Petroleum Company Limited	7,516	200	-	2,679	5,037						7,743,594	13,662,057	5,918,463	3.54%	2.36%	1.24%	
Pakistan Oilfield Limited	41,842	-	-	9,594	32,248						12,956,279	15,799,585	2,843,306	4.09%	2.73%	0.67%	
Pakistan Petroleum Limited (6.1.1)	56,645	54,381	-	15,770	95,256						6,495,098	11,155,430	4,660,332	2.89%	1.93%	0.06%	
Oil and Gas Development Company Limited (6.1.1)	43,685	42,150	-	8,700	77,135						6,679,890	10,441,765	3,761,875	2.70%	1.81%	0.02%	
											33,874,861	51,058,837	17,183,976	13.22%	8.83%	1.99%	
Oil and Gas Marketing Companies																	
Attock Petroleum Limited	14,300	-	-	7,334	6,966						2,091,542	2,690,548	599,006	0.70%	0.47%	0.32%	
Sui Northern Gas Pipelines Limited	107,500	33,080	-	36,325	104,255						4,219,256	6,617,065	2,397,809	1.71%	1.14%	0.10%	
Pakistan State Oil Company Limited (6.1.2)	26,530	3,550	-	15,378	14,702						1,655,850	2,443,619	787,770	0.63%	0.42%	0.09%	
											7,966,647	11,751,232	3,784,585	3.04%	2.03%	0.52%	
Food And Personal Care Products																	
Fauji Foods Limited	-	163,744	-	20,580	143,164						878,176	1,269,865	391,689	0.33%	0.22%	0.02%	
At-Tahir Limited PREMA	201	-	-	201	-						-	-	-	0.00%	0.00%	0.00%	
											878,176	1,269,865	391,689	0.33%	0.22%	0.02%	
Technology and Communication																	
System Limited	26,885	-	-	7,573	19,312						7,788,706	8,077,791	289,086	2.09%	1.40%	0.73%	
											7,788,706	8,077,791	289,086	2.09%	1.40%	0.73%	
Total as at June 30, 2024	748,319	1,447,128	-	601,266	1,594,181						118,221,068	180,633,907	61,037,955	46.76%	0.31	0.08	
Total as at June 30, 2023	2,240,062	-	13,795	2,422,814	747,997						92,953,999	91,683,077	(1,270,922)	88.84%	29.45%	4.00%	

6.1.1 Following shares have been pledged with National Clearing Company of Pakistan Limited:

	2024 ----- (Number of shares) -----	2023	2024 ----- (Rupees) -----	2023
Oil and Gas Development Company Limited	5,000	5,000	676,850	390,000
Engro Fertilizers Limited	20,000	20,000	3,324,400	1,650,600
Engro Corporation Limited	15,000	22,300	4,990,650	5,795,547
Lucky Cement Company Limited	8,000	10,000	7,253,840	5,220,900
Pakistan Oilfields Limited	5,000	-	2,449,700	-
Pakistan Petroleum Limited	300	300	35,133	17,742
	53,300	57,600	18,730,573	13,074,789

6.1.2 Finance act, 2014 had introduced tax on bonus shares issued by the companies. Most of the equity funds including the Fund have challenged the applicability of withholding tax provision on bonus shares before Honourable High Court of Sindh ("the Court") on various legal grounds and have sought relief from the Court. In the Fund's case, tax in the shape of 147 shares of Pakistan State Oils Limited (June 30, 2023: 147 shares) and 10 shares of The Searle Company Limited (June 30, 2023: 10 shares) have been withheld by CDC. Market value of these shares as at June 30, 2024 amounted to Rs. 25,104 (June 30, 2023: Rs. 16,768) and are included in the Fund's investments in these financial statements.

6.2 GOP Ijara Sukuk (Face Value of Rs. 100)

Name of Security	Issue date	Date of Maturity	Mark-up rate	Holding as at 01 July 2023	Purchases during the year	Disposed / matured during the year	Holding as at 30 June 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised appreciation / (diminution)	Market value as % of total investments	Market value as % of net assets	Face value as % of size of the issue
1 Year GOP Ijara Sukuk	17-Apr-23	17-Apr-24	21.25%	115,000	-	115,000	-	-	-	-	0.00%	0.00%	0.00%
1 Year GOP Ijara Sukuk	24-Jan-24	24-Jan-25	19.50%	-	15,000	-	15,000	68,123,405	67,537,500 (585,905)	-	17.48%	11.68%	0.00%
5 Year GOP Ijara Sukuk	24-Jan-24	24-Jan-29	21.24%	-	13,200	-	13,200	66,000,000	66,000,000	-	17.08%	11.41%	0.00%
Total as at June 30, 2024								134,123,405	133,537,500 (585,905)	0.00%	0.00%	0.00%	
Total as at June 30, 2023								11,500,000	11,512,455	12.46%	3.97%	11.16%	

6.3 Musharaka Certificate - at amortized cost
 Face Value of Rs. 1,0000,000

At amortised cost

Name of Security	Issue date	Date of Maturity	Mark-up rate	Holding as at 01 July 2023	Purchases during the year	Disposed / matured during the year	Holding as at 30 June 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised appreciation / (diminution)	Market value as % of total investments	Market value as % of net assets	Face value as % of size of the issue
Ismail Industries Limited- Sukuk-6M	13-Feb-24	13-Aug-24	6 months KIBOR + base rate of 0.5%	-	20	-	20	20,000,000	21,653,731	-	5.61%	3.74%	0.00%
Pakistan Telecommunication Company Limited - Sukuk-6M	13-Feb-24	13-Aug-24	6 months KIBOR + base rate of 0.15%	-	50	-	50	50,000,000	50,499,808	-	13.07%	8.73%	0.00%
Total as at June 30, 2024								70,000,000	72,153,539	-	18.68%	12.47%	0.00%
Total as at June 30, 2023								-	-	-	-	-	-

	2024 Note	2023 (Rupees)
7 MARKUP ACCRUED		
Accrued return on bank balances	9,383,970	3,287,545
	9,383,970	3,287,545

		2024	2023
8	DEPOSITS AND OTHER RECEIVABLES	Note	(Rupees)
	Security deposit to:		
	Central Depository Company of Pakistan Limited	8.1	100,000
	National Clearing Company of Pakistan Limited	8.2	2,500,000
	Advance tax	8.3	81,954
	Dividend receivable		12,302
			<u>2,694,256</u>
			<u>2,684,676</u>
8.1	This represents deposit with CDC on account of initial deposit for opening of investor account for electronic transfer of book-entry securities.		
8.2	This represents deposit with NCCPL in respect of trading of the listed securities.		
8.3	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 under section 151 and 150. The amount of withholding tax deducted on markup on bank deposits has been shown as advance tax as at June 30 2024, in the opinion of the management, the amount of tax deducted at source will be refunded.		
9	PAYABLE TO MANAGEMENT COMPANY		
	Remuneration payable to the Management Company	9.1	943,978
	Sindh Sales Tax on Management Company's remuneration	9.2	122,717
	Federal Excise Duty on: Management Company's remuneration	9.3	1,280,339
			<u>2,347,034</u>
			<u>1,815,628</u>
9.1	As per regulation 61 of the NBFC 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% 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% of average annual net assets calculated on daily basis.		
9.2	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.		
9.3	As per the requirements of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Management Company has been applied effective from 13 June 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan with the Sindh High Court (SHC) on 4 September 2013.		
	While disposing the above petition through order dated 16 July 2016, the SHC declared the said provisions to be ultra vires and as a result no FED is payable with effect from 01 July		

2016. However, the tax authorities subsequently filed appeal against the decision of the SHC in the Supreme Court of Pakistan, which is pending for the decision.

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

However, since the appeal is pending in the Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period up to 30 June 2016 aggregating to Rs. 1.28 million. Had the provision not been made, NAV per unit of the Fund as at June 30, 2024 would have been higher by Re. 0.19 (30 June 2023: Re. 0.38) per unit.

10 REMUNERATION 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:

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

The remuneration is paid to the Trustee in arrears on monthly basis.

11 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

This represents annual fee payable to SECP in accordance with the NBFC Regulations, whereby the Management 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.

12 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2024	2023
		(Rupees)	
Charity payable	12.1	354,447	353,651
Auditors' remuneration		438,336	385,677
Cutodian fee payable		9,137	49,057
Brokerage charges		297,441	-
Fee payable to shariah advisor		457,728	420,360
Fee payable to National Clearing Company of Pakistan		395,811	137,385
Fee payable to Central Depository Company		-	519
Withholding tax payable on dividend		92,249	-
Other liabilities		25,725	22,450
		<u>2,070,874</u>	<u>1,369,099</u>

12.1 This relates to the amount taken out from dividend income for purification.

13 TOTAL EXPENSE RATIO

As per the SECP circular vide direction no. 23 dated July 20, 2016 and as referred in Regulations 60 (5) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the "Regulations"), Total Expense Ratio (TER) calculated inclusive of Sindh Sales Tax

and SECP fee is 3.29% as of June 30, 2024 and this includes 0.40% representing Government levies and SECP fee etc. As per NBFC Regulation the total expense ratio of the Asset Allocation Scheme shall be capped up to 4.5% (excluding government levies).

14 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at the reporting date (2023: Nil).

		2024	2023
15.	NUMBER OF UNITS IN ISSUE	Note	(Number)
	Total outstanding as of 1 July	3,384,562	3,845,400
	Issued during the year	14,289,763	512,115
	Redemptions during the year	<u>(10,957,937)</u>	<u>(972,953)</u>
	Total units in issue as of 30 June	<u>6,716,388</u>	<u>3,384,562</u>

16 AUDITORS' REMUNERATION

	Annual audit fee	268,926	268,926
	Fee for the review of half yearly financial statements	108,925	108,925
	Investments abroad upon procedures report	60,000	60,000
	Out of pocket and sales tax expenses	<u>83,591</u>	<u>243,468</u>
		<u>521,442</u>	<u>681,319</u>

17 TAXATION

The Fund's income is exempt from Income Tax as per clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders. The Fund is also exempt from the provisions of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current year as a result of loss incurred during the year.

18 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 30 June 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:

	2024	2023
Note	(Number)	
Lakson Investments Limited - Management Company of the Fund		
Remuneration payable	943,978	473,707
Sindh Sales Tax on Management Company's remuneration*	122,717	61,582
Federal Excise Duty on Management Company's remuneration*	1,280,339	1,280,339
Sales tax is paid / payable to the management company for onwards payment to the Government.		
Central Depository Company of Pakistan Limited - Trustee of the Fund		
Remuneration payable	94,625	47,851
Sindh Sales Tax on Management Trustee remuneration*	12,272	32,687
Security deposit	100,000	100,000
Settlement charges payable	-	519
Habib Bank AG Zurich - Custodian		
Bank deposits	-	136,898
Custodian fee payable	9,137	49,057
Details of transaction with related parties / connected persons during the year		
Lakson Investments Limited - Management Company of the Fund		
Remuneration for the year	7,882,310	4,968,701
Sindh sales tax on remuneration of Management Company *	1,024,700	645,931
Central Depository Company of Pakistan Limited - Trustee		
Remuneration for the year	864,206	650,331
CDS charges	5,891	39,586
Habib Bank AG Zurich - Custodian		
Transaction Charges	122,400	128,502

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

18.1 Details of units held, issued and redeemed by the related parties / connected persons

	Year ended June 30, 2024						Rupees			
	Number of Units as at July 01, 2023	Units issued during the year	Refund / Adjustment of Units as element of income	Units redeemed during the year	Number of units as at June 30, 2024	Balance as at July 01, 2023	Units issued during the year	Units redeemed during the year	Gross Dividend Amount before Tax	Balance as at June 30, 2024
Directors, Chief Executive, their spouse and minors	1,655	523	-	-	2,179	141,897	44,873	-	52,792	187,634
Associated companies / undertakings of the Management Company										
Accury Surgical Limited Employees Contributory Provident Fund	56,704	145,587	17,381	152,138	67,534	4,861,060	15,598,132	16,145,692	-	5,816,350
Century Insurance Co. Ltd. Gratuity Fund	41,839	188,999	29,172	146,797	113,213	3,586,795	20,539,096	15,877,824	-	9,750,358
Century Insurance Company Limited Employees Contributory Provident Fund Trust	69,556	212,328	23,532	213,993	91,424	5,962,898	22,685,993	22,817,967	-	7,873,785
Century Paper & Board Mills Limited ECPFT	633,244	2,255,116	304,222	2,008,002	1,184,580	54,286,434	243,720,351	215,844,251	-	102,021,003
Colgate Palmolive Pakistan Limited EGF	509,705	2,028,550	293,258	1,691,901	1,139,611	43,695,712	219,323,864	182,240,083	-	98,148,104
Colgate Palmolive Pakistan Limited ECPFT	599,263	2,130,410	285,354	1,901,147	1,113,881	51,373,331	229,691,997	204,384,786	-	95,932,085
Cyber Internet Services (Pvt.) Ltd. Empl. CPFT	591,688	2,368,278	348,252	1,952,470	1,355,748	50,723,921	256,573,698	210,624,694	-	116,762,672
Hasanali Karabhai Foundation ECPF Trust	269,968	1,115,810	167,401	903,437	649,742	23,143,640	121,265,080	97,365,182	-	55,958,492
Lakson Business Solutions Limited Employees Contributory Provident Fund Trust	8,021	27,266	3,656	24,813	14,131	687,659	2,946,754	2,658,278	4,918	1,217,026
Lakson Investments Limited ECPFT	6,130	1,597	-	-	7,727	525,542	136,866	-	195,523	665,473
Merit Packaging Limited Employees Contributory Provident Fund Trust	56,087	167,241	19,458	167,185	75,600	4,808,189	17,968,403	17,845,385	-	6,511,009
Merit Packaging Limited Employees Gratuity Fund	77,919	238,200	28,310	234,435	109,994	6,679,831	25,614,130	25,056,612	-	9,473,165
Siza Foods Private Limited Employees Contributory Provident Fund Trust	42,266	132,863	15,685	129,915	60,899	3,623,396	14,286,280	13,863,920	-	5,244,880
Siza Services Private Limited Employees Contributory Provident Fund Trust	338,461	1,181,018	144,207	1,159,613	504,072	29,015,393	127,508,204	123,183,588	-	43,412,820
Sybird (Private) Limited ECPFT	14,559	85,159	14,715	57,362	57,071	1,248,098	9,306,776	6,251,020	-	4,915,155
NayaPay (Pvt) Limited Employee Contributory Provident Fund	66,339	233,568	29,535	214,727	114,715	1,248,098	25,183,549	23,046,378	-	9,879,711
	-	38,381	13,796	-	52,177	5,687,094	4,473,027	-	32,895	4,693,725

	Year ended June 30, 2023						Rupees			
	Number of Units						Balance as at July 01, 2022	Units Issued during the year ending June 30, 2023	Units redeemed during the year ending June 30, 2023	Gross Dividend Amount before Tax
	Number of Units as at July 01, 2022	Units issued during the year ending June 30, 2023	Refund / Adjustment of Units as element of income	Units redeemed during the year ending June 30, 2023	Number of units as at June 30, 2023	Balance as at July 01, 2022				
Lakson Investments Limited	560,827	-	-	560,827	-	48,054,061	-	48,054,061	-	-
Directors, Chief Executive, their spouse and minors	109,263	113	-	107,720	1,655	9,382,507	9,681	9,564,051	13,830	141,897
Associated companies / undertakings of the Management Company										
Accuracy Surgicals Limited Employees Contribution Provident Fund Trust	41,318	18,969	1,456	5,039	56,704	3,547,975	1,755,230	446,000	335,230	4,861,060
Century Insurance Company Limited	41,968	3,953	-	4,081	41,839	3,603,813	339,678	349,000	339,678	3,586,795
Employees Gratuity Fund										
Century Insurance Company Limited Employees Contribution Provident Fund Trust	57,486	16,179	780	4,888	69,556	4,936,346	1,457,362	418,000	497,668	5,962,898
Century Paper & Board Mills Limited Employees Contribution Provident Fund Trust	564,452	111,964	4,233	47,405	633,244	48,469,964	9,985,604	4,054,000	4,777,263	54,286,434
Century Paper & Board Mills Limited Employees Gratuity Fund	505,636	48,153	-	44,084	509,705	43,419,395	4,138,090	3,770,000	4,138,090	43,695,712
Colgate Palmolive (Pakistan) Limited Employees Contribution Provident Fund Trust	534,244	104,350	3,876	43,207	599,463	45,876,001	9,300,590	3,695,000	4,532,108	51,373,331
Colgate Palmolive (Pakistan) Limited Employees Gratuity Fund	587,334	55,898	-	51,544	591,688	50,434,906	4,803,679	4,408,000	4,803,679	50,723,921
Cyber Internet Services (Private) Limited Employees Contribution Provident Fund Trust	266,973	25,504	-	22,510	269,968	22,925,193	2,191,759	1,925,000	2,191,759	23,143,640
GAM Corporation (Private) Limited Employees Contribution Provident Fund Trust	169,914	-	-	169,914	-	14,590,655	-	15,646,824	-	-
Hasanali Karabhal Foundation Employees Contribution Provident Fund Trust	7,872	7,264	758	7,872	8,021	675,950	689,337	741,337	-	687,659
Lakson Business Solutions Limited Employees Contribution Provident Fund Trust	5,713	417	-	-	6,130	490,593	35,855	-	51,222	525,542
Lakson Investments Limited Employees Contribution Provident Fund Trust	43,124	14,708	1,096	2,841	56,087	3,703,098	1,361,157	243,000	361,157	4,808,189
Merit Packaging Limited Employees Contribution Provident Fund Trust	68,782	20,629	1,545	13,037	77,919	5,906,376	1,909,788	1,147,000	499,788	6,679,831
Merit Packaging Limited Employees Gratuity Fund	36,090	8,651	543	3,017	42,266	3,099,080	791,520	258,000	296,520	3,623,396
SIZA Foods (Private) Limited Employees Contribution Provident Fund Trust	147,447	190,050	13,347	12,383	338,461	12,661,412	17,479,257	1,059,000	1,600,873	29,015,393
Siza Services Pvt Limited Employees Contribution Provident Fund Trust	29,662	1,375	-	16,478	14,559	2,547,083	118,198	1,524,000	118,198	1,248,098
Sybird Private Limited Employees Contribution Provident Fund Trust	58,545	12,222	483	4,911	66,339	5,027,326	1,091,846	420,000	497,035	5,687,094

19 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 19.1)
- liquidity risk (refer note 19.2)
- market risk (refer note 19.3)
- operational risk (refer note 19.4)

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 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.

19.1 Credit risk

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

Management of credit risk

The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed and the requirements of NBFC rules and regulations. Before making investment decisions, the credit rating and credit worthiness of the issuer is taken into account along with the financial background so as to minimize 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 minimize the risk of default.

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

Exposure to credit risk

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

	June 30, 2024		June 30, 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)	199,004,301	199,004,301	189,248,219	189,248,219
Investments (including profit due)	386,324,946	386,324,946	103,195,494	103,195,494
Dividend receivable	12,302	12,302	12,200	12,200
Deposit and other receivables	2,681,954	2,600,000	2,672,476	2,600,000
	<u>588,023,504</u>	<u>587,941,550</u>	<u>295,128,390</u>	<u>295,055,913</u>

There is no difference in the balance as per the Statement of Assets and Liabilities and maximum exposure in investments is due to the fact that investment in equity securities of Rs. 101.924 million (2022: Equity securities Rs. 101.924 million) do not carry credit risk.

Bank balances (Including profit due)

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

Rating	2024	2023	2024	2023
	(Rupees)		(%)	
AA+	10,697,359	6,900,715	5.64	3.71
AA	16,787	13,754	0.01	0.01
A+	178,906,185	178,555,656	94.35	96.02
Other*	-	490,549	0.00	0.26
Total balance	<u>189,620,331</u>	<u>185,960,674</u>	<u>100.00</u>	<u>100.00</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 (including profit due)	199,004,301	98.71	189,248,219	98.64
National Clearing Company of Pakistan Limited	2,500,000	1.24	2,500,000	1.30
Central Depository Company of Pakistan Limited - security deposit	100,000	0.05	100,000	0.05
	201,604,301	100.0	191,848,219	100.0

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 honour its obligations to deliver cash, securities or other assets as contractually agreed on sale.

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

19.2 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Fund's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation.

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

Management of liquidity risk

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

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

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

Maturity analysis for financial liabilities

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

		2024	
		Contractual cash flows	
		Carrying amount	Less than 3 month
		----- (Rupees) -----	
Non-derivative financial liabilities (excluding unit holders' fund)			
Payable to the Management Company *		943,978	943,978
Remuneration payable to the Trustee *		94,625	94,625
Accrued expenses and other liabilities *		2,070,874	2,070,874
Payable against purchase of investments		5,010,106	5,010,106
		8,119,583	8,119,583
Unit holders' fund		<u>578,443,754</u>	<u>578,443,754</u>
		2023	
		Contractual cash flows	
		Carrying amount	Less than 3 month
		----- (Rupees) -----	
Non-derivative financial liabilities (excluding unit holders' fund)			
Payable to the Management Company *		473,707	473,707
Remuneration payable to the Trustee *		15,164	15,164
Accrued expenses and other liabilities *		1,369,099	1,369,099
Net assets value per unit		1,655,213	1,655,213
		3,513,183	3,513,183
Unit holders' fund		<u>290,150,384</u>	<u>290,150,384</u>

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

Above financial liabilities do not carry any mark-up.

19.3 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.

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 price risk.

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 in foreign currency exposed to foreign exchange risk. The Fund has no foreign currency demoniated 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)
Financial Assets		
Bank balance	-	-
On balance sheet gap in foreign currency exposure	-	-
	2023	
	(Rupees)	(USD)
Financial Assets		
Bank balance	136,898	476
On balance sheet gap in foreign currency exposure	136,898	476

Fair value sensitivity analysis of foreign currency exposure:

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

A five percent strengthening of Pakistani Rupee against US dollar would have decreased the net assets of the fund by Rs. Nil (2023: Rs. 6,845). 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.

19.3.1 Interest rate risk

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

Exposure to interest rate risk

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

	2024	2023
	(Rupees)	
Variable-rate instrument		
Financial assets (bank balances)	189,598,938	185,470,125
	<u>189,598,938</u>	<u>185,470,125</u>

Sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / decreased unit holder fund and income statement by Rs. 1.896 (2022: Rs. 1.854 million). 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.

	2024	2023
	(Rupees)	
Fixed rate instruments		
Musharakah Certificate	72,153,539	-
	<u>72,153,539</u>	<u>-</u>

Fair value sensitivity analysis for fixed rate instruments

As at June 30, 2024, the Fund holds Pakistan Investment Bonds exposing the Fund to fair value interest rate risk. In case of 100 basis points increase / decrease in rates announced by the Financial Market Association of Pakistan (FMAP) on June 30, 2024, the net income for the year and net assets would be lower / higher by Rs.7.4 million (2023: Rs. 10.61 million).

The Fund does not account for fixed rate financial asset at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect net assets of the fund.

----- June 30, 2024 -----					
	Interest rate %	Exposed to interest rate risk		Not exposed to interest rate risk	Total
		No later than one month	More than one year		
		----- Rupees -----			
Financial assets					
Investments - Listed equity securities		-	-	180,633,907	180,633,907
Investment- GOP sukuk		-	-	133,537,500	133,537,500
Investments- Musharaka		-	-	72,153,539	72,153,539
Dividend receivable		-	-	12,302	12,302
Bank balances (including profit due)	9 to 18.5	189,620,331	-	9,383,970	199,004,301
Deposit and other receivables		-	-	2,681,954	2,681,954
		<u>189,620,331</u>	<u>-</u>	<u>398,403,173</u>	<u>588,023,504</u>

----- June 30, 2023 -----					
	Interest rate %	Exposed to interest rate risk		Not exposed to interest rate risk	Total
		No later than one month	More than one year		
		----- Rupees -----			
Financial assets					
Investments - Listed equity securities		-	-	91,683,077	91,683,077
Investments- Commercial paper		-	-	11,512,417	11,512,417
Dividend receivable		-	-	12,200	12,200
Bank balances (including profit due)	3.85 to 19.5	185,470,125	-	3,778,094	189,248,219
Deposit and other receivables		-	-	2,672,476	2,672,476
		<u>185,470,125</u>	<u>-</u>	<u>109,658,264</u>	<u>295,128,389</u>

19.3.2 Price risk

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

The management of the Fund monitors the proportion of equity securities in its investment portfolio based on market indices. The Fund policy is to manage price risk through diversification and selection of securities within specified limits set by internal risk management guidelines or the requirements of NBFC regulations. The Fund manages those risk by limiting exposure to any single investee company to the extent of 10% of issued capital of that investee company and the net assets of the Fund with overall limit of 30% or index weight whichever is higher subject to maximum of 35% to a single industry sector of the net assets of the Fund (the limit set by NBFC regulations).

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

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

Sensitivity analysis - 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, to a 5% increase or decrease in the fair values of the investments, would have been an increase or decrease of Rs. 4.584 million (2022: Rs. 13.262 million).

19.4 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.

19.5 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.

19.6 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).
- Unobservable inputs for the asset or liability (level 3).

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

2024						
Carrying amount			Fair Value			
Mandatory at fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Total	
(Rupees)						
On-balance sheet financial instruments						
Financial assets measured at fair value						
Listed equity securities	6	180,633,907	-	180,633,907	180,633,907	-
GOP Ijara Sukuk	6	133,537,500	-	133,537,500	133,537,500	-
		314,171,407	-	314,171,407	314,171,407	-
Financial assets not measured at fair value						
Bank balances	5	-	189,620,331	189,620,331	-	-
Markup accrued	7	-	9,383,970	9,383,970	-	-
Deposits and other receivables	8	-	2,681,954	2,681,954	-	-
		-	201,686,255	201,686,255	-	-
Financial liabilities not measured at fair value						
Payable to the Management Company	9	-	943,978	943,978	-	-
Remuneration payable to the Trustee	10	-	93,001	93,001	-	-
Accrued expenses and other liabilities	12	-	2,070,874	2,070,874	-	-
Payable against purchase of investments		-	5,010,106	5,010,106	-	-
		-	8,117,958	8,117,958	-	-
2023						
Carrying amount			Fair Value			
Mandatory at fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Total	
(Rupees)						
On-balance sheet financial instruments						
Financial assets measured at fair value						
Listed equity securities	6	91,683,077	-	91,683,077	91,683,077	-
GOP Ijara Sukuk	6	11,512,417	-	11,512,417	11,512,417	-
		103,195,494	-	103,195,494	103,195,494	-
Financial assets not measured at fair value						
Bank balances	5	-	185,960,674	185,960,674	-	-
Markup accrued	7	-	3,287,545	3,287,545	-	-
Deposits and other receivables	8	-	2,672,476	2,672,476	-	-
		-	191,920,695	191,920,695	-	-
Financial liabilities not measured at fair value						
Payable to the Management Company	9	-	473,707	473,707	-	-
Remuneration payable to the Trustee	10	-	70,068	70,068	-	-
Accrued expenses and other liabilities	12	-	1,369,099	1,369,099	-	-
Payable against purchase of investments		-	1,655,213	1,655,213	-	-
		-	3,568,087	3,568,087	-	-

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

20 RECONCILIATION OF LIABILITIES ARISING OUT OF FINANCING ACTIVITIES

	Receivable against issuance of units	Payable against redemption of units	Total
Opening balance as at July 01, 2023	-	-	-
Receivable against issuance of units	(1,356,947,079)	-	(1,356,947,079)
Payable against redemption of units	-	1,177,205,659	1,177,205,659
	(1,356,947,079)	1,177,205,659	(179,741,420)
Amount received on issuance of units	1,356,947,079	-	1,356,947,079
Amount paid on redemption of units	-	(1,177,205,659)	(1,177,205,659)
	1,356,947,079	(1,177,205,659)	179,741,420
Closing balance as at June 30, 2024	-	-	-

21 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:

21.1 Unit holding pattern of the Fund

June 30, 2024			
Category	No. of unit holders	Investment amount (Rupees)	% of total
Individuals	8	180,304	0.03%
Associated Companies and Directors	18	578,263,450	99.97%
	26	578,443,754	100%
June 30, 2023			
Category	No. of unit holders	Investment amount (Rupees)	% of total
Individuals	4	99,495	0.03%
Associated Companies and Directors	17	290,050,889	99.97%
	21	290,150,384	100%

21.2 List of top 10 brokers by percentage of commission paid / payable

Top brokers during the year	(Percentage %)	
	2024	2023
JS Global Capital Ltd	17.78%	0.00%
Inter Market Securities Ltd	15.78%	15.22%
Vector Securities (Pvt.) Ltd.	12.48%	12.22%
Ismail Iqbal Securities (Private) Ltd	8.74%	12.67%
BMA Capital	8.55%	0.00%
EFG Hermes Pakistan	8.13%	6.33%
Insight Securities	7.27%	0.00%
Topline Securities Ltd	7.02%	6.85%
Chase Securities (Pvt.) Ltd.	6.54%	3.75%
Arif Habib Ltd	4.77%	8.77%

21.3 Particulars of the Investment Committee and Fund manager

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

- Mr. Babar Ali Lakhani (Chairman Investment Committee)
- Mr. Kashif Mustafa - (Executive Director & COO)
- Mr. Mustafa O. Pasha - (Chief Investment Officer)
- Mr. Hassan Bin Nasir
- Mr. 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. 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. He is also managing Lakson Tactical Fund.

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 Asset Allocation Developed Markets 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.

21.4 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

21.5 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.

22 CORRESPONDING FIGURES

Corresponding figures have been rearranged or reclassified, where necessary, for the purpose of better presentation. No significant rearrangement or reclassification was made in these financial statements during the current year.

23 GENERAL

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

24 DATE OF AUTHORIZATION 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

Performance Table	FY24	FY23	FY22	FY21
Net Assets - Beginning (PKR Mil.)	290.15	330.21	489.10	150
Net Assets - Ending (PKR Mil.)	578.44	290.15	330.21	489
Net Asset value per share	86.1242	85.7275	85.8709	97.1407
Selling Price for units	88.5616	88.1536	88.0177	99.5693
Repurchase Price for units	86.1242	85.7275	85.8709	97.1407
Highest Offer Price (PKR)	121.3931	98.1092	101.2319	105.6522
Lowest Offer Price (PKR)	88.1171	85.0483	86.4325	86.787
Highest Redemption Price (PKR)	118.0522	95.4091	98.7628	103.0753
Lowest Redemption Price (PKR)	85.692	82.9739	84.3243	84.6702
Beginning NAV - Ex-Div. (PKR)	85.7275	85.9367	97.1407	83.2873
Interim Distributions (PKR)	31.8942	8.9656	-	3.5000
Final Distribution (PKR)	-	-	-	-
Ending NAV - Ex-Div. (PKR)	86.1242	85.9367	85.8709	97.1407
Return	37.77%	-0.17%	-11.60%	20.81%
Net Income / (loss) (PKR Mil.)	117	26	(48)	53
Total Distribution (PKR Mil.)	8	25	-	10
Accumulated Capital Growth	75	(34)	(35)	13
Average Annual return of the Fund				
One Year	37.77%	-0.17%	-11.60%	20.81%
Two year	18.80%	-5.89%	6.79%	29.58%
Three year	34.27%	6.62%	14.55%	13.79%
Since inception (October 10,2011)	87.67%	27.40%	27.61%	49.53%
Distributions	FY24	FY23	FY22	FY21
Interim Distribution	31.8942	8.9656	-	3.5
Final Distribution	-	-	-	-
NAV before Distribution	117.6217	85.9367	-	101.2401
NAV after Distribution	85.7275	85.9367	-	97.7401
Distribution Date	24-Jun-24	26-Jun-23	-	26-Jun-21

Disclaimer

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

During FY24

Summary of Actual Proxy voted by CIS:

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

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



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