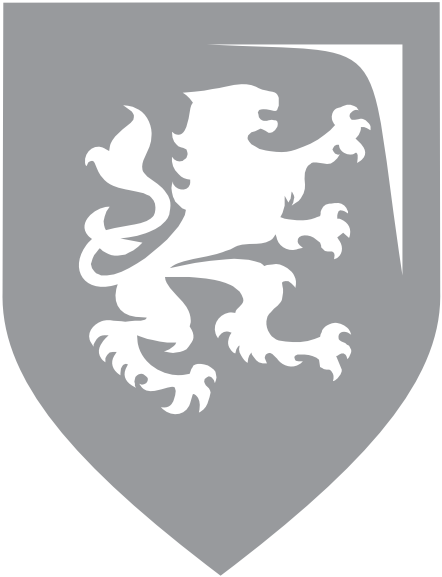


LAKSON ASSET ALLOCATION DEVELOPED MARKETS FUND
Quarterly Report (September 30, 2016)



CONTENTS

Fund's Information	1
Review Report of the Directors of the Management Company	2
Review Report of the Directors of the Management Company (in Urdu)	4
Condensed Interim Statement of Assets and Liabilities	6
Condensed Interim Income Statement	7
Condensed Interim Statement of Comprehensive Income	8
Condensed Interim Distribution Statement	9
Condensed Interim Statement of Movement in Unit Holders' Fund	10
Condensed Interim Cash Flow Statement	11
Notes to and forming part of the Condensed Interim Financial Statements	12

Fund's Information

Management Company	Lakson Investments Limited Head Office Lakson Square, Building No.2, Sarwar Shaheed Road, Karachi-74200, Pakistan. Phone: (9221) 3569.8000 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. A. Aziz H. Ebrahim Mr. Mahomed J. Jaffer Mr. Amin Mohammed Lakhani Mr. Jacques John Visser Mr. Daniel Scott Smaller Mr. Zahid Zakiuddin
Chief Financial Officer & Company Secretary of the Management Company	Ms. Sana Quadri
Audit Committee	Mr. Zahid Zakiuddin - Chairman Mr. A. Aziz H. Ebrahim Mr. Iqbal Ali Lakhani
Human Resource and Remuneration Committee	Mr. Iqbal Ali Lakhani - Chairman Mr. Babar Ali Lakhani Mr. Daniel Scott Smaller
Trustee	Central Depository Company of Pakistan Limited CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahra-e-Faisal, Karachi, Pakistan.
Auditors	KPMG Taseer Hadi & Co. Chartered Accountants Sheikh Sultan Trust Building No.2, Beaumont Road, Karachi - 75530, Pakistan
Bankers to the Fund	Allied Bank Limited Bank Alfalah Limited Faysal Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited Habib Bank AG Zurich United Bank Limited
Legal Adviser	Fazleghani Advocates F-72/I, Block 8, KDA-5, Kehkashan, Clifton, Karachi, Pakistan.
Registrar	Lakson Investments Limited Lakson Square Building No.2, Sarwar Shaheed Road, Karachi-74200, Pakistan
Distributor	Rabia Fida
Rating	1-Star (Normal): Fund Performance Ranking (By JCR-VIS) AM2 : Asset Manager Rating by PACRA

Review Report of the Directors of the Management Company For the quarter ended September 30, 2016

The Board of Directors of Lakson Investments Limited, the Management Company of the Lakson Asset Allocation Developed Markets Fund ("LAADMF") is pleased to submit its review report together with Condensed Interim Financial Information for the period ended September 30, 2016

Fund Objective

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

Fund Profile

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

Fund performance

The LAADMF generated an absolute return of 2.46% in Q1FY17 compared to the Benchmark return of 2.29%. The LAADMF outperformed the benchmark by 17 bps. As of September 30, 2016, the LAADMF portfolio is invested 39% in T-Bills, 33% in PIBs and 29% in Developed Market equities. The fund size of the LAADMF as of September 30, 2016 was PKR 297 million.

Earning per Unit (EPU)

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

Developed Markets Review

Developed market equities remained volatile as investors absorbed the impact of several key events during the month. The U.S. Federal Reserve decided to keep interest rates unchanged in September; however markets are still projecting another rate hike before the end of the year. The Bank of Japan's reluctance to further ease monetary policy led to a 2% strengthening of the Japanese Yen against the US dollar. OPEC's surprise decision to cut production led to a surge in crude oil prices (WTI up 6.5% MoM). Apprehensions around the legal settlement of Deutsche Bank with the US Government kept financials under pressure. The U.S. equity benchmark S&P 500 lost 0.12% MoM in September while most European markets also declined (Euro Stoxx Index -0.7% MoM) with Germany's DAX Index losing 0.8% MoM. Going forward, the US presidential election and OPEC's next meeting in November will drive market sentiment.

Future Outlook

The government's ability to manage the PKR while providing exporters with material incentives to arrest the decline in exports will be important to macroeconomic stability. Progress on CPEC especially energy and infrastructure projects will generate much needed activity and possibly push GDP growth over 5.0%. A low interest rate environment coupled with foreign M&A could see consumer sectors such as Autos and Food continue to flourish. Any adverse movement in commodity prices could create devaluation pressure and lead to a reversal in interest rates.

Acknowledgement

The Board would like to thank all its valued investors, the Securities and Exchange Commission of Pakistan, the State Bank of Pakistan, the Trustee of the Fund - Central Depository Company of Pakistan Limited and the Pakistan Stock Exchange Limited for their cooperation and support. We also take this opportunity to acknowledge the hard work and efforts of our team.

For and on Behalf of the Board

Dated: October 21, 2016

**Babar Ali Lakhani
Chief Executive Officer**

لیکسن ایسٹ ایلیویشن ڈیویڈنڈ مارکیٹس فنڈ
منجمنٹ کمپنی کے ڈائریکٹرز کی جائزہ رپورٹ
برائے پختہ شدہ سرمایہ 30 ستمبر 2016

لیکسن انویسٹمنٹس لمیٹڈ کا بورڈ آف ڈائریکٹرز، لیکسن ایسٹ ایلیویشن ڈیویڈنڈ مارکیٹس فنڈ ("LAADMF") کی منجمنٹ کمپنی، 30 ستمبر 2016 کو ختم ہونے والی سرمایہ کے لیے عبوری مالی معلومات کے خلا سے ساتھ اپنی جائزہ رپورٹ جمع کرانے پر اظہارِ مسرت کرتی ہے۔

فنڈ کا مقصد

لیکسن ایسٹ ایلیویشن ڈیویڈنڈ مارکیٹس فنڈ کی سرمایہ کاری کا مقصد مختلف طرح کے اندرونی قرضوں اور ڈیویڈنڈ مارکیٹس سیکورٹیز میں سرمایہ کاری کرتے ہوئے مطویل مدت کے لیے اصل سرمائے کو بڑھانا ہے۔

فنڈ پروفائل

لیکسن ایسٹ ایلیویشن ڈیویڈنڈ مارکیٹس فنڈ ایک اوپن اینڈ ایسٹ ایلیویشن اسکیم ہے۔ یہ اسکیم انویسٹمنٹ منجمنٹ کے ایک متحرک انداز کو اختیار کرتے ہوئے چلائی جاتی ہے، جس میں حکومتی پالیسیز، گلوبل انٹرنیشنل ڈیویڈنڈ سیکورٹیز کی قیمتوں اور سپلائی/ڈیمانڈ انٹیکس کے تجزیوں جیسے وسیع تر عوامل کو پیش نظر رکھا جاتا ہے۔ یہ اسکیم ڈیویڈنڈ مارکیٹس کی کارکردگی کے حوالے سے انویسٹمنٹس ٹیم کی بنیاد پر ڈومیسٹک گورنمنٹ سیکورٹیز اور ڈیویڈنڈ مارکیٹس سیکورٹیز کے درمیان سرمایہ کاری کا فیصلہ کرتی ہے۔ یہ اسکیم ڈیویڈنڈ مارکیٹس میں سرمایہ کاری سے متعلق بیچ مارک MSCI World Index کی بنیاد پر کسی ملک کو سرمایہ کاری کے لیے موزوں یا غیر موزوں قرار دے سکتی ہے۔ اسکیم کی گلاسڈ انکم سیکورٹیز میں سرمایہ کاری، مدت اور yield curve منجمنٹ کے ذریعے مختلف حکومتی سیکورٹیز کی پیپورٹرز کو مد نظر رکھ کر کی جاتی ہے۔

فنڈ کی کارکردگی

LAADMF نے پہلی سرمایہ، مالی سال 2017 میں بیچ مارک ریٹرن 2.29 فیصد کے مقابلے میں 2.46 فیصد ریٹرن حاصل کیا۔ LAADMF نے بیچ مارک کارکردگی سے 17 bps زیادہ بہتر کارکردگی دکھائی۔ 30 ستمبر 2016 کے مطابق LAADMF کے پورٹ فولیو کی سرمایہ کاری T-Bills میں 39 فیصد، PIBs میں 33 فیصد اور ڈیویڈنڈ مارکیٹس میں 29 فیصد کی تھی۔ 30 ستمبر 2016 کے مطابق LAADMF کا حجم 297 ملین پاکستانی روپے تھا۔

فی بیونٹ آمدنی (EPU)

ہم سمجھتے ہیں کہ EPU کا حساب لگانے کے لیے ایلوٹریج ویڈیو پیش کرنا ناقص کرنا لا محدود فنڈز کے لیے قابل عمل نہیں ہے۔ اسی لیے EPU کو ظاہر نہیں کیا گیا ہے۔

ڈیویڈنڈ مارکیٹس کا جائزہ

ڈیویڈنڈ مارکیٹ ایکویٹیٹیز غیر مستحکم رہیں، جس کی وجہ اس ماہ ہونے والے کئی اہم محرکات تھے جو سرمایہ کاروں پر اثر انداز ہوئے۔ امریکی فیڈرل ریزرو نے ستمبر میں شرح سود کو تبدیل نہ کرنے کا فیصلہ کیا، تاہم اس وقت بھی مارکیٹس، سال کے اختتام سے پہلے شرح میں اضافے کے امکانات ظاہر کر رہی ہیں۔ بینک آف جاپان کے مائٹری پالیسی کو مزید نرم نہ کرنے کے فیصلے کی وجہ سے جاپانی ین، امریکی ڈالر کے مقابلے 2 فیصد مستحکم ہوا ہے۔ OPEC کے پیداوار کو کم کرنے کے جیران کن فیصلے کی وجہ سے خام تیل کی قیمتوں میں اضافہ ہوا (WTI میں اضافہ 6.5 فیصد ماہ بہ ماہ)۔ ڈوہ پیٹک کے امریکی حکومت کے ساتھ قانونی تصفیے کے حوالے سے خدشات کی بدولت مالی ڈیویڈنڈ ستمبر میں امریکی ایکویٹیٹیز بیچ مارک S&P 500 میں 0.12 فیصد ماہ بہ ماہ نقصان ہوا، جب کہ زیادہ تر یورپیئن مارکیٹس (Euro Stoxx

Index -0.7 فیصد ماہ بہ ماہ (بشمول جرمنی کا DAX انڈیکس 0.8 فیصد ماہ بہ ماہ، تنزلی کا شکار رہیں۔ آنے والے وقت میں امریکی پریزیڈنٹ ٹرانٹ اور نومبر میں OPEC کا اگلا اجلاس مارکیٹ کے رجحانات کو طے کرے گا۔

مستقبل کی توقعات

حکومت کی پاکستانی روپے کے نظم و نسق کی اہمیت نیز برآمدات میں کمی روکنے کے لیے ایکسپورٹرز کو خاطر خواہ رعایتوں کی فراہمی مجموعی اقتصادی استحکام کے لیے اہم ہوگی۔ سی پیک میں پیش رفت، خصوصاً بجلی اور انفراسٹرکچر پر وینچس انجانی ضروری سرگرمی مہیا کریں گے اور مکمل طور پر GDP کی نمو 5.0 فیصد تک پہنچادیں گے۔ سود کی کم شرحوں کا ماحول غیر ملکی M&A کے ساتھ مل کر کنزرویٹو سیکٹرز مثلاً آؤٹسورسنگ اور فوڈ کو بدمستور پروان چڑھاتا رہے گا۔ کموڈٹیز کی قیمتوں میں کوئی منفی حرکت روپے کی قدر میں کمی کا دباؤ پیدا کر سکتی ہے اور شرح سود کی واپسی کا سبب بن سکتی ہے۔

اظہار تشکر

یہ بورڈ اپنے قابل قدر انویسٹرز، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان، فنڈ کے ٹرسٹی، مینٹل ڈی پارٹنری کمپنی آف پاکستان لمیٹڈ اور پاکستان اسٹاک ایکسچینج کا، ان کے تعاون اور مدد پر شکر گزار ہے۔ مینجمنٹ کمپنی کے ڈائریکٹرز فنڈ کی ترقی اور عمدہ نظم و نسق کے لیے اپنی ٹیم کی کاوشوں کا بھی اعتراف کرتے ہیں۔

برائے وٹنائب بورڈ

بابر علی الاکھانی

چیف ایگزیکٹو آفیسر

تاریخ: 21 اکتوبر 2016

**Condensed Interim Statement of Assets and Liabilities
As at September 30, 2016**

		September 30, 2016 (Unaudited)	June 30, 2016 (Audited)
	Note	(Rupees)	
ASSETS			
Bank balances	6	6,427,057	76,770,410
Investments	7	296,401,386	216,467,491
Dividend and Mark-up receivable		2,479,444	4,961,746
Deferred formation cost		13,436	140,582
Prepayment		33,709	40,263
TOTAL ASSETS		<u>305,355,032</u>	<u>298,380,492</u>
LIABILITIES			
Payable to the Management Company	8	5,238,766	5,256,526
Payable to the Trustee		65,011	65,407
Annual fee payable to the Securities and Exchange Commission of Pakistan		70,645	284,360
Accrued expenses and other liabilities	9	3,022,685	2,942,189
TOTAL LIABILITIES		<u>8,397,107</u>	<u>8,548,482</u>
NET ASSETS		<u>296,957,925</u>	<u>289,832,010</u>
UNIT HOLDERS' FUND (as per statement of movement in unit holders' fund)		<u>296,957,925</u>	<u>289,832,010</u>
CONTINGENCIES AND COMMITMENTS			
	10		
		(Number of units)	
Number of units in issue		<u>2,558,421</u>	<u>2,558,421</u>
		(Rupees)	
Net assets value per unit		<u>116.0707</u>	<u>113.2854</u>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

For Lakson Investments Limited
(Management Company)

Chief Executive Officer

Director

Condensed Interim Income Statement (Unaudited) For the quarter ended September 30, 2016

	Note	2016 (Rupees)	2015
INCOME			
Income from Government securities		3,854,578	4,393,954
Mark-up income		362,326	1,035,995
Capital (loss) on sale of investments - net		-	(1,952)
Dividend income		270,603	245,525
Exchange (loss) on foreign currency deposits		(4,276)	(10,971)
		4,483,231	5,662,551
Unrealised appreciation / (diminution) in the fair value of investments classified as 'held for trading' - net		4,529,307	(2,341,480)
		9,012,538	3,321,071
EXPENSES			
Remuneration to the Management Company	8.1	1,137,826	1,133,980
Sales tax on remuneration to the Management Company		147,917	184,158
Federal excise duty on remuneration to the Management Company	8.2	-	181,437
Remuneration to the Trustee		199,376	200,590
Annual fee to the Securities and Exchange Commission of Pakistan		70,645	71,580
Annual Supervisory fee of SECP on PSX Annual Fee		1,008	-
Custody charges		40,694	25,803
Auditors' remuneration		88,102	96,754
Fees and subscription		26,213	23,628
Credit rating fee		39,463	40,329
Printing charges		5,041	5,027
Brokerage, settlement and bank charges		3,191	192,287
Amortization of deferred formation cost		127,147	126,799
		1,886,623	2,282,372
Net income from operating activities		7,125,915	1,038,699
Element of (loss) and capital (losses) included in the prices of units issued less those in units redeemed - net		-	(3,859,016)
Net Income / (loss) for the period before Taxation		7,125,915	(2,820,317)
Taxation	11	-	-
Net income / (loss) for the period after taxation		7,125,915	(2,820,317)

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

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

Chief Executive Officer

Director

**Condensed Interim Statement of Comprehensive Income (Unaudited)
For the quarter ended September 30, 2016**

	2016	2015
	(Rupees)	
Net income / (loss) for the period after taxation	7,125,915	(2,820,317)
Other comprehensive income for the period	-	-
Total comprehensive income / (loss) for the period	<u><u>7,125,915</u></u>	<u><u>(2,820,317)</u></u>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

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

Chief Executive Officer

Director

**Condensed Interim Distribution Statement (Unaudited)
For the quarter ended September 30, 2016**

	2016	2015
	(Rupees)	
Undistributed income at the beginning of the period- realised	28,868,897	31,460,919
Undistributed income at the beginning of the period- unrealised	5,121,005	10,319,380
Undistributed income at the beginning of the period	33,989,902	41,780,299
Total comprehensive income / (loss) for the period	7,125,915	(2,820,317)
Undistributed income at the end of the period	41,115,817	38,959,982
Undistributed income at the end of the period- realised	36,586,510	41,301,462
Undistributed income / (accumulated loss) at the end of the period- unrealised	4,529,307	(2,341,480)
Undistributed income at the end of the period	41,115,817	38,959,982

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

For Lakson Investments Limited
(Management Company)

Chief Executive Officer

Director

**Condensed Interim Statement of Movement in Unit Holders' Fund (Unaudited)
For the quarter ended September 30, 2016**

	2016	2015
	(Rupees)	
Net assets at the beginning of the period	289,832,010	320,801,610
Cash received on issue of nil (2015: nil) units	-	-
Cash paid on redemption of Nil (2015: 260,779) units	-	(29,936,948)
	-	(29,936,948)
Element of loss and capital losses included in the prices of units issued less those in units redeemed - net	-	3,859,016
Total comprehensive income / (loss) for the period	7,125,915	(2,820,317)
Net assets at the end of the period	<u>296,957,925</u>	<u>291,903,361</u>
Net assets value per unit at the beginning of the period	<u>113.2854</u>	<u>114.9738</u>
Net assets value per unit at the end of the period	<u>116.0707</u>	<u>115.4026</u>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

For Lakson Investments Limited
(Management Company)

Chief Executive Officer

Director

**Condensed Interim Cash Flow Statement (Unaudited)
For the quarter ended September 30, 2016**

	2016	2015
	(Rupees)	
CASH FLOW FROM OPERATING ACTIVITIES		
Net Income / (loss) for the period before Taxation	7,125,915	(2,820,317)
Adjustments for non-cash charges and other items:		
Capital loss on sale of investments - net	-	1,952
Amortization of deferred formation cost	127,147	126,799
Unrealised (appreciation) / diminution in the fair value of investments classified as held for trading ¹ - net	(4,529,307)	2,341,480
Element of loss and capital losses included in the prices of units issued less those in units redeemed - net	-	3,859,016
	<u>2,723,755</u>	<u>3,508,930</u>
(Increase) in assets		
Investments - net	(75,404,589)	(133,708,089)
Mark-up receivable	2,482,302	4,139,687
Prepayment	6,554	(33,112)
	<u>(72,915,733)</u>	<u>(129,601,514)</u>
(Decrease) in liabilities		
Payable to the Management Company	(17,760)	12,461
Payable to the Trustee	(396)	(16,045)
Annual fee payable to the Securities and Exchange Commission of Pakistan	(213,715)	(471,231)
Accrued expenses and other liabilities	80,496	(90,308)
	<u>(151,375)</u>	<u>(565,123)</u>
Net (cash used) in from operating activities	<u>(70,343,353)</u>	<u>(126,657,707)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Cash received from issue of units	-	-
Cash paid on redemption of units	-	(29,936,948)
Cash dividend paid	-	-
Net (cash used) in from financing activities	-	(29,936,948)
Net (decrease) in cash and cash equivalent during the period	<u>(70,343,353)</u>	<u>(156,594,655)</u>
Cash and cash equivalent at the beginning of the period	76,770,410	179,718,580
Cash and cash equivalent at the end of the period	<u>6,427,057</u>	<u>23,123,925</u>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

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

Chief Executive Officer

Director

**Notes to and Forming Part of the Condensed Interim
Financial Statements (Unaudited)
For the quarter ended September 30, 2016**

1. LEGAL STATUS AND NATURE OF BUSINESS

Lakson Asset Allocation Developed Markets Fund ("the Fund") was established under Trust Deed executed on May 30, 2011 between Lakson Investments Limited as its Management Company and Central Depository Company of Pakistan Limited (CDC) as its Trustee. The Fund has been registered as a notified entity on July 7, 2011 by the Securities and Exchange Commission of Pakistan (SECP) in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008. The Management Company of the Fund has been licensed by SECP as a Non-Banking Finance Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003. The Fund has commenced its operations on October 11, 2011. The registered office of the Management Company is located at 14 - Ali Block, New Garden Town, Lahore.

The Fund is an open end mutual fund and is listed on Pakistan Stock Exchange Limited (previously: Lahore Stock Exchange Limited). Units are offered for public subscription on a continuous basis. The units can also be redeemed by surrendering them to the Fund.

The Fund is authorized to invest in Government securities, deposits and foreign currency deposits with local or foreign banks etc. in Pakistan. Further, as allowed by SECP and SBP, the Fund can invest up to 30% of the net aggregate funds mobilized (including foreign currency funds) subject to a maximum limit of USD 15 million. The investments authorized outside Pakistan include exchange traded funds based on equities / debt with exposure in the developed markets, index tracker funds tracking different developed markets, actively managed developed markets funds, equities and debt securities of companies with exposure in developed markets, foreign currency deposits etc.

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

The JCR - VIS Credit Rating Company Limited has assigned 1-Star ranking to the Fund and pursuant to the updated Asset Manager Rating Methodology and Rating Scale, the Pakistan Credit Rating Agency Limited (PACRA) has harmonized asset manager rating of the Company to the new scale i.e. AM2 (stable outlook), on June 08, 2016 (2015: AM2- as on April 22, 2015).

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules) and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations). In case the requirements differ, the provisions or directives of the Companies Ordinance, 1984, and the requirements of the Rules and the Regulations shall prevail.

This condensed interim financial information does not include all the information required for a complete set of annual financial statements and should read in conjunction with the latest annual financial statements as at and for the year ended June 30, 2016. However, selected explanatory notes are included to explain events and transactions that are significant.

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

The Directors of the Management Company declare that these condensed interim financial information gives a true and fair view of the state of affairs of the fund.

2.3 Basis of measurement

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

This Condensed interim financial information has been prepared following accrual basis of accounting except for cash flow information.

2.4 Functional and presentation currency

This condensed interim financial information is presented in Pak Rupees which is the functional and presentation currency of the Fund.

2.5 Significant judgement and estimates

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amount of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied to financial statements for the year ended June 30, 2016.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of this condensed interim financial information are the same as those applied in the preparation of the published financial statements as at and for the year ended June 30, 2016.

4. ACCOUNTING ESTIMATES

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amount of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied to financial statements as at and for the year ended 30 June 2016.

5. FINANCIAL RISK MANAGEMENT

The Fund financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements for the year ended 30 June 2016.

		September 30, 2016 (Unaudited)	June 30, 2016 (Audited)
		(Rupees)	
6.	Note		
6. BANK BALANCES			
In local currency			
	In profit and loss sharing accounts	4,162,421	74,701,256
	In current accounts	16,495	17,442
In foreign currency			
	In current account	2,248,141	2,051,712
		<u>6,427,057</u>	<u>76,770,410</u>
6.1	These carry mark-up rates ranging from 4.00% to 6.50% (2016: from 4.50% to 6.50%) per annum.		
6.2	This represents USD denominated current account maintained in foreign country.		
7. INVESTMENTS - financial assets at fair value through profit or loss - held for trading			
In local currency			
Government securities			
	Market Treasury Bills	7.1 114,632,234	39,252,559
	Pakistan Investment Bonds	7.2 97,107,006	98,071,356
In foreign currency			
	Exchange traded fund	7.3 84,662,146	79,143,576
		<u>296,401,386</u>	<u>216,467,491</u>

7.1 Market Treasury Bills

		Number of treasury bills				Balance as at September 30, 2016			Market value as a percentage of net assets of the Fund	Market value as a percentage of total investments
Note	Number of holdings at the beginning of the period	Acquired during the period	Disposed / matured during the period	Number of holdings at the end of the period	Carrying value	Market value	Unrealized appreciation			
Rupees										
Treasury Bills - 3 months (face value of Rs. 100,000 each)	7.1.1	-	750	-	750	74,803,512	74,799,075	(4,437)	25.19%	25.24%
Treasury Bills - 12 months (face value of Rs. 100,000 each)	7.1.2	400	-	-	400	39,851,066	39,833,160	(17,906)	13.41%	13.44%
Total - September 30, 2016						<u>114,654,577</u>	<u>114,632,234</u>	<u>(22,342)</u>	<u>38.60%</u>	<u>38.67%</u>
Total - June 30, 2016						39,232,352	39,252,559	20,207	13.54%	18.13%

7.1.1 These represent 3 months Government Treasury bill carrying a fixed mark-up rate ranging from 5.7678% to 5.8571% per annum and will mature from October 13, 2016 to October 27, 2016. The face value of Treasury Bills held as at September 30, 2016 amounted to Rs. 75 million. (June 30, 2016: Nil).

7.1.2 These represent 12 months Government Treasury bill carrying a fixed mark-up rate 6.3098% per annum and will mature October 27, 2016. The face value of Treasury Bills held as at September 30, 2016 amounted to Rs. 40 million. (June 30, 2016: 40).

7.2 Pakistan Investment Bonds

Note	Number of Pakistan Investments Bond				Balance as at September 30, 2016			Market value as a percentage of net assets of the Fund	Market value as a percentage of total investments
	Number of holdings at the beginning of the period	Acquired during the period	Disposed / matured during the period	Number of holdings at the end of the period	Carrying value	Market value	Unrealized (diminution) / appreciation		
					Rupees				
Pakistan Investments Bond - 3 Years (face value of Rs. 100,000 each)	7.2.1	310	-	310	32,708,925	32,260,677	(448,248)	10.86%	10.88%
Pakistan Investments Bond - 5 Years (face value of Rs. 100,000 each)	7.2.2	275	-	275	31,545,963	31,128,763	(417,200)	10.48%	10.50%
Pakistan Investments Bond - 10 Years (face value of Rs. 100,000 each)	7.2.3	265	-	265	33,819,039	33,717,567	(101,472)	11.35%	11.38%
Total - September 30, 2016					98,073,927	97,107,006	(966,921)	32.70%	32.76%
Total - June 30, 2016					93,066,703	98,071,356	5,004,653	33.84%	45.31%

7.2.1. These represent 3 years Pakistan Investments Bond carrying a fixed mark-up rate of 11.2500% per annum and having maturity on July 17, 2017. The face value of Pakistan Investments Bond held as at September 30, 2016 amounted to Rs. 31 million. (June 30, 2016: 31 million).

7.2.2. These represent 5 years Pakistan Investments Bond carrying a fixed mark-up rate of 11.5000% per annum and having maturity on July 17, 2019. The face value of Pakistan Investments Bond held as at September 30, 2016 amounted to Rs. 27.5 million. (June 30, 2016: 27.5 million).

7.2.3. These represent 10 years Pakistan Investments Bond carrying a fixed mark-up rate of 12.0000% per annum and having maturity between July 19, 2022 to July 17, 2024. The face value of Pakistan Investments Bond held as at September 30, 2016 amounted to Rs. 69.5 million. (June 30, 2016: 26.5).

7.3 Exchange traded fund: Foreign investment

Note	Number of Units				Balance as at September 30, 2016			Market value as a percentage of net assets of the Fund	Market value as a percentage of total investments
	Number of holdings at the beginning of the period	Acquired during the period	Disposed / matured during the period	Number of holdings at the end of the period	Cost	Market value	Unrealized diminution		
					Rupees				
Powershares QQQ Trust Series 1	3,450	-	-	3,450	38,894,925	42,851,251	3,956,326	14.43%	14.46%
Vanguard S&P 500 UCITS ETF	9,700	-	-	9,700	40,248,652	41,810,896	1,562,244	14.08%	14.11%
Total - September 30, 2016					79,143,577	84,662,146	5,518,570	28.51%	28.56%
Total - June 30, 2016					79,047,431	79,143,576	96,145	27.31%	36.56%
Total investment - September 30, 2016					291,872,081	296,401,386	4,529,307	99.81%	100.00%
Total investment - June 30, 2016					211,346,486	216,467,491	5,121,005	74.69%	100.00%

September 30,
2016
(Unaudited)
(Rupees)

June 30,
2016
(Audited)

8. PAYABLE TO THE MANAGEMENT COMPANY

Remuneration payable to the Management Company	8.1	365,049	377,426
Sales tax payable on remuneration to the Management Company	8.2	686,348	691,731
Federal excise duty payable on remuneration to the Management Company	8.3	4,184,410	4,184,410
Sales load payable		2,959	2,959
		5,238,766	5,256,526

- 8.1 The Management Company is entitled to remuneration for services rendered to the Fund under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, of an amount not exceeding 2% per annum of the average annual net assets of the Fund. Currently, the remuneration of the management company has been temporarily reduced at 15% of the gross earnings of the Funds, calculated on daily basis for the year ended June 30, 2016. However, the fee is subject to a minimum of 1.25% and maximum of 2% of the average annual net assets of the Fund after the approval of the SECP.
- 8.2 Provincial Government of Sindh has levied Sindh Sales Tax on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011 with effect from July 01, 2011. This amount is paid / payable to the Management Company who then pays it to the Government of Sindh.
- 8.3 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from June 13, 2013. As the asset management services rendered by the Management Company of the Fund are already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund, the Management Company is of the view that further levy of FED was not justified.

On September 4, 2013, a constitutional petition was filed in Honorable Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustee, challenging the levy of FED. In this respect, the Honorable SHC issued a stay order against recovery proceedings for a period till next hearing.

Further, the Federal Government vide Finance Act, 2016 has excluded asset management companies and other non-banking finance companies from charge of FED on their services .

Furthermore, the Sindh High Court in its order dated June 30, 2016 rendered the FED on certain services to be 'ultra vires' in the presence of Sindh Sales Tax Act, 2011. The asset management companies, in view of the Finance Act 2016 amendment and based on the Sindh High Court order, filed a petition against the FED charge on previous years from 2013. The Sindh High Court in its decision dated July 16, 2016 maintained the previous order on the FED. The FBR on September 23, 2016 has filed an appeal against the Order in Supreme Court of Pakistan.

In view of the pending decision, as a matter of abundant caution, the Management Company of the Fund has made a provision for FED in the books of account of the Fund with effect from June 13, 2013 to June 30, 2016 aggregating to Rs. 4.184 million (June 30, 2016: Rs. 4.184 million).

	September 30, 2016 (Unaudited)	June 30, 2016 (Audited)
	Note	(Rupees)
9. ACCRUED AND OTHER LIABILITIES		
Auditors' remuneration	278,603	206,701
Brokerage payable	-	4,902
Custody fee payable	41,938	43,744
Workers' Welfare Fund	9.1 2,659,188	2,659,188
Withholding tax payable	1,786	7,656
Printing charges	25,039	19,998
Others	16,131	-
	<u>3,022,685</u>	<u>2,942,189</u>

- 9.1 The Finance, Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honorable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.

During the year 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. This clarification was forwarded by Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) to its members for necessary action. Based on this clarification, the FBR also withdrew notice of demand which it had earlier issued to one of the mutual funds for collection of WWF. Notices of demand have also been issued to several other mutual funds and the matter has been taken up by the respective mutual funds with the FBR for their withdrawal on the basis of the above referred clarification of the Ministry.

During the year 2011, a single bench of the Lahore High Court (LHC) in a constitutional petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, has declared the said amendments as unlawful and unconstitutional and struck them down. However, in the month of March 2013, a larger bench of the Sindh High Court (SHC) in various constitutional petitions declared that amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, do not suffer from any constitutional or legal infirmity and overruled a single-member LHC bench judgement issued in August 2011. However, the Honourable Peshawar High Court on May 29, 2014 on a petition filed by certain aggrieved parties (other than the mutual funds) have adjudicated that the amendments introduced in the Workers Welfare Fund Ordinance, 1971 through the Finance Acts of 1996 and 2009 lacks the essential mandate to be introduced and passed through the money bill under the Constitution of Pakistan and hence have been declared as ultra vires the Constitution.

However, as per the advice of legal counsel of MUFAP, the stay granted to CIS (as mentioned in the first paragraph) remains intact and the constitution petitions filed by the CIS to challenge the Workers Welfare Fund contribution have not been affected by the SHC judgment.

Furthermore, the Federal Government vide Finance Act, 2015, excluded mutual funds from the levy of WWF under the Workers' Welfare Fund Ordinance, 1971, and hence no charge for WWF has been made from July 01, 2015 and onwards. The management is of the view that the matter regarding provision for WWF pertaining previous years would either need to be clarified by FBR or would be resolved through courts.

Had the above recognition not been made, the net assets value per unit of the Fund would be higher by Re. 1.04/ 1.04% (June 30, 2016: Re. 0.1.04/ 1.04%)

10. CONTINGENCIES AND COMMITMENTS

There were no other contingencies and commitments as at September 30, 2016.

11. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders. The management intends to distribute at least 90% of the income earned by the year end by this Fund to the unit holders. The Fund is also exempt from the provisions of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Accordingly, no provision has been made in these condensed interim financial information.

During the year ended June 30, 2014, the FBR has issued show cause notices to the Fund under section 122(9) for proceeding u/s 122(5A) of the Income Tax Ordinance, 2001 for amendment of assessment on grounds that exemption from tax claimed under clause 99 of Part-I of the Second Schedule is not as per law. Total tax including Workers' Welfare Fund payable as per amended assessment would be Rs. 7.203 million and Rs 19.001 million for the tax years 2012 and 2013 respectively. Trustee of the Fund has filed a suit in the High Court of Sindh for declaration and permanent injunction for which a stay order has been granted by Sindh High Court. The management expects a favorable outcome and, accordingly, no provision has been recorded in respect of this matter.

12. TRANSACTIONS AND BALANCES WITH RELATED PARTIES / CONNECTED PERSONS

Related parties include Lakson Investments Limited being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the Trustee, Habib Bank AG Zurich being the Custodian, SIZA Services (Private) Limited being the holding company of the Management Company, associated companies of the Management Company, key management personnel, other funds being managed by the Management Company and unit holders holding more than 10% in the units of the Funds as at September 30, 2016.

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

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

	September 30, 2016 (Unaudited)	June 30, 2016 (Audited)
	(Rupees)	
12.1 Balance as at period / year end		
Lakson Investments Limited - Management Company		
Payable to Management Company	<u>5,235,807</u>	<u>5,253,567</u>
Sales load payable	<u>2,959</u>	<u>2,959</u>
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	<u>65,011</u>	<u>65,407</u>
Habib Bank AG Zurich - Custodian		
Bank deposits	<u>2,248,141</u>	<u>2,051,712</u>
Custody fee payable	<u>41,938</u>	<u>43,744</u>
Others - Connected person due to holding more than 10% outstanding units		
Bank deposits	<u>3,883,128</u>	<u>17,810,395</u>
Profit receivable	<u>23,030</u>	<u>36,128</u>

		Quarter ended September 30, 2016								
		Number of Units			Rupees					
		Units issued during the period at July 01, 2016	Bonus units issued during the period	Units redeemed during the period	Number of holdings at the end of the period	Balance as at July 01, 2016	Units issued during the period	Bonus units issued during the period	Units redeemed during the period	Balance at the end of the period (Investment at current NAV)
	Directors, Chief Executive and their spouse and minors	24,436	-	-	24,436	2,768,294	-	-	-	2,836,357
	Associated companies / undertakings of the Management Company									
	Lakson Business Solutions Limited - Employees									
	Contributory Provident Fund Trust	5195	-	-	5,195	588,518	-	-	-	602,987
	Princeton Travels (Private) Limited - Employees									
	Contributory Provident Fund Trust	5,328	-	-	5,328	603,585	-	-	-	618,425
	Lakson Investments limited - Employees									
	Contributory Provident Fund Trust	2787	-	-	2,797	316,859	-	-	-	324,650
	GAMI Corporation (Private) Limited - Employees									
	Contributory Provident Fund Trust	42,625	-	-	42,625	4,828,790	-	-	-	4,947,514
	SIZA Foods (Private) Limited - Employees									
	Contributory Provident Fund Trust	25,309	-	-	25,309	2,867,140	-	-	-	2,937,633
	Colgate Palmolive (Pakistan) Limited - Employees									
	Contributory Provident Fund Trust	289,052	-	-	289,052	32,745,371	-	-	-	33,550,468
	Colgate Palmolive (Pakistan) Limited - Employees									
	Gratuity Fund	99,136	-	-	99,136	11,230,661	-	-	-	11,506,785
	Cyber Internet Services (Private) Limited - Employees									
	Contributory Provident Fund Trust	53,195	-	-	53,195	6,026,217	-	-	-	6,174,381
	Accray Surgicals Limited - Employees									
	Contributory Provident Fund Trust	46,621	-	-	46,621	5,281,479	-	-	-	5,411,332
	Merit Packaging Limited - Employees									
	Contributory Provident Fund Trust	61,274	-	-	61,274	6,941,450	-	-	-	7,112,116
	Merit Packaging Limited - Employees									
	Gratuity Fund	23,977	-	-	23,977	2,716,244	-	-	-	2,783,027
	Century Paper & Board Mills Limited - Employees									
	Contributory Provident Fund Trust	272,857	-	-	272,857	30,910,714	-	-	-	31,670,703
	Century Paper & Board Mills Limited - Employees									
	Gratuity Fund	147,068	-	-	147,068	16,660,657	-	-	-	17,070,286
	Other - connected person due to holding more than 10% outstanding units	1,089,275	-	-	1,089,275	123,398,901	-	-	-	126,432,858

12.2 Unit Holders' Fund

Quarter ended September 30, 2015									
Number of Units					Rupees				
Number of Units as at July 01, 2015	Units issued during the period	Bonus units issued during the period	Units redeemed during the period	Number of holdings at the end of the period	Balance as at July 01, 2015	Units issued during the period	Bonus units issued during the period	Units redeemed during the period	Balance at the end of the period (Investment at current NAV)
1,025,080	-	-	-	1,025,080	117,857,364	-	-	-	118,296,897
163,397	-	-	-	163,397	18,786,363	-	-	-	18,856,439
Associated companies / undertakings of the Management Company									
Directors, Chief Executive and their spouse and minors Key management personnel, employees and connected persons of the Management Company									
Lakson Business Solutions Limited - Employees									
	4715	-	-	4,715	542,102	-	-	-	544,123
Princeton Travels (Private) Limited - Employees									
	4,836	-	-	4,836	556,002	-	-	-	558,087
Lakson Investments Limited - Employees									
	2539	-	-	2,539	291,901	-	-	-	293,007
Tetley Clover (Private) Limited - Employees									
	8,463	-	-	8,463	973,004	-	-	-	976,652
Century Insurance Company Limited - Employees									
	14,508	-	-	14,508	1,668,007	-	-	-	1,674,261
GAM Corporation (Private) Limited - Employees									
	38,687	-	-	38,687	4,448,019	-	-	-	4,464,580
SIZA Foods (Private) Limited - Employees									
	22,971	-	-	22,971	2,641,011	-	-	-	2,650,913
Colgate Palmolive (Pakistan) Limited - Employees									
	262,348	-	-	262,348	30,163,125	-	-	-	30,275,641
Colgate Palmolive (Pakistan) Limited - Employees Gratuity Fund									
	99,136	-	-	99,136	11,398,047	-	-	-	11,440,552
SIZA Services (Private) Limited - Employees									
	10,881	-	-	10,881	1,251,005	-	-	-	1,255,696
Cyber Internet Services (Private) Limited - Employees									
	53,195	-	-	53,195	6,116,025	-	-	-	6,138,841
Sybird (Private) Limited - Employs Contributory Provident Fund Trust									
	16,926	-	-	16,926	1,946,008	-	-	-	1,953,304
Accury Surgicals Limited - Employees Contributory Provident Fund Trust									
	42,314	-	-	42,314	4,865,020	-	-	-	4,883,146
Merit Packaging Limited - Employees Contributory Provident Fund Trust									
	55,613	-	-	55,613	6,394,027	-	-	-	6,417,885
Century Paper & Board Mills Limited - Employees									
	21,762	-	-	21,762	2,502,010	-	-	-	2,511,391
Century Paper & Board Mills Limited - Employees Gratuity Fund									
	272,857	-	-	272,857	31,371,427	-	-	-	31,488,407
	147,068	-	-	147,068	16,908,915	-	-	-	16,972,030
Other - connected person due to holding more than 10% outstanding units*									
	432,266	-	-	173,885	49,699,238	-	-	20,000,000	29,817,857

* holding reduced to below 10 % due to divestment of Unit holder (s) / investment from other Unit holders

	September 30, 2016	September 30, 2015 (Unaudited) (Rupees)
12.3 Other transactions during the period		
Lakson Investments Limited - Management Company of the Fund		
Remuneration to the Management Company	<u>1,137,826</u>	<u>1,133,980</u>
Sindh sales tax on remuneration to Management Company	<u>147,917</u>	<u>184,158</u>
Federal excise duty on remuneration to Management Company	<u>-</u>	<u>181,437</u>
Central Depository Company of Pakistan Limited - Trustee of the Fund		
Remuneration for the period	<u>199,376</u>	<u>200,590</u>
Habib Bank AG Zurich - Custodian		
Brokerage and settlement charges	<u>-</u>	<u>180,027</u>
Custody charges	<u>40,694</u>	<u>25,803</u>
Others - Connected person due to holding more than 10% outstanding units		
Profit on bank deposits	<u>-</u>	<u>675,133</u>
Bank Charges	<u>-</u>	<u>4,090</u>

13. Total Expense Ratio (TER)

As per the SECP circular vide direction no. 23 dated July 20, 2016 and as referred in Regulations 60(5) 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 2.58% as of September 30, 2016 and this includes 0.30% representing Sindh Sales tax and SECP fee.

14. Date of Authorization for Issue

This condensed interim financial statements were authorized for issue by Board of Directors of the Management Company on October 21, 2016

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

Chief Executive Officer

Director



A Lakson Group Company

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

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