

LAKSON 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

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

Bankers to the Fund

Allied Bank Limited
Bank Alfalah Limited
Dubai Islamic Bank Limited
Faysal Bank Limited
Finca Microfinance Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
Mobilink Microfinance Bank Limited
National Bank of Pakistan
NRSP Microfinance Bank Limited
Silk Bank Limited
Sindh Bank Limited
Telenor Microfinance Bank Limited
U Microfinance Bank Limited
United Bank Limited

Legal Adviser

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

Registrar

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

Distributor

BMA Capital Management Limited
Rabia Fida

Rating

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

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

The Board of Directors of Lakson Investments Limited, the Management Company of the Lakson Tactical Fund ('LTF' 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 LTF is to provide long-term capital appreciation by investing in a mix of securities comprising debt, equity, and commodities future contracts.

Principal activities

LTF 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 macroeconomic factors such as government policies, interest rates, liquidity, exchange rates and economic growth. The Fund switches exposure between domestic debt securities and domestic equities based on the forward price to earnings multiple of the equity market. Asset allocation to different sectors and stocks will be made on the basis of earnings growth and management quality. Exposure of the scheme in fixed income securities are managed through duration and yield curve management. The Fund may overweight or underweight commodities relative to its benchmark for commodities investment.

Fund Performance

Lakson Tactical Fund generated an absolute return of 38.18% against the benchmark return of 50.07% in the FY24. The fund underperformed the benchmark by -11.89%. As of June 30, 2024, LTF portfolio was invested 38% in Equities, 32% in T-Bills, 6% in TFCs/Sukuks and 21% in Cash. The fund size as of June 30, 2024, is PKR 601.82mn.

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 payouts of PKR 34.3554 per unit (34.3554% of face value of PKR 100/-) amounting to PKR 20.3273 million in cash during the year ended June 30, 2024.

Principal Risk and Uncertainties

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

Asset Manager and Fund Rating

The Pakistan Credit Rating Agency Limited ('PACRA') has maintained the asset manager rating of the Management Company at "AM2+". The VIS Credit Rating Company Limited has assigned the one-year, three-years & five-years performance ranking of "2-Star" to the LTF 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. Yousuf Adil., 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. Yousuf Adil., Chartered Accountants for the year ending June 30, 2025.

Economy Review

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

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

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

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

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

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

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

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

Fixed Income Market Review

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

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

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

Commodities Review

The S&P GSCI Index remained flat YoY during FY24, where the decline in energy product prices offset the impact the impact of precious metal prices.

Commodity markets remained volatile throughout the year. Average Oil prices reported a YoY decline where Average WTI price was down 2% YoY and Brent price down 3% YoY in FY24.

Oil prices picked up in October in anticipation of supply disruption fears from the tension in the Middle East and Red Sea trade route. However, the high prices didn't manage to sustain weaker global demand, increase in US oil stocks and sluggish trade activity.

Precious metals (both Gold & Silver) prices seen 14% YoY increase during FY24, led by robust investment demand.

Future Outlook

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

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

Moreover, the announcement of ambitious revenue target in the FY25 Budget helped the government to secure IMF's staff-level agreement on a 37-month, US\$7bn Extended Fund Facility Arrangement (EFF), which is subject to IMF's Executive Board approval. The key focus areas outlined by the fund include 1) fiscal consolidation with tall revenue targets (FY24 fiscal deficit already reported some improvement), 2) disinflation-supportive monetary policy stance, 3) energy sector reforms including no direct subsidy, 4) privatization of profitable State-Owned Enterprises (SOEs) and 4) 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 ٹیکٹیکل فنڈ
30 جون 2024 کو ختم ہونے والے سال کے لیے
منجمنٹ کمپنی کے ڈائریکٹرز کی رپورٹ

لیکسن ٹیکٹیکل فنڈ ("LTF") 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 گوشوارے پیش کرنا باعث مسرت ہے۔

فنڈ کا مقصد
لیکسن ٹیکٹیکل فنڈ کی سرمایہ کاری کا مقصد ڈیٹ (Debt)، ایکویٹی اور کموڈٹیز فیوچر کنٹریکٹس پر مشتمل مختلف طرح کی سیکیورٹیز میں سرمایہ کاری کرتے ہوئے سرمائے کی قدر میں طویل مدتی اضافہ کرنا ہے۔

نمایاں سرگرمیاں
LTF ایک اوپن اینڈ لیسٹ ایلیمنٹیشن فنڈ ہے اور پاکستان اسٹاک ایکسچینج لمیٹڈ میں لٹھے ہے۔ اس اسکیم کا انتظام و انصرام ایک ایکٹو انویسٹمنٹ منجمنٹ اسٹائل استعمال کرتے ہوئے کیا جاتا ہے جو بڑے اقتصادی عوامل کے تجزیے پر توجہ مرکوز رکھتا ہے مثلاً حکومتی پالیسیز، شرح سود، ایکویٹی، شرح تبادلہ اور معاشی نمو۔ اسکیم ایکویٹی مارکیٹ کی مرکب آمدن کی پیشگی قیمت کی بنیاد پر ڈومیسٹک ڈیٹ، سیکورٹیز اور ڈومیسٹک ایکویٹیز کے مابین سرمایہ کاری کا تبادلہ کرتی ہے۔ مختلف شعبوں اور حصص کیلئے لیسٹ ایلیمنٹیشن آمدنی میں اضافے اور منجمنٹ کوائٹی کی بنیاد پر کی جائے گی۔ فکسڈ انکم سیکورٹیز میں اسکیم کی سرمایہ کاری کا انتظام و انصرام دورانیے اور yield curve منجمنٹ کے ذریعے کیا جاتا ہے۔ فنڈ کموڈٹیز میں سرمایہ کاری کے لیے کموڈٹیز کو اپنے شیئ مارک کے مطابق اوور ویت یا انڈرویت کر سکتا ہے۔

فنڈ کی کارکردگی
لیکسن ٹیکٹیکل فنڈ نے مالی سال 2024 میں شیئ مارک منافع %50.07 کے مقابلے میں %38.18 مطلق منافع پیش کیا۔ فنڈ نے شیئ مارک کے مقابلے میں %11.89 - کم تر کارکردگی کا مظاہرہ کیا۔ 30 جون 2024 کے مطابق LTF پورٹ فولیو نے ایکویٹیز میں %38، T بلز میں %32، TFCS/سکوکس میں %6 اور کیش میں %21 سرمایہ کاری کی۔ 30 جون 2024ء کے مطابق فنڈ کا حجم 601.82 ملین روپے ہے۔

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

آمدنی کی تقسیم

چیف ایگزیکٹو آفیسر نے منجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کی طرف سے دیئے گئے اختیار کے تحت 30 جون 2024 کو ختم ہونے والے سال کے لیے فی یونٹ 34.3554 روپے (100 روپے کی فیس ویلیو کا 34.3554%) کی عبوری کیش ادائیگی کا اعلان کیا ہے، جس کی مالیت 20.3273 ملین روپے بنتی ہے۔

اہم خطرات و خطرات

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

لیسیٹ فیچر اینڈ فنڈ ریٹنگ

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے منجمنٹ کمپنی کی لیسیت فیچر ریٹنگ "AM2+" پر برقرار رکھی ہے۔ VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے LTF کو ایک سال، تین سال اور پانچ سال کی "2 اسٹار" پرفارمنس ریٹنگ دی ہے۔

اضافی معاملات

- 1- منجمنٹ کمپنی کے ڈائریکٹرز کی تفصیل اس سالانہ رپورٹ میں ظاہر کی گئی ہے۔
- 2- منجمنٹ کمپنی کی طرف سے تیار کردہ مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلو اور یونٹ ہولڈرز کے فنڈ میں نقل و حرکت کی متصفانہ عکاسی کرتے ہیں۔
- 3- فنڈ کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔
- 4- مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی گئی ہے اور شماریاتی 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 (اسٹیمپلڈ اینڈ ریگولیشن) رولز 2003 کے تقاضوں، نان بینکنگ فنانس کمپنیز اینڈ نوٹیفائیڈ اسٹیبلشمنٹ ریگولیشنز، 2008 (NBFC ریگولیشنز)، سکیورٹیز 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- انٹرنل کنٹرول کا نظام مستحکم اور مؤثر طریقے سے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔
- 7- فنڈ کی رواں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔
- 8- اہم مالیاتی ڈیٹا کا خلاصہ اس سالانہ رپورٹ میں شامل ہے۔
- 9- ٹیکسز، ڈیوٹیز، محصولات اور چارجز کی مد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
- 10- پروویڈنٹ فنڈ کی سرمایہ کاری کی مالیت سے متعلق گوشوارہ فنڈ پر قابل اطلاق نہیں ہے جیسا کہ ایسے اخراجات منجمنٹ کمپنی کی طرف سے برداشت کیے

جائے ہیں۔

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

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

بیرونی آؤٹریٹر

موجودہ آؤٹریٹرز میسرز یوسف عادل، 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۔ آؤٹ کیٹی کی سفارشات پر یورڈ آف ڈائریکٹرز نے 30 جون 2025 کو ختم ہونے والے سال کے لیے میسرز یوسف عادل، 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 اسٹیٹ بینک آف پاکستان کے زرمبادلہ ذخائر میں سال بہ سال 2 گنا اضافہ ہوا اور یہ 9.4 بلین امریکی ڈالر تک پہنچ گئے۔ اس کے نتیجے میں جون 2024 میں 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 ایکسٹرل اکاؤنٹ کی وجہ سے مالی سال 2024 کی دوسری ششماہی کے دوران امریکی ڈالر کے مقابلے میں پاکستانی روپے میں تقریباً استحکام رہا، جو جون 2024 میں 278 روپے فی امریکی ڈالر (مثبت 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۔ تفریط زر 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 نظریاتی شدہ بیچ مارک شرحوں سے کم رہا۔ مالی سال کے اختتام پر، حکومت نے مالی سال 2025 کے لئے وفاقی بجٹ کا اعلان کیا، جس میں اضافی ٹیکس اقدامات کی نشاندہی کی گئی ہے، جن کا مقصد مالی سال 2025 کے مالی خسارے کو بی 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

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

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

اجناس (کمؤڈٹیز) کا جائزہ

مالی سال 2024 کے دوران S&P 500 انڈیکس سال بہ سال مستحکم رہا، جہاں توانائی کی مصنوعات کی قیمتوں میں کمی نے پیش قدمی دھاتوں کی قیمتوں کے اثرات کی تلافی کی۔

اجناس کی مارکیٹیں سال بھر اتار چڑھاؤ کا شکار رہیں۔ تیل کی اوسط قیمتوں میں سال بہ سال کمی واقع ہوئی، جہاں مالی سال 2024 میں WTI کی اوسط قیمت میں سال بہ سال 2 فیصد اور برینٹ کی قیمت میں 3 فیصد کمی واقع ہوئی۔

مشرق وسطیٰ اور بحیرہ احمر کے تجارتی راستے میں کشیدگی کی وجہ سے رسد میں خلل پڑنے کے خدشے کے پیش نظر اکتوبر میں تیل کی قیمتوں میں اضافہ ہوا تھا۔ تاہم اونچی قیمتیں، کمزور عالمی طلب، امریکی تیل کے اسٹاک میں اضافے اور سخت تجارتی سرگرمی کے باعث برقرار نہ رہ سکیں۔

سرمایہ کاری کی مضبوط طلب کی وجہ سے مالی سال 2024 کے دوران قیمتی دھاتوں (سونے اور چاندی، دونوں) کی قیمتوں میں سال بہ سال 14 فیصد اضافہ دیکھا گیا۔

مستقبل کا منظر نامہ

اسٹیٹ بینک نے جون 2024 میں اعلان کردہ شرح سود میں 150 بی پی ایس کی پہلی کٹوتی کے ساتھ مالیاتی نرمی کا عمل شروع کر دیا ہے، جس کے بعد جولائی 2024 میں مزید 100 بی پی ایس کی کٹوتی کی گئی۔ شرح سود اب 19.5 فیصد ہے۔ نرمی کا یہ انداز چار سال کے عرصے پر محیط سخت گیری اور مستحکم شرح سود کا سلسلہ دیکھنے کے بعد سامنے آیا اور مئی 2024 میں سی پی آئی کے 11.8 فیصد تک گرنے کے ساتھ، اس نے جاری افراط زر کے رجحان کو مکمل کیا۔ مزید برآں ترسیلات زر میں اضافے کی مدد سے ایک تقریباً ہم سطح توازن ادائیگی (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 2024 کے بعد سے افراط زر کی شرح سنگل ڈیجٹ 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 کٹوتی کی گنجائش پیدا ہوگی۔ اکتوبر 2023 کے بعد سے شیخ مارک شرح سے پیچھے ٹریڈ کرنے والی ٹائمری مارکیٹ کے منافع سے مالیاتی نرمی کی توقعات پہلے ہی ظاہر ہو چکی تھیں۔

مزید برآں، مالی سال 2025 کے بجٹ میں محصولات کے زائد ہدف کے اعلان سے حکومت کو آئی ایم ایف کے ساتھ اسٹاف لیول پر 37 ماہ کے 7 ارب

ڈالر مایع تو سیمی فیڈرلیٹیڈ آر بیجمنٹ (ای ایف ایف) معاہدہ کرنے میں مدد ملی، جو آئی ایم ایف کے ایگزیکٹو بورڈ کی منظوری سے مشروط ہے۔ فنڈ کی طرف سے بیان کردہ اہم توجہ طلب شعبوں میں (1) محصولات کے بڑے اہداف کے ساتھ مالی استحکام (مالی سال 2024 کے مالی خسارے میں پہلے ہی کچھ بہتری کی اطلاع دی گئی ہے)، (2) افراط زر کم کرنے میں معاونت کرنے والی مانیٹری پالیسی پر مبنی موقف، (3) توانائی کے شعبے میں اصلاحات بشمول براہ راست سبسڈی کی ممانعت، (4) سرکاری ملکیت والے منافع بخش اداروں کی چمکاری 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 حتمی 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 چمکاری پروگرام کے لیے جاری مذاکرات کو فنڈ پروگرام کی جانب ایک اہم قدم کے طور پر دیکھا جا رہا ہے۔ یہ عوامل، محکمہ 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 ملتی قدر و قیمت میں تبدیلیاں لانا جاری رکھنے پر آمادہ دکھائی دیتے ہیں۔ سیاسی شور و غل میں اضافہ مذکورہ محرکات کی راہ میں حائل ایک اہم رکاوٹ ہے۔

اظہار تشکر

یہ بورڈ اپنے قابل قدر انویسٹرز، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان، فنڈ کے ٹرسٹی مینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ اور پاکستان اسٹاک ایکسچینج لمیٹڈ کا، ان کے مسلسل تعاون اور مدد پر شکریہ ادا کرتا ہے۔ منجسٹ کمپنی کے ڈائریکٹرز فنڈ کی ترقی اور دانش مندانہ انتظام و انصرام کے لیے منجسٹ کمپنی کی ٹیم کی محنت اور کاوشوں کا بھی اعتراف کرتے ہیں۔

برائے و منجانب بورڈ

ڈائریکٹر

چیف ایگزیکٹو آفیسر

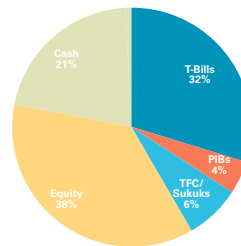
تاریخ: 12 ستمبر 2024

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

Fund Facts

Fund Type	Open-End
Category	Asset Allocation Fund
Net Assets (PKR Mil.)	601.82
NAV (30.06.2024)	91.5451
Pricing Mechanism	Forward Day
Trustee	CDC Pakistan Limited
Auditor	Yousuf Adil Saleem & Co.
Management Fee	Upto 2% effective from Dec 20,2021. (Current 2%)
Front End Load	2.50%
Back End Load	None
Launch Date	October 11, 2011
Benchmark	Weighted average daily return of KSE-30 Index, 6M KIBOR & DBIQ Optimum Yield Diversified Commodity Index excess returns based on the Scheme's actual proportion in equity, debt and commodities
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	LTF	Benchmark
FY24 - YTD	38.18%	50.07%
June-24	2.27%	2.61%
2 Months	6.03%	5.98%
3 Months	9.99%	10.19%
6 Months	15.61%	18.11%
12 Months	38.18%	50.07%
CY24- YTD	15.57%	18.04%
3 Years	28.77%	68.40%
5 Years	64.98%	122.61%
Since Inception	91.40%	172.99%

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 Tactical Fund ("LTF") is to provide long-term capital appreciation by investing in a mix of securities comprising debt, equity and commodities future contracts.

The LTF achieved its investment objective by investing in a mix of risk-free T-Bills, PIBs, equities and Equities. The debt component provides investors with long term capital protection; whereas the equity portion provides investor's exposures to a fundamentally attractive market that is characterized by strong earnings growth and cheap valuations.

Investment Strategy

The debt component of the LTF portfolio was constructed by investing in low risk options, where marked to market volatility did not chip away at returns. The fund focused exposure in Bank/DFI/Daily accrual placements over various tenures, supplemented with corporate bonds, where the yield was comfortably above par. Equity exposure of the Fund was 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 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.

Equity Market Review

KSE-100 delivered exceptional returns of 89% for FY24, marking a 21-year high, closing at 78k points. Beginning of monetary easing cycle with a 150bps cut in Policy rate to 20.5% announced by the State Bank in June 2024 fueled by softening of inflation figures, improved foreign inflows, satisfactory reports issued by IMF on its SBA reviews and announcement of an ambitious FY25 Budget were the key drivers behind the market performance during the period.

The budget announcement improved investors' confidence in Pakistan's fiscal health and its ability to secure the Executive Board approval for the new IMF facility expected by the end of this month.

Average trade volumes for quarter were increased by 140% YoY in FY24 in terms of shares traded and 118% YoY in terms of US\$ value traded.

Foreign investors participation (FIPI) During FY24, we saw foreign net inflows (Foreign investors participation - FIPI), increasing to US\$140mn compared to merely US\$2.9mn in FY23. This mainly reflects improved investors' confidence in Pakistan fiscal health and continuation of the reform process initiated under the IMF guidelines.

Commodities Review

The S&P GSCI Index remained flat YoY during FY24, where the decline in energy product prices offset the impact the impact of precious metal prices.

Commodity markets remained volatile throughout the year. Average Oil prices reported a YoY decline where Average WTI price was down 2% YoY and Brent price down 3% YoY in FY24.

Oil prices picked up in October in anticipation of supply disruption fears from the tension in the Middle

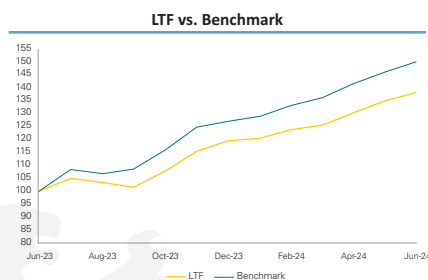
East and Red Sea trade route. However, the high prices didn't manage to sustain weaker global demand, increase in US oil stocks and sluggish trade activity.

Precious metals (both Gold & Silver) prices seen 14% YoY increase during FY24, led by robust investment demand.

Fund Performance

Lakson Tactical Fund generated an absolute return of 38.18% against the benchmark return of 50.07% in the FY24. The fund underperformed the benchmark by -11.89%. As of June 30, 2024, LTF portfolio was invested 38% in Equities, 32% in T-Bills, 6% in TFCs/Sukuku and 21% in Cash. The fund size as of June 30, 2024, is PKR 601.82mn.

Performance Table	FY24	FY23
Net Assets - Beginning (PKR Mil.)	22,967	12,325
Net Assets - Ending (PKR Mil.)	31,865	22,967
Highest Offer Price (PKR)	106.3082	105.0449
Lowest Offer Price (PKR)	103.7697	101.4798
Highest Redemption Price (PKR)	105.1203	103.8711
Lowest Redemption Price (PKR)	102.6102	101.4798
Beginning NAV - Ex-Div. (PKR)	102.6102	101.4435
Interim Distributions (PKR)	20.9074	15.6044
Final Distribution (PKR)	-	-
Ending NAV - Ex-Div. (PKR)	102.8435	102.0738
Return	22.61%	17.80%
Net Income (PKR Mil.)	6,401	2,747
WAM (Days)	72	25
Distributions	FY24	FY23
Interim Distributions (PKR)	34.3554	5.5287
Final Distribution	-	-
NAV before Distribution	125.5820	90.3990
NAV after Distribution	91.2266	90.3990
Distribution Date	23-Jun-24	22-Jun-23



Income Distribution

The Chief Executive Officer under the authority from Board of Directors of the Management Company declared the interim payouts of PKR 34.3554 per unit (34.3554% of face value of PKR 100/-) amounting to PKR 20.3273 million in cash during the year ended June 30, 2024.

Future Outlook

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

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

Moreover, the announcement of ambitious revenue target in the FY25 Budget helped the government to secure IMF's staff-level agreement on a 37-month, US\$7bn Extended Fund Facility Arrangement (EFF), which is subject to IMF's Executive Board approval. The key focus areas outlined by the fund include 1) fiscal consolidation with tall revenue targets (FY24 fiscal deficit already reported some improvement), 2) disinflation-supportive monetary policy stance, 3) energy sector reforms including no direct subsidy, 4) privatization of profitable State-Owned Enterprises (SOEs) and 4) 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, three-year & five-year performance ranking of "2-Star" to the LTF 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 LTF does not employ any leverage.

Breakdown of Unit Holding by Size

Units Range	No. of Clients	Units Held
Holding upto 100	8	359
101 - 500	2	309
501 - 1,000	-	-
1,001 - 5,000	-	-
5,001 - 10,000	1	7,446
10,001 - 50,000	4	97,101
50,001 - 100,000	5	335,061
100,001 - 500,000	5	951,758
500,001 - 1,000,000	1	619,238
1,000,001 - 5,000,000	4	4,562,802
5,000,001 - above	-	-
	30	6,574,074

CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED

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



TRUSTEE REPORT TO THE UNIT HOLDERS

LAKSON 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 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



 **YOUSUF ADIL**

Yousuf Adil
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To The Unit Holders of Lakson Tactical Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Lakson Tactical Fund** (the Fund), which comprise the statement of assets and liabilities as at **June 30, 2024**, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2024, and of 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 and Management Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* as adopted by the Institute of Chartered Accountants of Pakistan together with the ethical requirements that are relevant to our audit of the financial statements in Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

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. This matter was 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 this matter.

S. No.	Key audit matter	How our audit addresses the key audit matter
1.	<p>Existence and Valuation of investments</p> <p>The investments represent 78% of the total assets amounted to Rs. 477 million of the fund at the year end.</p> <p>In view of the significant amount of total investments in relation to determination of net asset value of the fund, we have considered these to be a key audit matter.</p> <p>Refer to notes 4.1 and 6 of the financials statements of the fund for the year ended 30 June 2024 in relation to the above referred investments.</p>	<p>We performed a combination of audit procedures focusing on the existence and valuation of investments. Our key procedure included the following:</p> <ul style="list-style-type: none"> • We have reviewed the processes and key controls relating to existence and valuation and evaluated the design and implementation of such controls. • We have evaluated the appropriateness of the classification of the investments in accordance with the requirements of IFRS 9. • We checked existence of investments from the Investor Portfolio Services (IPS) account statement and custodian statements.

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Independent Consultant Firm to
Deloitte Touche Tohmatsu Limited

S. No.	Key audit matter	How our audit addresses the key audit matter
		<ul style="list-style-type: none"> We have recalculated provision on non-performing asset in accordance with the requirements of applicable regulations. We have re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policy of the Fund. We also evaluated the adequacy of the overall disclosures in the financial statements in respect of the investment portfolio in accordance with the requirements of the Regulations and applicable financial reporting standards.

Information Other than the Financial Statements and Auditor's Report Thereon

Management Company 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 not been provided with the other information yet and therefore, we have nothing to report in this regard.

Responsibilities of Management Company and Those Charged with Governance for the Financial Statements

Management Company is responsible for the preparation and fair presentation of the financial statements in accordance with 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, 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 Management Company either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance of the Management Company are 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.

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 **YOUSUF ADIL**

Yousuf Adil
Chartered Accountants

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 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 Those Charged with Governance 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 Those Charged with Governance 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 Those Charged with Governance 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

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

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


Chartered Accountants

Place: Karachi
Date: September 20, 2024
UDIN: AR202410099aSiq2UrJR

Subsidiary: Chartered Accountants Firm to
Deloitte Touche Tohmatsu Limited

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

	Note	2024 (Rupees)	2023
Assets			
Bank balances	5	128,347,168	25,366,159
Investments	6	477,840,747	285,911,895
Profit accrued and dividend receivable	7	3,599,297	1,922,762
Deposits and other receivables	8	3,612,141	3,556,346
Total assets		613,399,353	316,757,162
Liabilities			
Payable to the Management Company	9	3,046,354	2,540,163
Remuneration payable to the Trustee	10	110,319	162,729
Payable to Securities and Exchange Commission of Pakistan	11	46,372	74,821
Accrued expenses and other liabilities	12	1,914,244	1,069,226
Payable against purchase of investments		6,457,369	1,350,515
Total liabilities		11,574,658	5,197,454
Contingencies and commitments	14		
Net assets		601,824,695	311,559,708
Unit Holders' Fund (as per Statement of Movement In Unit Holders' Fund)		601,824,695	311,559,708
----- (Number) -----			
Number of units in issue	15	6,574,073	3,415,229
----- (Rupees) -----			
Net assets value per unit		91.5451	91.2265

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

For Lakson Investments Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

Income Statement For the year ended June 30, 2024

Income	Note	2024 (Rupees)	2023
Realised gain on sale of investment at fair value through profit or loss - net		6,558,688	965,826
Unrealised appreciation / (diminution) on revaluation of investments classified at fair value through profit or loss - net		83,916,768	(3,117,045)
Dividend income on investments held at fair value through profit or loss		18,688,861	19,009,207
Markup on bank deposits		15,938,191	4,738,869
Income on Government and other debt securities		35,684,305	25,796,231
		51,622,496	30,535,100
Exchange gain on foreign currency deposits		132,149	298,406
Provision against non-performing debt		(15,984,000)	(15,983,200)
		144,934,962	31,708,294
Expenses			
Remuneration of the Management Company	9.1	8,279,688	6,221,619
Sindh Sales tax on remuneration to the Management Company	9.2	1,076,359	808,810
Remuneration of the Trustee	10	832,452	850,411
Annual fee to the Securities and Exchange Commission of Pakistan	11	393,894	74,847
Securities and Exchange Commission of Pakistan supervisory fee		2,500	2,500
Auditors' remuneration	16	799,846	764,160
Fees and subscription		628,250	325,032
Printing charges		34,500	-
Brokerage, custody, settlement and bank charges		898,258	1,663,924
Total Expenses		12,945,747	10,711,303
Net income from operating activities		131,989,215	20,996,991
Net income for the year before taxation		131,989,215	20,996,991
Taxation	17	-	-
Net income for the year		131,989,215	20,996,991
Allocation of net income for the year			
Net income for the year		131,989,215	20,996,991
Income already paid on units redeemed		(109,658,691)	(1,184,284)
		22,330,524	19,812,707
Accounting income available for distribution:			
- Relating to capital gains - net		14,341,001	-
- Excluding capital gains		7,989,523	19,812,707
		22,330,524	19,812,707
Earning per unit	4.12		

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

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


Chief Executive Officer


Chief Financial Officer


Director

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

	2024	2023
	(Rupees)	
Net income for the year	131,989,215	20,996,991
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>131,989,215</u>	<u>20,996,991</u>

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



For Lakson Investments Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

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

	Capital value	Year ended 2024 Undistributed income	Total	Capital value	Year ended 2023 Undistributed income	Total
						------(Rupees)-----
Net assets at beginning of the year	393,010,095	(81,450,329)	311,559,766	607,388,414	(84,261,652)	523,126,762
Issuance of 13,781,139 units (2023: 404,376 units)						
- Capital value	1,257,205,110	-	1,257,205,110	36,869,550	-	36,869,550
- Element of income	258,606,262	-	258,606,262	500,414	-	500,414
Total proceeds on issuance of units	1,515,811,372	-	1,515,811,372	37,369,964	-	37,369,964
Redemption of 10,622,295 units (2023: 2,726,680 units)						
- Capital value	(969,034,779)	-	(969,034,779)	(248,608,361)	-	(248,608,361)
- Element of income	(113,210,063)	(109,658,691)	(222,868,754)	(2,340,253)	(1,184,284)	(3,524,537)
Total payments on redemption of units	(1,082,244,842)	(109,658,691)	(1,191,903,533)	(250,948,614)	(1,184,284)	(252,132,898)
Distribution during the period:						
- Interim Distribution June 23, 2024 @ Rs. 34.3554 per unit (2023: Rs 5.5287 per unit)	(145,304,765)	(20,327,300)	(165,632,065)	(799,729)	(17,001,384)	(17,801,113)
Total comprehensive income for the year	-	131,989,215	131,989,215	-	20,996,991	20,996,991
Net assets at end of the year	681,271,800	(79,447,105)	601,824,695	393,010,035	(81,450,329)	311,559,708
Undistributed loss brought forward:						
- Realised loss at the beginning of the year		(78,333,284)			(47,905,352)	
- Unrealised loss at the beginning of the year		(3,117,045)			(36,356,300)	
		(81,450,329)			(84,261,652)	
Accounting income available for distribution:						
- Relating to capital gains	14,341,001				-	
- Excluding capital gains	7,989,523				19,812,707	
Total comprehensive income for the year	22,330,524					
Interim cash distribution during the year June 30, 2024: Rs. 34.3554 per unit (June 30, 2023: 5.5287)		(20,327,300)			(17,001,384)	
Undistributed loss at end of the year		(79,447,105)			(81,450,329)	
Represented by:						
- Realised loss at the end of the year		(163,363,873)			(78,333,284)	
- Unrealised gain / (loss) at the end of the year		89,916,768			(3,117,045)	
Undistributed loss at the end of the year		(79,447,105)			(81,450,329)	
Net assets value per unit at beginning		91.2265			91.1762	
Net assets value per unit at end		91.5451			91.2265	

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

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


Chief Executive Officer


Chief Financial Officer


Director

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

	2024	2023
	(Rupees)	
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the year	131,989,215	20,996,991
Adjustments for:		
Unrealised (appreciation) / diminution on revaluation of investments classified at fair value through profit or loss - net	(83,916,768)	3,117,045
Realised gain on sale of investment at fair value through profit or loss - net	(6,558,688)	(965,826)
Dividend income on investments held at fair value through profit or loss	(18,688,861)	(19,009,207)
Exchange gain on foreign currency deposits	(132,149)	(298,406)
Markup / income on bank deposits and investments	(51,622,496)	(30,535,100)
Provision against non-performing debt	15,984,000	15,983,200
	(12,945,747)	(10,711,303)
(Increase) / decrease in assets		
Investments	(200,121,970)	264,355,343
Deposits and other receivables	(55,795)	249,910
	(200,177,765)	264,605,253
(Decrease) / increase in liabilities		
Payable to the Management Company	506,191	(108,277)
Payable to the Trustee	(52,410)	(37,224)
Payable to Securities and Exchange Commission of Pakistan	(28,449)	(43,320)
Accrued expenses and other liabilities	845,018	(151,117)
Payable against the purchase of equity investments	5,106,854	1,076,280
	6,377,204	736,342
Dividend income received on investment at fair value through profit or loss	18,682,756	19,001,067
Mark-up received on bank deposits	49,952,066	30,450,225
Net cash flow (used in) / generated from operating activities	(138,111,486)	304,081,584
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds on issuance of units	1,515,811,372	37,369,964
Payments on redemption of units	(1,191,903,533)	(252,132,898)
Dividend paid	(165,632,065)	(17,801,113)
Net cash flows generated from / (used in) financing activities	158,275,774	(232,564,047)
Net increase / (decrease) in cash and cash equivalents	20,164,288	71,517,537
Cash and cash equivalents at beginning of the year	137,652,481	65,836,538
Exchange gain on foreign currency deposits	132,149	298,406
Cash and cash equivalents at end of the year	157,948,918	137,652,481
Cash and cash equivalents		
Bank balances	5 128,347,168	25,366,159
Investments maturing within 3 months	6 29,601,750	112,286,322
	157,948,918	137,652,481

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

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



Chief Executive Officer



Chief Financial Officer



Director

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

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 The Lakson Tactical Fund (the "Fund") was established under the Trust Deed executed on 30 May 2011 between Lakson Investments Limited as its Management Company and the Central Depository Company of Pakistan Limited (CDC) as its Trustee. The Fund has been registered as a Notified Entity on 7 July 2011 by the Securities and Exchange Commission of Pakistan (SECP) in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations).
- 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 Board of Directors have approved that the Fund should be categorised as 'Asset Allocation Scheme' as per the categories defined by the Securities and Exchange Commission of Pakistan Circular 7 of 2009 dated March 06, 2009. The Fund is an open ended mutual fund and offers units for public subscription on a continuous basis. The units of the Fund can be transferred to / from the Funds managed by the Management Company and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.
- 1.4 "Pakistan Credit Rating Company Limited (PACRA) has maintained the rating of the Management Company of the Fund to the scale 'AM2+' (stable outlook) vide its report dated 25 August 2023 (2023: AM2+ as on 21 August 2021). On May 23, 2024, VIS assigned following rankings to the Fund based on the performance review for the period ended June 30, 2024: (2023: MFR 3-Star rating)"
- 1 Year ranking: 2-Star
3 Year ranking : 2-Star
5 Year ranking: 2-Star
- 1.5 The Trust Act, 1882 was repealed due to promulgation of Provincial Trust Act "Sindh Trust Act, 2020" as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Trusts including Collective Investment Scheme, private funds etc., being Specialized Trusts are required to be registered with the Assistant Director of Industries and Commerce (Trust Wing), Government of Sindh under Section 12A of the Sindh Trusts Act, 2020. Accordingly, on January 31, 2022 the above mentioned Trust Deed has been registered under the Sindh Trust Act.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and

- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

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

- 2.1.1 The SECP / Commission through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Currently, the Asset Management Companies are required to continue to follow the requirements of Circular 33 of 2012 for impairment of debt securities.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, 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 judgments

The preparation of the financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in the application of its accounting policies. The estimates, judgments and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis.

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

- (a) classification and measurement of financial assets (Note 4.1.1.1);
- (b) impairment of financial assets (Note 4.1.1.3);
- (c) provisions (Note 4.4); and
- (d) classification and measurement of financial liabilities (notes 4.1.2.1).

The revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO THE PUBLISHED APPROVED ACCOUNTING STANDARDS

- 3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2024

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2023. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

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

There are certain other standards, amendments and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2024 but are considered not to be relevant or will not have any significant effect on the Fund's operations and are therefore not disclosed in these financial statements.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

4.1 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised in the Fund's statement of assets and liabilities when the Fund becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the income statement.

4.1.1 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

4.1.1.1 Classification and measurement of financial assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the entity's business model for managing them.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. For purposes of subsequent measurement, financial assets are classified in following categories:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in the income statement when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt instruments at fair value through other comprehensive income (OCI), interest income, foreign exchange revaluation and impairment losses or reversals are recognised

in the income statement and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is reclassified to the income statement.

Financial assets at fair value through profit or loss (debt instruments)

Debt instruments that do not meet the amortised cost criteria or the fair value through other comprehensive income criteria are classified as at fair value through profit or loss. In addition, debt instruments that meet either the amortised cost criteria or the fair value through other comprehensive income criteria may be designated as at fair value through profit or loss upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

4.1.1.2 Fair value measurement principles

The fair value of financial instruments is determined as follows:

Basis of valuation of government debt securities:

The government debt securities not listed on a stock exchange and traded in the interbank market are valued at the average rates quoted on a widely used electronic quotation system (PKRV / PKFRV rates) which are based on the remaining tenor of the securities.

Basis of valuation of debt securities:

The fair value of debt securities (other than government securities) is based on the value determined and announced by Mutual Funds Association of Pakistan (MUFAP) in accordance with the criteria laid down in Circular No. 1 of 2009 and Circular No. 33 of 2012 issued by Securities and Exchange Commission of Pakistan (SECP). In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorizes them as traded, thinly traded and non-traded securities. The aforementioned circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

Basis of valuation of equity securities:

The equity securities are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange (PSX)

4.1.1.3 Impairment of financial assets

Management Company assesses at each reporting date whether there is objective evidence that the Fund's financial assets or a group of financial assets are impaired. If any such indication exists, the recoverable amount of such assets is estimated. An impairment loss is recognised whenever the carrying value of an asset exceeds its recoverable amount.

As disclosed in note 2.1.1 of these financial statements, the Fund follows the requirements of Circular No. 33 of 2012 (the "circular") for impairment of debt securities. Under the circular, provision for non-performing debt securities is made on the basis of time based criteria as prescribed under the circular. Impairment losses recognised on debt securities can be reversed through the income statement.

As allowed under circular no. 13 of 2009 dated May 04, 2009 issued by the SECP, the Management Company may also make provision against debt securities over and above minimum provision requirement prescribed in aforesaid circular, in accordance with the provisioning policy approved by the Board of Directors and disseminated by the Management Company on its website."

For financial assets other than debt securities measured at amortised cost, IFRS 9 requires recognition of impairment based on expected credit loss (ECL) model. Under IFRS 9, the Fund is required to measure loss allowance equal to an amount equal to lifetime ECL or 12 months ECL based on credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information.

However, majority of the assets of the Fund exposed to credit risk pertain to counter parties which have high credit rating or where credit risk has not been increased since initial recognition. Therefore, management believes that the impact of ECL would be very minimal and hence, the same has not been accounted for in these financial statements.

4.1.1.4 Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Fund's statement of assets and liabilities) when:

- the rights to receive cash flows from the asset have expired; or
- the Fund has transferred its rights to receive cash flows from the asset and substantially all the risks and rewards of the asset.

4.1.2 Financial liabilities

4.1.2.1 Classification and measurement of financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at fair value through profit or loss.

Financial liabilities are measured at amortised cost, unless they are required to be measured at fair value through profit or loss (such as instruments held for trading or derivatives) or the Fund has opted to measure them at fair value through profit or loss.

4.1.2.2 Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

4.1.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

The Fund assesses at each reporting date whether there is an objective evidence that the financial assets or a group of financial assets are impaired. The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication

of impairment. If any such 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.

4.2 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances and short term highly liquid investments with original maturity of three months or less, which are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value.

4.3 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 Pakistan Stock Exchange Limited Regulations.

4.4 Provisions

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

4.5 Taxation

The income of the Fund is exempt from income tax under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend.

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.

4.6 Dividend distribution and appropriations

Dividend distributions and appropriations are recorded in the period in which these are approved by the Board of Directors of the Management Company.

Regulation 63 of the NBFC Regulations requires the Fund to distribute 90% of the net accounting income other than capital gains to the unit holders.

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 and approved by the Board of Directors of the Management Company.

4.7 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that date. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load and any provision for duties and charges, if applicable. The sales load is payable to 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 asset value per unit as of the close of the business day less any back-end load, any duties, taxes, and charges on redemption, if applicable.

4.8 Element of income / (loss) included in prices of units issued less those in units redeemed

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

4.9 Net asset value per unit

Net Asset Value (NAV) per unit as disclosed in the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

4.10 Revenue recognition

- Gain or loss on sale of investment is accounted for in the income statement in the period in which it arises.
- Unrealised appreciation / diminution arising on revaluation of investments classified as 'at fair value through profit or loss' is included in the income statement in the period in which it arises.
- Income from investments in government securities is recognised on a time proportionate basis using effective interest rate method.
- Profit on bank balances is recognised on a time proportionate basis using bank's approved rates.
- Dividend income from equity securities is recognised when the right to receive dividend is established.

4.11 Expenses

All expenses chargeable to the Fund including remuneration of the Management Company, Trustee fee and annual fee of the SECP are recognised in the Income Statement on an accrual basis.

4.12 Earnings per unit

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.

			2024	2023
			(Rupees)	
5.	BANK BALANCES	Note		
	Local currency			
	- In profit and loss sharing accounts	5.1	127,538,581	24,371,600
	- In current account		8,503	8,503
	Foreign currency			
	- In current account	5.2	800,084	986,056
			<u>128,347,168</u>	<u>25,366,159</u>
5.1	These represent profit and loss sharing accounts maintained with banks carrying mark-up rates ranging from 19.5 % to 20.5% (June 30, 2023: from 11.25 % to 19.5%) per annum.			
5.2	This represents USD denominated current account maintained in a foreign country amounting to USD 2,875.36 (2023: USD 3,331.27).			
6.	INVESTMENTS			
	At fair value through profit or loss			
	Listed equity securities	6.1	227,035,853	108,794,654
	Term finance certificates - Unlisted	6.2	15,000,000	41,010,919
	Government securities			
	- Pakistan investment bonds	6.3.1	24,487,500	23,820,000
	- Market treasury bills	6.3.2	189,651,679	112,286,322
			<u>456,175,032</u>	<u>285,911,895</u>
	At amortised cost			
	Sukuk Certificates	6.4	21,665,715	-
			<u>477,840,747</u>	<u>285,911,895</u>

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

Sector / Companies	As at July 01, 2023	Purchased during the year	Bonus shares / letter of right received during the year	Disposed during the year	As at June 30, 2024	Carrying value as at June 30, 2024	Financial Information (Rupees)					% of holding in investee company
							Market value as at June 30, 2024	Market value as at June 30, 2024	Unrealised gain / (loss) - net	Market value as percentage of total investments	Market value as percentage of net assets	
Commercial Banks												
MCB Bank Limited	59,056	5,250	-	9,140	55,166	6,606,474	12,523,785	5,917,311	2.62	2.08	0.00	
Bank Alfalah Limited	200,510	-	-	10,000	190,510	5,799,124	12,958,490	7,159,366	2.71	2.15	0.00	
Meezan Bank Limited	22,015	21,113	-	-	43,128	4,800,906	10,324,412	5,523,506	2.16	1.72	0.00	
Bank Islami Pakistan Limited	156,600	-	-	156,600	-	-	-	-	-	-	0.00	
United Bank Limited	59,582	10,825	-	10,275	60,132	7,476,536	15,408,224	7,931,687	3.22	2.56	0.00	
Faysal Bank Limited	66,592	216,670	-	-	283,262	11,079,281	14,854,259	3,774,978	3.11	2.47	0.00	
						35,762,322	66,069,170	30,306,848	13.83	10.98	0.00	
Chemicals												
Lotte Chemical Pakistan Limited	-	65,456	-	65,456	-	-	-	-	-	-	0.00	
Lucky Core Industries Limited	-	3,735	-	-	3,735	2,935,112	3,490,235	555,123	0.73	0.58	0.00	
						2,935,112	3,490,235	555,123	0.73	0.58	0.00	
Fertilizers												
Engro Corporation Limited - 6.1.1	31,362	-	-	11,700	19,662	5,109,957	6,541,744	1,431,787	1.37	1.09	0.00	
Fauji Fertilizer Company Limited	72,088	8,749	-	22,925	57,912	6,040,276	9,461,563	3,421,387	1.98	1.57	0.00	
Fauji Fertilizer Bin Qasim Limited	-	219,138	-	83,035	136,163	3,348,754	4,829,702	1,480,947	1.01	0.80	0.00	
Engro Fertilizers Limited - 6.1.1	52,542	9,700	-	8,898	53,344	4,680,952	8,866,840	4,185,888	1.86	1.47	0.00	
						19,179,939	29,699,948	10,520,009	6.22	4.93	0.00	
Pharmaceuticals												
The Searle Company Limited - 6.1.2	128	-	-	-	128	4,905	7,311	2,406	0.00	0.00	0.00	
Highnoon Laboratories Limited	2,415	4,828	-	-	7,243	2,889,064	5,168,460	2,279,396	1.08	0.86	0.00	
AGP Limited	-	37,822	-	-	37,822	2,755,436	3,493,618	738,182	0.73	0.58	0.00	
						5,649,405	8,669,389	3,019,985	1.81	1.44	0.00	
Cement												
Kohat Cement Company Limited	-	7,200	-	6,048	1,152	214,127	288,495	74,368	0.06	0.05	0.00	
Lucky Cement Limited - 6.1.1	14,786	1,200	-	4,010	11,976	6,280,169	10,858,998	4,578,830	2.27	1.80	0.00	
Maple Leaf Cement Factory Limited	-	160,517	-	19,150	141,367	4,694,557	5,371,946	677,389	1.12	0.89	0.00	
Pioneer Cement Limited	-	55,571	-	7,850	47,721	4,717,442	8,048,147	3,330,705	1.68	1.34	0.00	
Fauji Cement Company Limited	-	119,036	-	-	119,036	1,610,992	2,727,115	1,116,123	0.57	0.45	0.00	
D.G. Khan Cement Company Limited	-	49,000	-	49,000	-	-	-	-	-	-	0.00	
Cherat Cement Company Limited	-	33,840	-	17,009	16,831	2,282,349	2,745,641	463,292	0.57	0.46	0.00	
						19,799,637	30,040,342	10,240,706	6.29	4.99	0.00	
Power Generation & Distribution												
Engro Powergen Qadirpur Limited	-	112,648	-	78,702	33,946	919,402	953,883	34,480	0.20	0.16	0.00	
Hub Power Company Limited	76,600	18,742	-	21,685	73,657	5,867,312	12,011,984	6,144,671	2.51	2.00	0.00	
						6,786,715	12,965,866	6,179,152	2.71	2.15	0.00	
Oil and Gas Exploration Companies												
Mari Petroleum Company Limited	5,968	500	-	1,496	4,972	7,812,812	13,485,754	5,672,943	2.82	2.24	0.00	
Oil & Gas Development Company Limited - 6.1.1	34,972	65,645	-	11,800	88,817	8,239,655	12,023,157	3,783,502	2.52	2.00	0.00	
Pakistan Oilfields Limited	31,466	10,140	-	10,140	21,326	5,566,447	10,486,460	1,880,313	2.19	1.74	0.00	
Pakistan Petroleum Limited	46,941	65,969	-	12,105	100,805	6,865,524	12,855,524	4,964,732	2.47	1.96	0.00	
						31,462,133	47,762,646	16,501,511	10.00	7.94	0.00	

Sector / Companies	As at July 01, 2023	Purchased during the year	Bonus shares / letter of right received during the year	Disposed during the year	As at June 30, 2024	Carrying value as at June 30, 2024 (Rupees)									Market value as percentage of total investments (%)			% of holding in investee company
						Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised gain / (loss) - net	Market value as percentage of net assets									
Oil and Gas Marketing Companies																		
Pakistan State Oil Company Limited - 6.1.2	14,624	3,250	-	14,223	3,651	414,372	606,833	192,460	0.13	0.10				0.00				
Sui Northern Gas Pipeline	152,010	28,410	-	49,950	130,470	5,254,851	8,280,931	3,026,080	1.73	1.38				0.00				
Attock Petroleum Limited	23,961	-	-	9,330	14,631	4,392,958	5,651,077	1,258,120	1.18	0.94				0.00				
						10,062,181	14,538,841	4,476,660	3.04	2.42				0.00				
Engineering																		
Mughal Iron & Steel Industries Limited	-	29,837	-	-	29,837	2,084,285	2,774,841	690,556	0.58	0.46				0.00				
Agha Steel Industries Limited	-	143,338	-	135,988	7,350	111,104	73,647	(37,457)	0.02	0.01				0.00				
						2,195,389	2,848,488	653,099	0.60	0.47				0.00				
Food & Personal Care Products																		
Fauji Foods Limited	-	258,613	-	86,255	172,358	1,084,677	1,528,815	444,139	0.32	0.25				0.00				
Automobile Assembler																		
Millat Tractors Limited	-	4,642	-	-	4,642	2,805,803	2,952,683	146,881	0.62	0.49				0.00				
						2,805,803	2,952,683	146,881	0.62	0.49				0.00				
Technology and Communication																		
Systems Limited	18,506	-	-	-	18,506	6,237,902	6,469,428	231,526	1.35	1.07				0.00				
						6,237,902	6,469,428	231,526	1.35	1.07				0.00				
Total as at June 30, 2024						143,960,215	227,035,853	83,075,637	47.51	37.72				0.02				
Total as at June 30, 2023						110,152,055	108,794,654	(1,357,401)	38.05	34.92				13.70				

	June		June	
	2024	2023	2024	2023
	----- (Number of shares) -----		----- (Rupees) -----	
Engro Corporation Limited	15,000	20,000	4,990,650	5,197,800
Pakistan Petroleum Limited	20,000	-	2,332,400	-
Oil & Gas Development Company Limited	25,000	25,000	3,372,500	1,950,000
Engro Fertilizers Limited	10,000	10,000	1,662,200	825,300
Lucky Cement Limited	7,000	7,000	6,347,110	1,819,230
	77,000	62,000	18,704,860	9,792,330

Above provision regarding the taxation of bonus shares have since been deleted vide the Finance Act, 2018.

	Date of issue	Date of Maturity	Mark-up rate	As at 01 July 2023	Acquired during the year	Disposed / matured during the year	As at 30 June 2024	Carrying value	Market value	Unrealized diminution/(appreciation)	Market value as % of total investments	Market value as % of net assets	Face value as % of size of the issue	
Note				Number of certificates			(Rupees)							
Performing														
Bank Al-Habib Limited	6.2.1	6-Dec-18	6-Dec-28	22.58%	2,000	-	2,000	-	-	-	-	-	-	
NRSP Microfinance Bank	6.2.2	9-Jul-21	1-Jun-28	24.87%	150	-	-	150	15,000,000	15,000,000	-	3.14	2.49	1.95
					Total as at June 30, 2024			15,000,000	15,000,000	-	3.14	2.49	1.95	
					Total as at June 30, 2023			25,421,384	25,026,919	(394,465)				
	Date of issue	Date of Maturity	As at 01 July 2023	Acquired during the year	Disposed / matured during the year	As at 30 June 2024	Carrying value as at July 01, 2023	Impairment loss at June 30, 2024	Carrying value as at June 30, 2024	Market value as % of total investments	Market value as % of net assets	Face value as % of size of the issue		
Note				Number of certificates			(Rupees)			(%)				
Non-performing														
Silk Bank Limited	6.2.3	10-Aug-17	10-Aug-25	8,000	-	-	8,000	15,984,000	(15,984,000)	-	-	-	-	
					Total as at June 30, 2024			15,984,000	(15,984,000)	-	-	-	-	
					Total as at June 30, 2023			31,967,200	(15,983,200)	15,984,000				

6.2.2 This represents investments in Term Finance Certificates of NRSP Microfinance Bank Limited. The instrument is structured to redeem 100% of the issue amount in the last 4 equal quarterly instalments of 25.00% each from September 01, 2027 to June 01, 2028. These

term finance certificates are unsecured. Total face value of the individual investment is Rs. 100,000 (Rs. 15 million in total).

- 6.2.3 This represents unlisted term finance certificates issued by Silk Bank Limited. Total size of the issue is Rs. 2,000 million and the term of the TFCs is eight years commencing from the date of issue of TFCs which was August 2017 and ending on August 2025. Profit on the instrument is receivable on semi-annually basis in arrears on the outstanding balance and the first such profit payment is due at the expiry of 6 months from the issue date and subsequently every six months thereafter. Profit rate on this term finance certificate is six months average KIBOR + 1.85% per annum. The instrument is structured to redeem 0.14% of the issue amount during the first 7 years and remaining 99.86% in the last two semi annual instalments of 49.93% each. The instrument is unsecured and subordinated to all other indebtedness of the Bank. The latest available rating of the instrument is BBB+ rated on December 23, 2021. No credit rating is available for this TFC as this has become a non-performing security.

During the year ended 2022, the issuer defaulted the coupon payment which was due on February 10, 2022, as a result the investment was classified as non-performing asset on February 25, 2022 and the markup income / coupon was suspended accordingly. As per the requirements of Circular No. 33 of 2012 issued by the SECP on October 24, 2012, the profit accrued upto February 10, 2022 was reversed and an unrealised loss of Rs. 4.55 million and further provision of Rs. 3.44 million (Total amount Rs. 7.99 million), which is 20% of outstanding principal amount of Rs. 39.96 million was recorded as an unrealised loss during the year ended June 30, 2022. Till June 2023, further provision of Rs. 15.98 million was recorded, which is 40% of principal amount followed by another provision of Rs. 15.98 million during the year ended June 30, 2024 which is remaining 40% of principal amount.

- 6.2.3.1 The Securities and Exchange Commission of Pakistan (SECP), vide its circular No. 16 date July 07, 2010 prescribed certain disclosures for the schemes holding investments that were non-compliant either with the minimum investment criteria specified for category assigned to such schemes or with the investment requirement of their consecutive documents. The Securities and Exchange Commission of Pakistan vide circular 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorization criteria laid down in the circular. Lakson Asset Management Limited (the Management Company) classified Lakson Tactical Fund (the Fund) as an 'Asset Allocation Scheme' in accordance with the said circular. As at June 30, 2024, the Fund is compliant with all the requirements of the said circular except for clause 9 (v) which requires the rating of any security in the portfolio shall not be lower than the investment grade. The following are the details of non-compliant investments held by the Fund:

Name of Non-compliant investment	Note	Type of Investment	Value of investment before provision	Provision held (if any)	Value of Investment after provision	Investment as percentage of Net Assets	Investment as percentage of Gross Assets
Silk Bank Limited	6.2.3	Term Finance Certificate	35,413,827	(35,413,827)	-	-	-

- 6.2.4 Significant terms and conditions of term finance certificates outstanding as at June 30, 2024 are as follows:

Name of the Issuer	Mark-up rate (per annum)	Maturity date	Rating
Commercial Bank			
NRSP Microfinance Bank	3 months KIBOR + 3.00%	June 01, 2028	A-
Silk Bank Limited	6 months KIBOR + 1.85%	August 10, 2025	A-

6.3 Government securities - at fair value through profit or loss - Face Value of Rs. 100 each

6.3.1 Pakistan Investment Bonds

		Date of Issue	Date of maturity	Total Face Value (Maturity Value)	Term	Mark-up rate	As at July 01, 2023	Acquired during the year	Disposed during the year	As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised appreciation (diminution)	Market value as a % of total investments	Market value as a % of net assets
							(Number of certificate)				(Rupees)			(%)	
10 years Pakistan Investment Bond	6.3.1.1	May 31, 2018	May 31, 2028	25,000,000	10 Years	21.82%	250,000	-	-	250,000	23,820,000	24,487,500	667,500	5.12	4.07
Total as at June 30, 2024											23,820,000	24,487,500	667,500	5.12	4.07
Total as at June 30, 2023											25,000,000	23,820,000	(1,180,000)		

6.3.1.1 This represents investments in 10 years Pakistan Investment Bond carrying an effective profit rate of 21.82% and having maturity on May 31, 2028. The face value of Pakistan Investment Bond as at June 30, 2024 amounts to Rs. 25 million.

6.3.2 Market Treasury Bills

	Date of Issue	As at July 01, 2023	Acquired during the year	Disposed / matured during the year	As at June 30, 2024	As at July 01, 2023	Acquired during the year	Disposed / matured during the year	As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealized appreciation (diminution)	Market value as a % of net assets of Fund	Market value as a % of total investments
		(Number of Units)				(Rupees)				(%)				
Government Securities														
3 Months Market Treasury Bills	22-Jun-23	1,180,000	-	1,180,000	-	118,000,000	-	118,000,000	-	-	-	-	-	-
3 Months Market Treasury Bills	2-Nov-23	-	2,600,000	2,600,000	-	-	260,000,000	260,000,000	-	-	-	-	-	-
3 Months Market Treasury Bills	18-May-23	-	3,200	3,200	-	-	320,000	320,000	-	-	-	-	-	-
3 Months Market Treasury Bills	21-Sep-23	-	1,300,000	1,300,000	-	-	130,000,000	130,000,000	-	-	-	-	-	-
3 Months Market Treasury Bills	24-Aug-23	-	1,120,000	1,120,000	-	-	112,000,000	112,000,000	-	-	-	-	-	-
3 Months Market Treasury Bills	25-Jan-24	-	600,000	600,000	-	-	60,000,000	60,000,000	-	-	-	-	-	-
3 Months Market Treasury Bills	25-Jul-23	-	400,000	400,000	-	-	40,000,000	40,000,000	-	-	-	-	-	-
3 Months Market Treasury Bills	2-May-24	-	-	-	300,000	-	-	-	30,000,000	29,594,749	29,601,750	7,001	6.19	4.92
3 Months Market Treasury Bills	2-Nov-23	-	300,000	300,000	-	-	30,000,000	30,000,000	-	-	-	-	-	-
12 Months Market Treasury Bills	11-Jan-24	-	2,500,000	2,500,000	-	-	250,000,000	250,000,000	-	-	-	-	-	-
12 Months Market Treasury Bills	25-Jan-24	-	700,000	-	700,000	-	70,000,000	-	70,000,000	63,373,812	63,002,310	(371,502)	13.18	10.47
12 Months Market Treasury Bills	16-May-24	-	1,000,000	-	1,000,000	-	100,000,000	-	100,000,000	85,464,758	85,003,300	528,542	18.00	14.29
12 Months Market Treasury Bills	13-Jun-24	-	130,000	-	130,000	-	13,000,000	-	13,000,000	11,044,729	11,044,319	(410)	2.31	1.84
						Total as at June 30, 2024				189,478,048	189,651,679	173,631	39.69	31.51
						Total as at June 30, 2023				112,471,282	112,386,322	(84,960)	39.27	36.04

6.4 Sukuk Certificates - Face Value of Rs. 1,000,000 each

		Date of Maturity	Term	Mark-up rate	As at 01 July 2023	Acquired during the year	Disposed / matured during the year	As at 30 June 2024	Face Value as at 30, 2024	Carrying Value as at June 30, 2024	Carrying value as a % of net assets of Fund	Carrying value as a % of Total Investment	Face value as a % of total Sukuk
Note					Number of certificates				(Rupees)		[%]		
6.4.1	III- Sukuk-6M	13-Aug-24	Semi-annually	21.87	-	20	-	20	20,000,000	21,665,715	3.60	4.53	0.54
Total as at 30 June 2024									20,000,000	21,665,715	3.60	4.53	0.54
Total as at 30 June 2023									-	-	-	-	-

6.4.1 This represents investments in short term Sukuk Certificates of Ismail Industries Limited. The instrument is structured to redeem 100% at maturity and carrying an effective profit rate 21.87%

7 PROFIT ACCRUED AND DIVIDEND RECEIVABLE

	June 30, 2024	June 30, 2023
(Rupees)		
Profit receivable on:		
- Profit and loss sharing accounts	2,243,665	426,178
- Term finance certificates	838,696	1,002,362
- Government securities	478,067	461,458
	3,560,428	1,889,998
Dividend receivable	38,869	32,764
	3,599,297	1,922,762

8 DEPOSITS AND OTHER RECEIVABLES

		June 30, 2024	June 30, 2023
Security deposit to:	Note	(Rupees)	
- National Clearing Company of Pakistan Limited	8.1	2,500,000	2,500,000
- Central Depository Company of Pakistan Limited	8.2	100,000	100,000
Advance tax	8.3	1,012,141	956,346
		<u>3,612,141</u>	<u>3,556,346</u>

8.1 This represents deposit with NCCPL in respect of the trading of listed securities.

8.2 This represents deposit with CDC on account of initial deposit for opening of investor account for electronic transfer of book-entry 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. However, withholding tax on profit on bank balances paid to the Fund was deducted by various withholding agents based on the interpretation issued by FBR vide its Circular C.No.1 (43) DG (WHT) / 2008 - Vol.II - 66417 - R dated May 12, 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholders.

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. A petition was filed in the Supreme Court of Pakistan by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgment of SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit on bank balances have been shown as advance tax under assets as at June 30, 2024 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

9. PAYABLE TO THE MANAGEMENT COMPANY

		June 30, 2024	June 30, 2023
	Note	(Rupees)	
Remuneration payable to the Management Company	9.1	976,255	528,299
Sindh Sales Tax payable on remuneration of Management Company	9.2	126,913	68,678
Federal Excise Duty on remuneration payable to Management Company	9.3	1,943,186	1,943,186
		<u>3,046,354</u>	<u>2,540,163</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. Remuneration is paid to the Management company in arrears on a monthly basis and during the year.

- 9.2 The Sindh Revenue Board 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. This includes Sindh Sales Tax charged on Federal Excise Duty which is not paid due to the case pending for adjudication in Supreme Court of Pakistan as disclosed in note 9.3.
- 9.3 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 01, 2016. However, being prudent the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 1.94 million (2023: 1.94 million) is being retained in these financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been made, the net asset value of the Fund as at June 30, 2024 would have been higher by Re. 0.30 (June 30, 2023: Re. 0.57) 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. Effective from July 01, 2019 the Trustee has revised the trustee fee as under:

Net assets up to 1 billion	0.20% per annum of the daily average net assets of the Fund, whichever is higher.
Net assets exceeding Rs. 1 billion	Rs. 2.0 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. Effective from July 01, 2023 the SECP has revised the Annual SECP fee. Currently 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.

12. ACCRUED EXPENSES AND OTHER LIABILITIES

	June 30, 2024	June 30, 2023
Note	(Rupees)	
Brokerage charges payable	119,107	118,247
Fee payable to National Clearing Company of Pakistan	37,200	100,000
Auditors' remuneration	851,515	590,280
Fee payable to Central Depository Company	34,418	14,434
Other liabilities	872,004	207,015
Professional fee payable	-	39,250
	<u>1,914,244</u>	<u>1,069,226</u>

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 3.12% as of June 30, 2024 (June 30, 2023: 2.86%) and this includes 0.4% (June 30, 2023: 0.24%) representing Sindh Sales tax and SECP fee. 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

The Fund had no contingency or commitment at the year end except as those mentioned elsewhere in these financial statements.

15. NUMBER OF UNITS IN ISSUE

	June 30, 2024	June 30, 2023
	(Number)	
Total outstanding as of 1 July	3,415,229	5,737,533
Issued during the year	13,781,139	404,376
Redemptions during the year	(10,622,295)	(2,726,680)
Total units in issue as of 30 June	<u>6,574,073</u>	<u>3,415,229</u>

16. AUDITORS' REMUNERATION

	June 30, 2024	June 30, 2023
	(Rupees)	
Annual audit fee	379,500	363,000
Fee for the review of half yearly financial statements	126,500	181,500
Report on the compliance on foreign investment agreed upon procedures report	184,000	160,000
Out of pocket and sales tax expenses	109,846	59,660
	<u>799,846</u>	<u>764,160</u>

17. TAXATION

The Fund is exempt from taxation under Clause 99 of the Part I of the Second Schedule of the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its

accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders. Since the Management Company has distributed the income earned by the Fund during the year to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements.

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 and the custodian being holding company of the management company, SIZA Services Private Limited being holding company of the Management Company, associated companies of the Management Company, key management personnel and other funds being managed by the Management Company, staff retirement benefits of related parties and other entities having more than 10% holding in the units of the Fund as at June 30, 2024.

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

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

18.1 Details of balances with related parties / connected persons for the year

	June 30, 2024	June 30, 2023
	(Rupees)	
Lakson Investments Limited - Management Company of the Fund		
Remuneration payable to Management Company	976,255	528,299
Sindh Sales Tax on remuneration of Management Company *	126,913	68,678
Federal Excise Duty on Management Company's remuneration	1,943,186	1,943,186
Central Depository Company of Pakistan Limited - Trustee of the Fund		
Remuneration payable	110,319	162,729
Security deposit	100,000	100,000
Settlement charges payable	34,418	14,434
Habib Bank AG Zurich - Custodian		
Bank balance	800,084	986,056
Settlement charges payable	14,231	30,738

18.2 Details of transactions with related parties / connected persons during the year

	June 30, 2024	June 30, 2023
	(Rupees)	
Lakson Investments Limited - Management Company of the Fund		
Remuneration to the Management Company	<u>8,279,688</u>	<u>6,221,619</u>
Sindh sales tax on remuneration of Management Company *	<u>1,076,359</u>	<u>808,810</u>
Central Depository Company of Pakistan Limited - Trustee of the Fund		
Remuneration for the period	<u>832,452</u>	<u>850,411</u>
Settlement charges	<u>26,355</u>	<u>107,700</u>
Habib Bank AG Zurich - Custodian		
Settlement charges	<u>268,374</u>	<u>259,059</u>

* Sales tax is paid to the Management Company for onwards payment to the Government.

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

For the Year ended June 30, 2024									
Associated companies / undertakings of the Management Company	Number of Units as at July 01, 2023	Number of Units		Units redeemed during the year	Number of units as at June 30, 2024	Rupees			Balance as at June 30, 2024
		Units issued during the year	Units redeemed during the year			Balance as at July 01, 2023	Units issued during the year	Dividend paid during the year	
Directors, Chief Executive and their spouse and minors	127,854	40,927	-	-	168,781	11,663,671	3,733,603	4,392,475	15,451,044
Associated companies / undertakings of the Management Company									
Accurate Surgical Limited- Employees Contributory Provident Fund Trust	53,355	161,956	151,192	-	64,119	4,867,434	16,244,084	-	5,869,770
Century Insurance Company Limited Employees Contributory Provident Fund Trust	59,149	214,565	186,875	-	86,839	5,395,971	21,535,303	-	7,949,717
Century Insurance Company Limited Gratuity Fund	42,475	213,255	147,911	-	107,819	3,874,816	21,058,057	-	9,870,264
Century Paper & Board Mills Limited Employees Contributory Provident Fund Trust	581,820	2,420,805	1,875,934	-	1,126,690	53,077,413	240,701,483	-	103,142,973
Century Paper & Board Mills Limited Employees Gratuity Fund	518,912	2,260,140	1,694,597	-	1,084,454	47,338,493	224,686,943	-	99,276,491
Colgate Palmolive (Pakistan) Limited Employees Contributory Provident Fund Trust	552,966	2,277,749	1,770,978	-	1,059,737	50,445,167	226,529,784	-	97,013,763
Colgate Palmolive (Pakistan) Limited Employees Gratuity Fund	602,069	2,652,672	1,962,821	-	1,291,920	54,924,633	262,507,119	-	118,268,908
Cyber Internet Services (Private) Limited Employees Contributory Provident Fund Trust	275,018	1,255,165	910,945	-	619,238	25,088,956	124,326,159	-	56,688,237
Hasanali Karabhai Foundation Employees Contributory Provident Fund Trust	8,165	30,667	25,393	-	13,438	744,821	3,060,042	9,449	1,230,213
Lakson Business Solutions Limited Employees Contributory Provident Fund Trust	5,892	1,553	-	-	7,446	537,547	141,706	202,437	681,625
Lakson Investments Limited Employees Contributory Provident Fund Trust	30,013	143,880	101,933	-	71,960	2,737,984	14,239,712	-	6,387,559
Merit Packaging Limited Employees Contributory Provident Fund Trust	73,594	253,907	222,999	-	104,502	6,713,736	25,444,653	-	9,566,626
Merit Packaging Limited Employees Gratuity Fund	39,921	141,819	124,100	-	57,641	3,641,877	14,227,594	-	5,276,717
SIZA Foods (Private) Limited Employees Contributory Provident Fund Trust	339,965	1,295,269	1,156,560	-	478,674	31,013,837	130,589,381	-	43,820,261
SIZA Services (Private) Limited Employees Contributory Provident Fund Trust	30,399	120,603	96,499	-	54,503	2,773,174	12,008,909	-	4,989,468
Sybird (Private) Limited Employees Contributory Provident Fund Trust	60,328	242,326	193,557	-	109,097	5,503,532	24,156,456	-	9,387,285
Nayabhai (Pvt) Limited Employee Contributory Provident Fund	-	49,470	-	-	49,470	-	4,512,946	89,922	4,528,702

For the Year ended June 30, 2023									
	Number of Units			Rupees					
	Number of Units as at July 01, 2022	Units issued during the year	Units redeemed during the year	Number of units as at June 30, 2023	Balance as at July 01, 2022	Units issued during the year	Dividend paid during the year	Units redeemed during the year	Balance as at June 30, 2023
Lakson Investments Limited - Management Company	1,636,986	-	1,636,986	-	149,254,163	-	-	150,476,369	11,663,640
Directors, Chief Executive and their spouse and minors	121,644	6,210	-	127,854	11,091,038	561,345	672,535	-	-
Key management personnel, employees and connected persons of the Management Company	16,476	-	16,476	-	1,502,219	-	-	1,524,283	-
Associated companies / undertakings of the Management Company									
Management Company									
Accurate Surgical Limited- Employees Contributory Provident Fund Trust	44,659	14,772	6,076	53,355	4,071,820	1,338,316	213,316	565,000	4,867,434
Century Insurance Company Limited	444,538	-	444,538	-	40,531,108	-	-	-	-
Century Insurance Company Limited Employees	62,120	3,409	6,380	59,149	5,663,799	308,171	308,171	585,000	5,395,971
Contributory Provident Fund Trust	45,359	2,448	5,333	42,475	4,135,643	221,296	221,296	489,000	3,874,816
Century Paper & Board Mills Limited Employees	610,176	33,533	61,889	581,820	55,633,285	3,031,317	3,031,317	5,675,000	53,077,413
Contributory Provident Fund Trust	-	-	-	-	-	-	-	-	-
Century Paper & Board Mills Limited Employees	546,532	29,907	57,527	518,912	49,830,492	2,703,560	2,703,560	5,275,000	47,338,493
Gratuity Fund	-	-	-	-	-	-	-	-	-
Colgate Palmolive (Pakistan) Limited Employees	577,532	31,870	56,436	552,966	52,656,942	2,880,986	2,880,986	5,175,000	50,445,167
Contributory Provident Fund Trust	-	-	-	-	-	-	-	-	-
Colgate Palmolive (Pakistan) Limited Employees	634,656	34,700	67,287	602,069	57,865,269	3,136,814	3,136,814	6,170,000	54,924,633
Gratuity Fund	-	-	-	-	-	-	-	-	-
Cyber Internet Services (Private) Limited Employees	288,558	15,850	29,390	275,018	26,309,517	1,432,861	1,432,861	2,695,000	25,088,956
Contributory Provident Fund Trust	-	-	-	-	-	-	-	-	-
GAM Corporation (Private) Limited Employees	194,588	-	194,588	-	17,741,534	-	-	18,237,311	-
Contributory Provident Fund Trust	-	-	-	-	-	-	-	-	-
Hasanali Karabhai Foundation Employees Contributory Provident Fund Trust	8,488	8,165	8,490	8,165	773,900	738,065	-	811,065	744,821
Lakson Business Solutions Limited Employees	-	-	-	-	-	-	-	-	-
Contributory Provident Fund Trust	5,650	242	-	5,892	515,143	21,868	31,240	-	537,547
Lakson Investments Limited Employees Contributory Provident Fund Trust	31,991	1,730	3,708	30,013	2,916,826	156,370	156,370	340,000	2,737,984
Merit Packaging Limited Employees Contributory Provident Fund Trust	74,713	14,148	15,267	73,594	6,812,026	1,288,658	328,658	689,000	6,713,736
Merit Packaging Limited Employees Gratuity Fund	39,132	4,726	3,937	39,921	3,567,911	429,585	194,585	361,000	3,641,877
SIZA Foods (Private) Limited Employees Contributory Provident Fund Trust	159,372	196,733	16,140	339,965	14,530,870	17,784,452	1,147,142	1,480,000	31,013,837
SIZA Services (Private) Limited Employees Contributory Provident Fund Trust	32,148	1,752	3,501	30,399	2,931,120	158,379	158,379	313,000	2,773,174
Sybird (Private) Limited Employees Contributory Provident Fund Trust	63,275	3,477	6,423	60,328	5,769,130	314,314	314,314	589,000	5,503,532

19. FINANCIAL 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)
- Unitholders' fund risk (refer note 19.5)

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 Trust Deed 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 profit receivables, dividend receivable on equity securities and profit receivable on Term Finance Certificates.

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.
- Analysis 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 June 30, 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)	130,590,833	130,590,833	25,792,337	25,792,337
Investments (including profit due)	480,084,412	15,838,696	286,338,073	42,013,281
Dividend receivable	38,869	38,869	32,764	32,764
Deposits and other receivable	2,600,000	2,600,000	2,600,000	2,600,000
	<u>613,314,114</u>	<u>149,068,398</u>	<u>314,763,174</u>	<u>70,438,382</u>

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. 227.035 million (2023: Rs. 108.796 million) and government securities of Rs. 214.139 million (2023: Rs. 136.81 million) do not carry credit risk.

Bank balances (including profit)

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

Rating	2024 (Rupees)	2023	2024 (%)	2023
AAA*	30,969,497	1,113,375	23.71	4.32
AA+	25,961,817	24,480,352	19.88	94.91
AA	59,110	42,774	0.05	0.17
AA-	18,417	16,336	0.01	0.06
A+	73,483,212	54,513	56.27	0.21
A	35,689	35,689	0.03	0.14
A-	55,097	7,994	0.04	0.03
Other	7,994	41,304	0.01	0.16
Total balance	130,590,833	25,792,337	100	100.00

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

* This includes balance in Habib Bank AG Zurich Switzerland. Rating of this bank is not available, however, the management considers 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:

	June 30, 2024		June 30, 2023	
	(Rupees)	(%)	(Rupees)	(%)
Commercial banks (including profit due)	130,590,833	87.60	25,792,337	36.62
Deposits and other receivable	2,638,869	1.77	2,632,764	3.74
Commercial banks - Term Finance Certificates	15,000,000	10.06	41,010,919	58.22
Profit receivable on - Term Finance Certificates	838,696	0.56	1,002,362	1.42
	149,068,398	100	70,438,382	100

Past due and impaired assets and collaterals held

None of the financial assets of the Fund are past due or impaired as at 30 June 2024 (June 30, 2023: nil).

Settlement risk

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

For the vast majority of transactions the Fund mitigates this risk by conducting settlements through brokers with good credit worthiness to ensure that transactions are 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 fall 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 redemption price 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 other than placing funds in profit and loss accounts maintained with commercial banks. 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 is able to swiftly liquidate 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, in accordance with 58(1) (k) of NBFC Regulation, 2008, the Fund is entitled to borrow, with prior approval of trustee, for meeting redemptions.. 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. No such borrowings were made during the year.

In order to manage the Fund's overall liquidity, the Fund is also allowed in accordance with regulation 57(10) of NBFC Regulations, 2008, to withhold daily redemption request in excess of ten percent of the units in issue and such requests would be treated as redemption request qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. However, during the period no such option was exercised or considered necessary.

Maturity analysis for financial liabilities

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

	2024	
	Contractual cash flows	
	Carrying amount	Less than 3 month
	----- (Rupees) -----	
Non-derivative financial liabilities (excluding unit holders' fund)		
Payable to the Management Company *	3,046,354	1,103,168
Remuneration payable to the Trustee *	110,319	110,319
Accrued expenses and other liabilities *	1,914,244	1,914,244
	<u>5,070,917</u>	<u>3,127,731</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 *	2,540,163	596,977
Remuneration payable to the Trustee *	162,729	162,729
Accrued expenses and other liabilities *	1,069,226	1,069,226
	<u>3,772,118</u>	<u>1,828,932</u>

* excluding provision for Sindh Workers' Welfare Fund and annual fee payable to the SECP.

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.

Management of market risks

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

The Fund is exposed to currency risk, interest rate risk and 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 denominated liability.

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

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

	2024	
	(Rupees)	(USD)
Financial Assets		
Bank balance	800,084	2,875
	<u>800,084</u>	<u>2,875</u>
	2023	
	(Rupees)	(USD)
Financial Assets		
Bank balance	986,056	3,331
	<u>986,056</u>	<u>3,331</u>

Fair value sensitivity analysis of foreign currency exposure:

	Average rates		Balance sheet date rate	
	2024	2023	2024	2023
Rupees / US Dollars	283.88	247.99	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. 40,260 (2023: Rs. 47,286). This analysis assumes that all other variables in particular interest rate remain constant. Weakening of Pakistani Rupee by the same percentage would had 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:

	June 30, 2024	June 30, 2023
Variable-rate instrument	(Rupees)	
Bank balances	127,538,581	24,371,600
Term Finance Certificate	15,000,000	41,010,919
Investment in Sukuk Certificates	21,665,715	-
Government Securities - Pakistan Investment Bond	24,487,500	23,820,000
	188,691,796	89,202,519

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. 1.89 million (2023: Rs. 0.89 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.

Sensitivity analysis for fixed rate instruments

Fund has fixed rate financial assets (market treasury bills) at fair value through profit or loss, therefore, changes in interest rate by 100 basis points at the reporting date would impact the income statement by Rs. 1.90 million (2023: Rs. 1.12 million).

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

The composition of the Fund's investment portfolio and profit rates are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2024 is not necessarily indicative of the impact on the Fund's net assets of the future movements in interest rates.

Yield/profit sensitivity position for on balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off balance sheet instruments is based on settlement date.

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

June 30, 2024					
	Interest rate %	Exposed to interest rate risk		Not exposed to interest rate risk	Total
		No later than one year	Between two months to one year		
		Note	Rupees		
Financial assets					
Investments					
- Listed equity securities	6.1	-	-	227,035,853	227,035,853
- Term Finance Certificates	6.2	-	15,000,000	-	15,000,000
- Government Securities	6.3	-	24,487,500	189,651,679	214,139,179
- Sukuk certificates	6.4	-	21,665,715	-	21,665,715
Bank balances (including profit due)	5	127,538,581	-	-	127,538,581
Dividend receivable		-	-	38,869	38,869
Deposits and other receivable		-	-	2,600,000	2,600,000
		<u>127,538,581</u>	<u>61,153,215</u>	<u>419,326,401</u>	<u>608,018,197</u>
Financial liabilities					
Payable to the Management Company		-	-	976,255	976,255
Remuneration payable to the Trustee		-	-	110,319	110,319
Accrued expenses and other liabilities		-	-	1,914,244	1,914,244
Total financial liabilities		<u>-</u>	<u>-</u>	<u>3,000,818</u>	<u>3,000,818</u>
On balance sheet gap		<u>127,538,581</u>	<u>61,153,215</u>	<u>416,325,583</u>	<u>605,017,379</u>
Cumulative interest rate gap *		<u>127,538,581</u>	<u>188,691,796</u>		

* There were no off balance sheet financial instruments for the Fund.

June 30, 2023					
	Interest rate %	Exposed to interest rate risk		Not exposed to interest rate risk	Total
		No later than one year	Between two months to one year		
		Rupees			
Financial assets	Note				
Investments					
- Listed equity securities	6.1	-	-	108,794,654	108,794,654
- Term Finance Certificates	6.2	-	41,010,919	-	41,010,919
- Government Securities	6.4	-	23,820,000	112,286,322	136,106,322
Bank balances (including profit due)	5.1	24,371,600	-	-	24,371,600
Dividend receivable		-	-	32,764	32,764
Deposits and other receivable		-	-	2,600,000	2,600,000
		<u>24,371,600</u>	<u>64,830,919</u>	<u>223,713,740</u>	<u>312,916,259</u>
Financial liabilities					
Payable to the Management Company		-	-	528,299	528,299
Remuneration payable to the Trustee		-	-	162,729	162,729
Accrued expenses and other liabilities		-	-	1,069,226	1,069,226
Total financial liabilities		<u>-</u>	<u>-</u>	<u>1,760,254</u>	<u>1,760,254</u>
On balance sheet gap		<u>24,371,600</u>	<u>64,830,919</u>	<u>221,953,486</u>	<u>311,156,005</u>
Cumulative interest rate gap *		<u>24,371,600</u>	<u>89,202,519</u>		

* There were no off balance sheet financial instruments for the Fund.

19.3.2 Price risk

The Fund is exposed to equity price risk i.e. the risk of unfavorable 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 classified 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

A change of 5% in the fair values of investments classified as fair value through profit or loss would affect income statement and statement of unit holder fund by Rs. 23.80 million (2023: Rs. 14.35 million).

19.4 Operational risk

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

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

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

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

19.5 Unit holder's fund risk management

The Fund's capital is represented by redeemable units. The Fund is required by the NBFC Regulations, to maintain a minimum fund size of Rs.100 million, to be maintained all the time during the life of the scheme. The units issued by the Fund provides an investor with the right to require redemption for cash at a value proportionate to the unit holder's share in the Fund's net assets at the redemption date.

The Fund's objective in managing the unit holders' fund is to ensure a stable base to maximise returns to all investors and to manage liquidity risk arising from redemption. In accordance with the risk management policies, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption, such liquidity being augmented by disposal of investments.

20. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

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

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

Level 1: quoted prices in active markets for identical assets or liabilities;

Level 2: those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: those with inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table show the carrying amount and fair values of financial assets and financial liabilities including the levels in the fair value hierarchy.

		2024					
		Carrying amount			Fair Value		
		Fair value through profit and loss	Amortised cost	Total	Level 1	Level 2	Level 3
		(Rupees)					
On-balance sheet financial instruments							
Financial assets measured at fair value							
Investment in listed equity securities	6	227,035,853	-	227,035,853	227,035,853	-	-
Term finance certificates	6	15,000,000	-	15,000,000	15,000,000	-	-
Government securities	6	214,139,179	-	214,139,179	24,487,500	189,651,679	-
Sukuk Certificates	6	21,665,715	-	21,665,715	-	21,665,715	-
		477,840,747	-	477,840,747	266,523,353	211,317,394	-
Financial assets not measured at fair value							
Bank balances	20.1	-	128,347,168	128,347,168	-	-	-
Dividend and Markup receivable	8	-	3,599,297	3,599,297	-	-	-
Deposits and other receivables		-	2,600,000	2,600,000	-	-	-
		-	134,546,465	134,546,465	-	-	-
Financial liabilities not measured at fair value							
Remuneration payable to the Management Company	9	-	976,255	976,255	-	-	-
Remuneration payable to the Trustee	10	-	110,319	110,319	-	-	-
Accrued expenses and other liabilities	12	-	1,914,244	1,914,244	-	-	-
		-	3,000,818	3,000,818	-	-	-

		2023						
		Carrying amount			Fair Value			
		Fair value through profit and loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments		----- (Rupees) -----						
Financial assets measured at fair value								
Investment in listed equity securities	6	108,794,654	-	108,794,654	108,794,654	-	-	108,794,654
Term finance certificates	6	41,010,919	-	41,010,919	25,026,919	-	15,984,000	41,010,919
Government securities	6	136,106,322	-	136,106,322	23,820,000	112,286,322	-	136,106,322
		<u>285,911,895</u>	<u>-</u>	<u>285,911,895</u>	<u>157,641,573</u>	<u>112,286,322</u>	<u>15,984,000</u>	<u>285,911,895</u>
Financial assets not measured at fair value		20.1						
Bank balances	5	-	25,366,159	25,366,159	-	-	-	-
Dividend and Markup receivable	8	-	1,922,762	1,922,762	-	-	-	-
Deposits and other receivables		-	2,600,000	2,600,000	-	-	-	-
		<u>-</u>	<u>29,888,921</u>	<u>29,888,921</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value		20.1						
Remuneration payable to the Management Company		9	-	528,299	528,299	-	-	-
Remuneration payable to the Trustee		10	-	162,729	162,729	-	-	-
Accrued expenses and other liabilities		12	-	1,069,226	1,069,226	-	-	-
		<u>-</u>	<u>1,760,254</u>	<u>1,760,254</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

21. RECONCILIATION OF LIABILITIES ARISING OUT OF FINANCING ACTIVITIES

	Receivable against issuance of units	Payable against redemption of units	Total
	(Rupees)		
Opening balance as at July 01, 2023	-	-	-
Payable against redemption of units	1,191,903,533	-	1,191,903,533
Payable against dividend	-	165,632,065	165,632,065
	<u>1,191,903,533</u>	<u>165,632,065</u>	<u>1,357,535,598</u>
Amount paid on redemption of units	(1,191,903,533)	-	(1,191,903,533)
Amount paid dividend	-	(165,632,065)	(165,632,065)
	<u>(1,191,903,533)</u>	<u>(165,632,065)</u>	<u>(1,357,535,598)</u>
Closing balance as at June 30, 2024	-	-	-

22. SUPPLEMENTARY NON FINANCIAL INFORMATION

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

22.1 Unit holding pattern of the Fund

Category	June 30, 2024		
	No. of Investors	Investment amount (Rupees)	% of total asset
Individuals	11	1,625,071	0.27%
Associated Companies and Directors	19	600,199,624	99.73%
Total	<u>30</u>	<u>601,824,695</u>	<u>100%</u>

Category	June 30, 2023		
	No. of Investors	Investment amount (Rupees)	% of total asset
Individuals	7	1,216,677	0.39%
Associated Companies and Directors	18	310,343,031	99.61%
Total	25	311,559,708	100%

22.2 List of top 10 brokers by percentage of commission paid

Name of broker	(Percentage %)	
	2024	2023
JS Global Capital LTD	19.44	0.00
Intermarket Securities Limited	12.50	12.62
Vector Capital Private Limited	11.40	9.33
Topline Securities Limited	8.54	5.00
Ismail Iqbal Securities (Pvt.) Ltd	8.02	10.64
Insight Securities	6.99	0.00
Chase Securities Pakistan (Private) Limited	6.89	7.16
BMA Capital Management Limited	6.79	5.07
EFG Hermes Pakistan Limited	6.46	8.44
Bright Capital Private Limited	4.17	0.00

22.3 Particulars of the Investment Committee and Fund manager

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

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

Mr. Babar Ali Lakhani - Chief Executive Officer

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

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

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

Mr. Lakhani was looking after Lakson Asset Allocation Emerging Market Fund and Lakson Asset Allocation Global Commodities Fund. Subsequently, Mr. Umair and Mr. Pasha have

designated to manage the Lakson Asset Allocation Emerging Market Fund and Lakson Asset Allocation Global Commodities Fund respectively.

Mr. Kashif Mustafa – Executive Director and COO

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

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

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

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

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 2023, as Manager Compliance, where he is responsible for overseeing the Compliance Function.

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

22.5 Rating of the Fund and the management company

Details of the ratings of the Fund and the management company are given in note 1.4.

23 GENERAL

23.1 Corresponding figures have been reclassified / rearranged wherever necessary.

23.2 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.)	312	523	627	507
Net Assets - Ending (PKR Mil.)	601	312	523	627
Net Asset value per share	91.5451	91.2265	91.1762	103.741
Selling Price for units	94.1359	93.8083	93.4557	106.3346
Repurchase Price for units	91.5451	91.2265	91.1762	103.741
Highest Offer Price (PKR)	129.6009	99.8126	109.6536	113.6923
Lowest Offer Price (PKR)	93.6721	91.1585	91.7546	90.7696
Highest Redemption Price (PKR)	126.0341	97.0656	106.9791	110.9193
Lowest Redemption Price (PKR)	91.0941	88.9351	90.1741	88.5557
Beginning NAV - Ex-Div. (PKR)	91.2265	91.1762	103.741	87.4778
Interim Distributions (PKR)	34.3554	5.5287	-	5
Final Distribution (PKR)	-	-	-	-
Ending NAV - Ex-Div. (PKR)	91.5451	91.2265	91.1762	103.741
Return	38.18%	6.17%	-12.11%	24.28%
Net Income / (loss) (PKR Mil.)	132	21	(74)	107
Total Distribution (PKR Mil.)	20	17	-	25
Accumulated Capital Growth	34	(80)	(86)	(11)
Average Annual return of the Fund				
One Year	38.18%	6.17%	-12.11%	24.28%
Two year	22.18%	-2.97%	15.43%	28.12%
Three year	28.77%	15.97%	12.60%	14.19%
Since inception (October 10,2011)	91.40%	56.36%	47.27%	67.14%
Distributions	FY24	FY23	FY22	FY21
Interim Distribution	34.3554	5.5287	-	5.000
Final Distribution	-	-	-	-
NAV before Distribution	125.5820	95.9277	-	109.2963
NAV after Distribution	91.2266	90.3990	-	104.2963
Distribution Date	23-Jun-24	22-Jun-23	-	26-Jun-21

Disclaimer

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

During 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 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 Tactical Fund is also available without charge upon request to all unit holders.



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