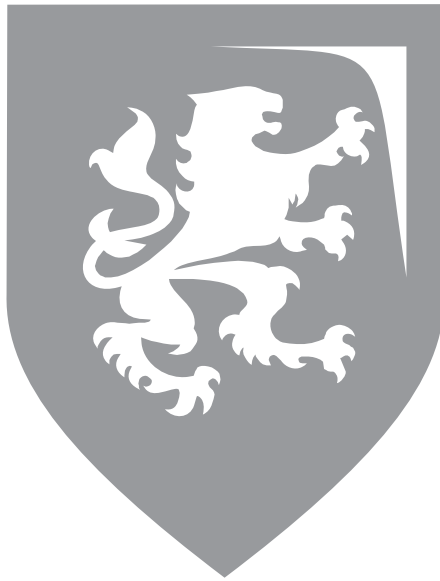


LAKSON ISLAMIC TACTICAL FUND  
(FORMERLY: LAKSON ASSET ALLOCATION EMERGING MARKETS FUND)

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)	5
Condensed Interim Statement of Assets and Liabilities	8
Condensed Interim Income Statement	9
Condensed Interim Statement of Comprehensive Income	10
Condensed Interim Distribution Statement	11
Condensed Interim Statement of Movement in Unit Holders' Fund	12
Condensed Interim Cash Flow Statement	13
Notes to and forming part of the Condensed Interim Financial Statements	14

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## Fund's Information

<b>Management Company</b>	Lakson Investments Limited Head Office Lakson Square, Building No.2, Sarwar Shaheed Road, Karachi-74200, Pakistan. Phone: (9221) 3569.8000 Fax: (9221) 3568.1653 Web site: www.li.com.pk E-mail: info@li.com.pk
<b>Board of Directors of the Management Company</b>	Mr. Iqbal Ali Lakhani - Chairman Mr. Babar Ali Lakhani - Chief Executive Officer Mr. A. Aziz H. Ebrahim Mr. Mahomed J. Jaffer Mr. Amin Mohammed Lakhani Mr. Jacques John Visser Mr. Daniel Scott Smaller Mr. Zahid Zakiuddin
<b>Chief Financial Officer &amp; Company Secretary of the Management Company</b>	Ms. Sana Quadri
<b>Audit Committee</b>	Mr. Zahid Zakiuddin - Chairman Mr. A. Aziz H. Ebrahim Mr. Iqbal Ali Lakhani
<b>Human Resource and Remuneration Committee</b>	Mr. Iqbal Ali Lakhani - Chairman Mr. Babar Ali Lakhani Mr. Daniel Scott Smaller
<b>Trustee</b>	Central Depository Company of Pakistan Limited CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahra-e-Faisal, Karachi, Pakistan.
<b>Auditors</b>	KPMG Taseer Hadi & Co. Chartered Accountants Sheikh Sultan Trust Building No.2, Beaumont Road, Karachi - 75530, Pakistan
<b>Bankers to the Fund</b>	Habib Bank AG Zurich Habib Metropolitan Islamic Bank Limited Bank Islami Pakistan Limited
<b>Legal Adviser</b>	Fazleghani Advocates F-72/1, Block 8, KDA-5, Kehkashan, Clifton, Karachi, Pakistan.
<b>Shari'ah Adviser</b>	Meezan Bank Limited
<b>Registrar</b>	Lakson Investments Limited Lakson Square Building No.2, Sarwar Shaheed Road, Karachi-74200, Pakistan
<b>Rating</b>	1 Year : 3-Star 3 Year : 2-Star 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 Islamic Tactical Fund (Formerly Lakson Asset Allocation Emerging Markets Fund) ("LITF") 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 Islamic Tactical Fund (Formerly Lakson Asset Allocation Emerging Markets Fund) is to provide long-term capital appreciation by exclusively investing in Shari'ah Compliant avenues including equities, fixed income instruments and emerging market securities.

### **Fund Profile**

Lakson Islamic Tactical Fund (Formerly Lakson Asset Allocation Emerging Markets Fund) is an asset allocation fund which is allowed to switch exposure exclusively between Shari'ah compliant avenues including fixed income instruments, equity and emerging market instruments based on the return expectations of the respective asset classes and the discretion of the Management Company. This discretion will be exercised after an analysis of the economic environment including but not limited to inflation, currency depreciation, interest rates, GDP growth, government policies, global economic data and supply/demand dynamics. Exposure of the Scheme in the fixed income securities shall be managed through duration and yield curve management by shifting between different maturities of the Shari'ah Compliant Government Securities. Exposure in equity securities will be managed by carrying out a bottom up analysis to ascertain fundamental values which would enable the Fund to generate attractive returns.

### **Fund performance**

The LITF generated an absolute return of 0.40% in Q1FY17 compared to the Benchmark return of 2.70%. The LITF underperformed the benchmark by 230 bps. As of September 30, 2016, the LITF portfolio is invested 100% in cash. The fund size of the LITF as of September 30, 2016 was PKR 100 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.

### **Economic Review**

During Q1FY17 CPI averaged 3.85% as opposed to 1.64% in Q1FY16. As the base effect from lower oil prices fades and food prices start to pick up, we are seeing a gradual increase in the inflation trajectory towards 4.5%-5.0%. With oil prices recovering from multi decade lows and the government seeking to contain the fiscal deficit, regulatory increases in the rate of utilities may also be witnessed. Another source of domestic inflation which has been contained so far is PKR devaluation; any pressure on the currency would directly impact prices across the board. With the inflationary outlook less certain, the SBP chose to maintain the discount and policy rate at 6.25% and 5.75% respectively over the two Monetary Policy Statements announced in July and September. Barring another collapse in commodity prices it seems the interest rate cycle has bottomed out.

Similar uncertainty prevailed on the current account which showed a deficit of USD 1.32 billion during 2MFY17, an increase of 92% over the same period last year. Though oil imports have declined substantially, non oil items have pushed overall imports up by 2.4% while exports have dropped by 7.8%. As a result the trade deficit has expanded by 13.3% to USD 3.75 billion. The fallout from lower oil prices has also started to affect the inflow of worker remittances which were down USD 268 million or 5.4% during Q1FY17. With exports and remittances declining, the ability to maintain FX reserves and USD PKR parity will be reliant on the financial account. On this front the government has had

notable success with the recent launch of a USD 1 billion Sukuk in the international market and continues to tap funding from the World Bank, Asian Development Bank and China Development Bank. FX reserves have increased by 17.6% to USD 23.6 billion over the past year and provide a sizeable import cover of over 6 months. Other macro indicators are moving in the right direction as evidenced by the 10.5% YoY increase in private sector credit and 2.6% growth in Large Scale Manufacturing (LSM). The main contributors to the upswing in borrowing came from Construction, Chemicals and Telecommunications. More heartening are the prospects of significant FDI flows. Already we have seen interest in various sectors ranging from Cement, Banks, Power and Food with the standout deals being the acquisition of Engro Foods by Frieslandcampina for USD 500 million and Shanghai Electric in talks to buy a controlling stake in K-Electric for USD 1.6 billion. With Pakistan slated for an upgrade to the MSCI Emerging Markets Index in May 2017 more foreign interest can be expected.

### **Fixed Income Market Review**

Keeping in mind the rising inflation trajectory and uncertainty over the balance of payments the SBP opted to keep the discount rate and target rate steady at 6.25% and 5.75% respectively. As a result yields across the board have seen an uptick as enthusiasm over further monetary easing has faded. Yields for the 3, 5 and 10 year bonds have increased by 20 bps since the start of the quarter though they are still down by an average of 1.0%-1.5% over September 2016.

Over Q1FY17 the SBP conducted three PIB auctions and accepted bids worth PKR 655.2 billion. Cut off yields for the 3, 5 and 10 year bonds have remained largely stable around 6.2%, 6.7% and 7.8% respectively. Interest in the 3 year tenor has been growing and shrinking in the 10 year as market participants anticipate higher interest rate risk going forward. Similarly the SBP conducted 7 T bill auctions during the quarter and raised over PKR 1.5 trillion. Cut off yields again remained stable and were recorded between 5.75% - 5.91% for the 3 month, 6 month and 12 month papers.

As seen in previous quarters the SBP remained very active with regards to liquidity management and conducted over 25 open market operations. Most of these were injections in order to provide banks with the liquidity to participate in T bill and PIB auctions. The SBP was on average lending at 5.77% to 5.81% so that banks could earn a spread on their sovereign investments.

### **Equity Market Review**

In September, although the KSE 100 gained 1.84% to reach an all-time high of 40,542 points, the KSE 30 gained only 0.07% to close at 26,470 points. The KSE 30 index, which includes 30 of the most liquid stocks in the market, suffered as investors' interest remained high in small cap stocks. Average volumes in the market rose 4% to reach 85.9 million shares per day and average daily traded value appreciated by 13% to reach USD 62.5 million per day. Foreigners (USD -82.7 mn) and Individuals (USD -19.2 mn) were net sellers during the month whereas NBFC (USD +18.3 mn), Companies (USD +16.3 mn) and Mutual funds (USD +7.8 mn) were net buyers. Foreigners were major sellers in Construction & Materials (USD -30 mn), food (USD -13 mn) and chemicals (USD -7.5 mn).

The automobile sector (+33.3%) was the best performing sector on the back of aggressive bank financing, expectation of new models and expansion by parts manufacturers which improved the earnings outlook. Personal goods (+12.3%) continued their stellar performance as investors looked to benefit from a possible depreciation of Pakistani rupee which would boost exports. Utilities (+3.8%) continued rising on an anticipated gas price increase in H1FY17. Chemicals (-4.3%) continued to decline over fears of a fertilizer supply glut due to disappointing sales in recent months. The Construction & Materials sector (-5.6%) was the worst performing sector as fears of a price war were triggered by the expansion announcements by major players.

The KSE 30's trailing 12 months (TTM) PE ratio has decreased to 10.2x and continues to trade at a substantial discount to regional markets such as China's Shanghai Composite Index which is trading at 17.5x and India's Sensex Index which is trading at 20.7x.

**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 اسلامک ٹیکٹیکل فنڈ

30 ستمبر 2016ء کو ختم ہونے والی مدت کے لیے

بینجمنٹ کمپنی کے ڈائریکٹرز کی جائزہ رپورٹ

لیکسن انویسٹمنٹس لیٹڈ کا بورڈ آف ڈائریکٹرز لیکسن اسلامک ٹیکٹیکل فنڈ (سابقہ لیکسن ایسویٹ ایلیویشن ایمرجنگ مارکیٹس فنڈ) ("LITF") کی بینجمنٹ کمپنی مختصر عہدہ میں مالیاتی گواہیوں کے ساتھ 30 ستمبر 2016 کو ختم ہونے والی مدت کے لیے اپنی جائزہ رپورٹ جمع کراتے ہوئے خوشی محسوس کرتے ہیں۔

### فنڈ کا مقصد

لیکسن اسلامک ٹیکٹیکل فنڈ (سابقہ لیکسن ایسویٹ ایلیویشن ایمرجنگ مارکیٹس فنڈ) کی سرمایہ کاری کا مقصد، خاص طور پر شریعہ سے مطابقت رکھنے والی ایکویٹیز، بلسڈ انڈیکسز اور وینچر کپٹل اور ایمرجنگ مارکیٹس سیکٹرز میں سرمایہ کاری کرتے ہوئے سرمائے کی قدر میں طویل مدتی اضافہ کرنا ہے۔

### فنڈ پروفائل

لیکسن اسلامک ٹیکٹیکل فنڈ (سابقہ لیکسن ایسویٹ ایلیویشن ایمرجنگ مارکیٹس فنڈ) ایک ایسویٹ ایلیویشن فنڈ ہے، جو متعلقہ اثاثوں کی کارآمدی کے متوقع منافع جات اور بینجمنٹ کمپنی کی صوابدیدی بنیاد پر شریعہ سے مطابقت رکھنے والے بلسڈ انڈیکسز اور ایمرجنگ مارکیٹس سیکٹرز کے درمیان سرمایہ کاری کرنے کا جائز ہے۔ اس صوابدیدی کا اطلاق اقتصادی ماحول کے تجزیے کے بعد کیا جائے گا جس میں افراط زر، کرنسی کی قدر میں کمی، شرح سود، GDP، حکومتی پالیسی، عالمی اقتصادی ڈیٹا، کموڈٹیز کی قیمتیں اور رسد و طلب کا تحریک شامل ہے، مگر یہ ان تک محدود نہیں۔ بلسڈ انڈیکسز میں سرمایہ کاری کا انتظام، انصرام شریعہ سے مطابقت رکھنے والی حکومتی سیکورٹیز کی مختلف پیچیدگیوں کے درمیان سرمایہ کاری کے فیصلے ذریعے دورانیے اور yield curve بینجمنٹ کو مد نظر رکھ کر کیا جائے گا۔ ایکویٹی میں سرمایہ کاری کا انتظام، انصرام ان بنیادی اقدار کے تعین کے لیے مجموعی تجزیے کے ذریعے کیا جائے گا، جو فنڈ کو پُرکشش منافع کمانے کے قابل بنائیں۔

### فنڈ کی کارکردگی

LITF نے مالی سال 2017ء کی پہلی سرمایہ کے دوران بیچ مارک منافع 2.70% کے مقابلے میں 0.40% خالص منافع حاصل کیا۔ LITF بیچ مارک سے 230bps پیچھے رہا۔ 30 ستمبر 2016ء کے مطابق LITF پورٹ فولیو میں کمیشن کی شکل میں 100% سرمایہ کاری کی گئی۔ LITF کے فنڈ کا حجم 30 ستمبر 2016ء کے مطابق 100 ملین روپے تھا۔

### فی شیئر آمدنی (EPU)

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

### معاشی جائزہ

مالی سال 2016ء کی پہلی سرمایہ میں 1.64% کے مقابلے میں مالی سال 2017ء کی پہلی سرمایہ کے دوران CPI کی اوسط 3.85% رہی۔ جیسا کہ تیل کی قیمتوں کا بنیادی اثر کم ہو رہا ہے اور کمانے کی ایشیا کی قیمتوں میں اضافہ ہونا شروع ہو گیا ہے، ہم افراط زر میں بتدریج 5% - 4% کی طرف اضافہ دیکھ رہے ہیں۔ تیل کی قیمتوں کی کئی عمروں کی کم ترین سطح ہے، شمالی اور حکومت کی طرف سے تجارتی خسارہ محدود کرنے کی جستجو کے ساتھ یوٹیلٹی کی شرح میں انتظامی اضافہ بھی نظر آ سکتا ہے۔ ملکی افراط زر کا ایک اور ذریعہ، جس نے افراط زر کو ابھی تک محدود رکھا ہے، پاکستانی روپے کی قدر میں کمی ہے، کرنسی پر کوئی بھی دباؤ تمام شعبوں میں قیمتوں پر براہ راست اثر انداز ہوگا۔ افراط زر کی غیر یقینی توقعات کے ساتھ SBP نے جولائی اور ستمبر میں اعلان کردہ دو مالیاتی پالیسی اسٹیٹمنٹس میں ڈسکانٹ اور پالیسی ریٹ بائیں ترتیب 6.25% اور 5.75% قرار رکھے۔ کوئی تاریخ دی۔

اسی طرح کی غیر یقینی کیفیت کرنٹ اکاؤنٹ میں بھی برقرار رہی جس نے مالی سال 2017 کے دو ماہ کے درمیان 1.32 ارب امریکی ڈالر خسارہ دکھایا جو گزشتہ سال اسی مدت کے مقابلے میں 92% اضافہ ہے۔ اگرچہ تیل کی درآمدات میں نمایاں کمی ہوئی ہے، تیل کے علاوہ ایشیائی مجموعی برآمدات پر ڈال کر 2.4% بڑھا دیا ہے، جب کہ برآمدات میں 7.8% گھر گئیں۔ جس کے نتیجے میں تجارتی خسارہ 13.3% اضافے کے ساتھ 3.75 ارب امریکی ڈالر ہو گا۔ تیل کی کم قیمتوں کے اثرات کارکنوں کی طرف سے ملک میں ترسیلات زر کو بھی متاثر کرنے لگے ہیں جن میں مالی سال 2017 کی پہلی سہ ماہی کے دوران 268 ملین امریکی ڈالر یا 4.4% کمی ہوئی۔ برآمدات اور ترسیلات زر میں گراؤت کے ساتھ غیر ملکی زرمبادلہ برقرار رکھنے اور امریکی ڈالر اور پاکستانی روپے میں مساوات برقرار رکھنے کی اہلیت فنانسنگ کاؤنٹ پر انحصار کرے گی۔ اس لحاظ پر حکومت نے بین الاقوامی مارکیٹ میں 1 ارب امریکی ڈالر کے عسکوک کی حالیہ لاچ کے ساتھ نمایاں کامیابی حاصل کی ہے اور ورلڈ بینک، ایشیائی ڈیولپمنٹ بینک اور جاپان ڈیولپمنٹ سے فنڈنگ کے حصول کا سلسلہ جاری رکھے ہوئے ہے۔ غیر ملکی زرمبادلہ کے ذخائر گزشتہ سال میں 17.6% اضافے کے ساتھ 23.6 ارب امریکی ڈالر تک پہنچ گئے اور 6 ماہ سے زائد کا خطیر ایچوٹ کو فرمایا کرتے ہیں۔

دیگر وسیع تر اشارے صحیح سمت میں آگے بڑھ رہے ہیں جیسا کہ پرائیویٹ سیکٹر کریڈٹ میں سال بہ سال 10.5% اضافے اور لارج اسکیل میڈیوٹی ٹیکرنگ (LSM) میں 2.6% اضافے سے شہادت ملتی ہے۔ کنسٹرکشن، بیکنگ اور ٹیلی کمیونیکیشنز نے قرض کے حصول میں اضافے میں مرکزی کردار ادا کیا۔ FDI کے خاطر خواہ بہاؤ کے امکان سے نڈیا جو وصلہ افزا ہیں۔ ہم سیکل ہی سینٹ بینکس، پاور اور ڈیجیٹل شعبوں میں دل چسپی دیکھ رہے ہیں ان میں نمایاں ڈیلرز میں Frieslandcampina کی طرف سے 500 امریکی ڈالر میں اینٹیگوا ڈی زری خریداری قابل ذکر ہے جب کہ شنگھائی الیکٹریک کی طرف سے 1.6 ارب امریکی ڈالر میں الیکٹریک کے کنٹرولنگ انٹیکس کی خریداری کی بات چیت جاری ہے۔ مئی 2017 میں پاکستان کی MSCI انڈیکس مارکیٹس میں ترقی کی امید کے ساتھ مزید غیر ملکی دل چسپی متوقع ہے۔

## فکسڈ انکم مارکیٹ کا جائزہ

افراط زر کی بڑھتی سطح اور ادائیگیوں کے توازن پر پے پے یقینی کو ذمہ دار رکھتے ہوئے SBP نے ڈی-کامونٹ ریٹ اور ریگٹ ریٹ کو بائربلیٹ 6.25% اور 5.75% پر برقرار رکھنے کا فیصلہ کیا۔ جس کے نتیجے میں منافع جات میں بحیثیت مجموعی اضافہ دیکھنے میں آیا جیسا کہ مزید مالیاتی نرمی پر جوش و خروش کم ہو چکا ہے۔ سہ ماہی کے آغاز سے 5.3-10 سالہ بانڈز کے لیے منافع جات میں 20 فیڈی پوائنٹس کا اضافہ ہوا ہے، اگرچہ یہ ستمبر 2016 کے مقابلے میں اب بھی اوسطاً 1.0% تا 1.5% کم ہیں۔ مالی سال 2017 کی پہلی سہ ماہی کے دوران SBP نے PIB کی تین نیلامیوں کا انعقاد کیا اور 655.2 ارب روپے مالیت کی بلیاں قبول کیں۔ 3-10 سالہ بانڈز کے لیے حتمی آمدنیوں بائربلیٹ 6.2%، 6.7% اور 7.8% کے گزردہ ترمیم کر رہی۔ 3 سالہ معاد میں دل چسپی بڑھ رہی اور 10 سالہ معاد میں کم ہو رہی ہے، جیسا کہ مارکیٹ کے شرکاء پیش قدمی میں بلند تر انٹرنسٹیٹ ریٹ رسک کی پیش بینی کر رہے ہیں۔ اسی طرح SBP نے سہ ماہی کے دوران T بلز کی سات نیلامیوں کا انعقاد کیا اور 1.5 ٹریلین روپے اکٹھے کیے۔ 3-6 ماہ اور 12 ماہ کے پیچھے بڑے لیے حتمی آمدنیوں ایک بار پیچھے رہ گئے ہیں اور 5.75% تا 5.91% پر بیکارڈ کی گئیں۔

جیسا کہ سابقہ سہ ماہیوں میں دیکھا گیا، SBP لیکویڈٹی مینجمنٹ کے حوالے سے بہت فعال رہا اور 25 سے زائد اوپن مارکیٹ آپریشنز کا انعقاد کیا۔ ان میں سے زیادہ تر بینکوں کو تامل اور PIB نیلامیوں میں شمولیت کے لیے لیکویڈٹی فراہم کرنے کے لیے ایڈجسٹمنٹ کی بحیثیت رکھتے تھے۔ SBP نے قرض کی شرح اوسطاً 5.77% سے 5.81% تک رکھی تاکہ دینک اپنی غیر ملکی سرمایہ کاریوں پر قیمت خرید اور قیمت فروخت کے فرق (spread) سے منافع کمائیں۔

## ایکیویٹی مارکیٹ کا جائزہ

اگرچہ KSE 100 نے 1.84% منافع کمایا جس کے ساتھ انڈیکس 40,542 پوائنٹس کے ساتھ تاریخ کی بلند ترین سطح تک پہنچ گیا، تاہم KSE 30 نے صرف 0.07% منافع حاصل کیا اور پوائنٹس پر بند ہوا۔ KSE 30 انڈیکس، جس میں مارکیٹ کے 30 سب سے زیادہ لیکویڈیٹی اسٹاکس شامل ہیں، متاثر ہوا کیوں کہ سرمایہ کاری کی دل چسپی سرمائے والے اسٹاک میں زیادہ رہی۔

مارکیٹ میں کا اوسط حجم 4% اضافے کے ساتھ یومیہ 85.9 ملین شیئرز تک پہنچ گیا اور اوسط یومیہ تجارتی قدر 13% اضافے کے ساتھ 62.5 ملین امریکی ڈالر یومیہ تک پہنچ گئی۔ غیر ملکی (82.7- ملین امریکی ڈالر) اور افراد (19.2- ملین امریکی ڈالر) مہینے کے دوران خاص فروخت کنندگان رہے، جب کہ NBFC (18.3+ ملین امریکی



ڈالر) ، کمپنیاں (+16.3 ملین امریکی ڈالر) اور میچل منڈز (+7.8 ملین امریکی ڈالر) خالص خریدار ہے۔ غیر ملکی کنسٹرکشن اور میریلز (30.0- ملین امریکی ڈالر) ، نوڈ (13.0- ملین امریکی ڈالر) اور کیٹیکلز (7.5- ملین امریکی ڈالر) میں بڑے فروخت کنندگان رہے۔

چار حادثے بینک فنانسنگ ، سٹے ماڈلز کی توقع اور پارٹ میٹو پیچرز میں اضافے کے بل پر، جس سے منافع جات کی توقع بہتر ہوئی ، آٹوموبائل کا شعبہ (+33.3) سب سے اچھی کارکردگی دکھانے والا شعبہ رہا۔ ذاتی استعمال کی ایشیا (+12.3%) نے اپنی شاندار کارکردگی کا سلسلہ جاری رکھا جیسا کہ سرمایہ کار پاکستانی روپے کی قدر میں ممکنہ کمی سے فائدہ اٹھانے کی توقع رکھتے ہیں، جس سے برآمدات زور پکڑیں گی۔ مالی سال 2017 کی پہلی سہ ماہی میں گیس کی قیمتوں میں متوقع اضافے پر پمپلیٹیز (+3.8) کی قیمتوں میں اضافہ جاری رہا۔ حالیہ قیمتوں میں مایوس کن بلیکری وجہ سے فریٹ لائزر کی ڈیمانڈ سے زیادہ پلائی کے خوف کی وجہ سے کیٹیکلز (-4.3) کی قیمتوں میں کمی کا سلسلہ جاری رہا۔ صنعت کے بڑے کھلاڑیوں کی طرف سے توسیع کے اعلانات سے شروع ہونے والی قیمتوں کی جنگ کے خوف کے نتیجے میں کنسٹرکشن اور میریلز سیکٹر (-5.6%) نے سب سے خراب کارکردگی کا مظاہرہ کیا۔

KSE 30 کا گزشتہ 12 ماہ (TTM) کا PE تناسب 10.2x تک گھٹ گیا ہے اور علاقائی مارکیٹوں میں اس کا نمایاں رعایتی دامنوں پر لین دین جاری ہے مثلاً چین کی شیشائی کمپوز ایڈزٹیکس میں اس کا 17.5x پر اور انڈیا کے Sensx انڈیکس پر 20.7x کی شرح پر لین دین ہو رہا ہے۔

## مستقبل کی توقعات

حکومت کی پاکستانی روپے کے ظلم و ستم کی اہمیت نیز برآمدات میں کمی روکنے کے لیے ایک پورٹ فولیو کو خاطر خواہ رعایتوں کی فراہمی مجموعی اقتصادی استحکام کے لیے اہم ہوگی۔ سی بی بی کے پیش رفت ، خصوصاً بجلی اور انفراسٹرکچر پر ڈیٹیلز انتہائی ضروری سرگرمی مہیا کریں گے اور ممکنہ طور پر GDP کی نمو 5.0 فیصد تک پہنچا دیں گے۔ سود کی کم شرحوں کا ماحول غیر ملکی M&A کے ساتھ مل کر کمزیر سیکٹرز مثلاً آٹو ز اور نوڈ کو بدستور پروان چڑھاتا رہے گا۔ کموڈیٹیز کی قیمتوں میں کوئی منفی حرکت روپے کی قدر میں کمی کا باوجود پیدا کر سکتی ہے اور شرح سود کی واپسی کا سبب بن سکتی ہے۔

## اظہار تشکر

یہ بورڈ اپنے قابل قدر انویسٹرز ، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان ، اسٹیٹ بینک آف پاکستان ، فنڈ کے ٹرسٹی ، سینٹرل ڈیپازیریٹی کمیٹی آف پاکستان ، لیٹنڈ اور پاکستان اسٹاک ایکسچینج کا ان کے تعاون اور مدد پر شکر گزار ہے۔ منجمنٹ کمیٹی کے ڈائریکٹرز فنڈ کی ترقی اور عمدہ ظلم و ستم کے لیے اپنی مہم کی کاوشوں کا بھی اعتراف کرتے ہیں۔

برائے و مخائب بورڈ

بائریل لاکسانی

چیف ایگزیکٹو آفیسر

تاریخ: 21 اکتوبر 2016

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

	Note	September 30, 2016 (Unaudited)	June 30, 2016 (Audited)
		(Rupees)	
<b>ASSETS</b>			
Bank balances	5	102,282,112	80,278,623
Investments	6	-	20,871,600
Dividend and other receivables		861,730	2,392,905
Deferred formation cost		13,432	140,528
Prepayment		24,737	39,464
<b>TOTAL ASSETS</b>		<u>103,182,011</u>	<u>103,723,120</u>
<b>LIABILITIES</b>			
Payable to the Management Company	7	1,388,341	1,568,965
Payable to the Trustee		132,196	91,067
Annual fee payable to Securities and Exchange Commission of Pakistan		23,160	111,001
Accrued expenses and other liabilities	8	1,241,318	1,149,012
<b>TOTAL LIABILITIES</b>		<u>2,785,015</u>	<u>2,920,045</u>
<b>NET ASSETS</b>		<u>100,396,997</u>	<u>100,803,075</u>
<b>UNIT HOLDERS' FUND (as per statement of movement in unit holders' fund)</b>		<u>100,396,997</u>	<u>100,803,075</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	9		
<b>(Number of units)</b>			
<b>Number of units in issue</b>		<u>1,003,016</u>	<u>982,644</u>
<b>(Rupees)</b>			
<b>Net assets value per unit</b>		<u>100.0951</u>	<u>102.5835</u>

The annexed notes from 1 to 13 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	2015
		(Rupees)	
<b>INCOME</b>			
Income from Government securities		447,220	1,432,937
Capital loss on sale of investments - net		(123,284)	-
Exchange (loss) / gain on foreign currency deposits		(7,395)	1,044
Mark-up income		822,891	523,324
		<u>1,139,432</u>	<u>1,957,305</u>
Unrealised appreciation in the fair value of investments classified as 'held for trading' - net		-	403,147
		<u>1,139,432</u>	<u>2,360,452</u>
<b>EXPENSES</b>			
Remuneration to the Management Company	7.1	210,727	260,863
Sales tax on remuneration to the Management Company		27,395	42,364
Federal excise duty on remuneration to the Management Company	7.2	-	41,738
Remuneration to the Trustee		199,376	200,590
Annual fee to Securities and Exchange Commission of Pakistan		23,916	24,359
Brokerage, custody, settlement and bank charges		7,604	4,639
Amortization of deferred formation cost		127,096	126,748
Auditors' remuneration		82,814	96,899
Rating fee		39,463	40,319
Fees and subscription		28,158	21,114
Printing charges		5,041	5,027
Workers' Welfare Fund	8.1	-	26,059
		<u>751,590</u>	<u>890,719</u>
<b>Net income from operating activities</b>		<b>387,842</b>	<b>1,469,733</b>
Element of loss and capital losses included in the prices of units issued less those of units redeemed - net		(1,804,929)	(192,832)
<b>Net (loss) / income for the period before taxation</b>		<b>(1,417,087)</b>	<b>1,276,901</b>
Taxation		-	-
<b>Net (loss) / income for the period after taxation</b>		<b>(1,417,087)</b>	<b>1,276,901</b>

The annexed notes from 1 to 13 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 (loss) / income for the period	<b>(1,417,087)</b>	1,276,901
Other comprehensive income for the period	-	-
<b>Total comprehensive (loss) / income for the period</b>	<u><b>(1,417,087)</b></u>	<u>1,276,901</u>

The annexed notes from 1 to 13 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	1,402,361	6,901,668
Undistributed income at the beginning of the period - unrealised	1,136,354	1,942,431
<b>Undistributed income at the beginning of the period</b>	<b>2,538,715</b>	<b>8,844,099</b>
Less: Interim distribution		
Cash distribution (Rs. 2.8984 per unit)	(1,026,211)	-
	<b>1,512,504</b>	<b>8,844,099</b>
Total comprehensive (loss) / income for the period	(1,417,087)	1,276,901
<b>Undistributed income at the end of the period</b>	<b>95,417</b>	<b>10,121,000</b>
Undistributed income at the end of the period - realised	95,417	9,717,853
Undistributed income at the end of the period - unrealised	-	403,147
<b>Undistributed income at the end of the period</b>	<b>95,417</b>	<b>10,121,000</b>

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.

For Lakson Investments Limited  
(Management Company)

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Chief Executive Officer

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Director

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

	2016	2015
	(Rupees)	
<b>Net assets at the beginning of the period</b>	<b>100,803,075</b>	101,974,350
Cash received on issue of 648,954 (2015: nil) units	<b>64,948,915</b>	-
Cash paid on redemption of 563,281 (2015: 18,341) units	<b>(64,716,624)</b>	(2,026,970)
	<b>232,291</b>	(2,026,970)
Element of loss and capital losses included in the prices of units issued less those of units redeemed - net	<b>1,804,929</b>	192,832
Less: Interim distribution		
Cash distribution (Rs. 2.8984 per unit)	<b>(1,026,211)</b>	-
Total comprehensive (loss) / income for the period	<b>(1,417,087)</b>	1,276,901
<b>Net assets at the end of the period</b>	<b>100,396,997</b>	<b>101,417,113</b>
<b>Net assets value per unit at the beginning of the period</b>	<b>102.5835</b>	109.4964
<b>Net assets value per unit at the end of the period</b>	<b>100.0951</b>	<b>111.0859</b>

The annexed notes from 1 to 13 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)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net (loss) / income for the period	(1,417,087)	1,276,901
<b>Adjustments for non-cash charges and other items:</b>		
Capital gain on sale of investments - net	123,284	-
Unrealised (appreciation) in the fair value of investments classified as 'held for trading' - net	-	(403,147)
Amortisation of deferred formation cost	127,096	126,748
Element of loss and capital losses included in the prices of units issued less those of units redeemed - net	1,804,929	192,832
	638,222	1,193,334
<b>Decrease / (increase) in assets</b>		
Investments - net	20,748,315	(74,616,480)
Mark-up receivable	1,531,175	777,920
Prepayment	14,727	(25,627)
	22,294,217	(73,864,187)
<b>(Decrease) / Increase in liabilities</b>		
Payable to the Management Company	(180,624)	55,085
Payable to the Trustee	41,129	7,874
Annual fee payable to Securities and Exchange Commission of Pakistan	(87,841)	(90,005)
Accrued expenses and other liabilities	92,306	(88,781)
	(135,030)	(115,827)
<b>Net cash generated / (used in) from operating activities</b>	22,797,409	(72,786,680)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash received from issuance of units	64,948,915	-
Cash paid on redemption of units	(64,716,624)	(2,026,970)
Net cash used in financing activities	(793,920)	(2,026,970)
<b>Net decrease in cash and cash equivalents during the period</b>	22,003,489	(74,813,650)
Cash and cash equivalents at the beginning of the period	80,278,623	78,450,960
<b>Cash and cash equivalents at the end of the period</b>	102,282,112	3,637,310

The annexed notes from 1 to 13 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 Islamic Tactical Fund (Formerly: Lakson Asset Allocation Emerging 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 07, 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 has commenced its operations on October 11, 2011.

The Fund was converted to Shariah compliant fund with effect from September 21, 2016 in accordance with the approval of the Board of Directors and the Securities and Exchange Commission of Pakistan (SECP). The Management company has appointed Meezan Bank Limited (MBL) as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.

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 can invest up to 90 percent of the Net Assets in Shari'ah compliant equity securities and/or up to 90 percent of the Net Assets in Shari'ah compliant debt securities and/or up to 30 per cent of the Net Assets in Shari'ah compliant emerging market securities. The Fund may also invest outside Pakistan up to 30 percent of the Net Assets/fund mobilized subject to a cap of USD 15,000,000/- (US Dollars Fifteen million) unless some other ceiling is imposed by the Commission or the State Bank of Pakistan according to market conditions.

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.

On October 13, 2016 (JCR-VIS) has assigned the Fund based performance ranking for the period ended June 30, 2016 (1 Year Ranking: 3-Star, 3 Years Ranking: 2-Star), 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 information have been prepared in accordance with applicable 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, Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case the requirements differ, the requirements of the Rules, the Regulations and the directives issued by the SECP shall prevail.

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



- 2.2** This 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.

The Directors of the Management Company declare that this 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 Fund's functional and presentation currency. All financial information presented in Pak Rupees has been rounded off to the nearest of rupees.

**2.5 Significant judgements and estimates**

The preparation of condensed interim financial information requires Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

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

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in preparing the financial statements as at and for the year ended 30 June 2016.

**4. 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 June 30, 2016.

	Note	September 30, 2016 (Unaudited)	June 30, 2016 (Audited)
		(Rupees)	
<b>5. BANK BALANCES</b>			
<b>In local currency</b>			
PLS savings accounts	5.1	102,189,850	58,205,305
<b>In foreign currency</b>			
Current account		92,262	22,055,256
<b>In local currency</b>			
Current account		-	18,062
		<u>102,282,112</u>	<u>80,278,623</u>

5.1 These carry mark-up at rates ranging from 3.28% to 6.10% (June 30, 2016: 4.00% to 6.65%) per annum.

**6. INVESTMENTS - financial assets at fair value through profit or loss - held for trading**

In local currency	Note	September 30, 2016 (Unaudited)	June 30, 2016 (Audited)
		(Rupees)	
Government securities			
Pakistan Investment Bonds	6.1	-	20,871,600
		-	20,871,600
		<u>                    </u>	<u>                    </u>

**6.1 Pakistan Investment Bonds**

Number of holdings				Balance as at September 30, 2016			Market value as a percentage of net assets	Market value as a percentage of total investments
As at July 01, 2016	Purchased during the period	Disposed during the period	As at September 30, 2016	Carrying value	Market value	Unrealized appreciation / (diminution)		
Rupees								
3 years Pakistan Investment Bonds (face value of Rs. 100,000 each)	60	-	60	-	-	-	-	
5 years Pakistan Investment Bonds (face value of Rs. 100,000 each)	60	-	60	-	-	-	-	
10 years Pakistan Investment Bonds (face value of Rs. 100,000 each)	60	-	60	-	-	-	-	
<b>Total - September 30, 2016</b>				19,735,246	20,871,600	1,136,354	20.71%	
Total - June 30, 2016				-	-	-	100.00%	
<b>Total investment - Septmebr 30, 2016</b>				<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	
Total investment - June 30, 2016				19,735,246	20,871,600	1,136,354	20.71%	

**7. PAYABLE TO MANAGEMENT COMPANY**

	Note	September 30, 2016 (Unaudited)	June 30, 2016 (Audited)
		(Rupees)	
Remuneration payable to the Management Company	7.1	67,982	74,468
Sales tax payable on remuneration to the Management Company		183,426	160,299
Federal excise duty payable on remuneration to the Management Company	7.2	1,132,564	950,712
Sales load payable		4,369	4,369
		<u>1,388,341</u>	<u>1,189,848</u>

7.1 The Remuneration of the management company is currently charge at 10% of the gross earnings of the Funds, calculated on daily basis. However, the fee is subject to a minimum of 1% and maximum of 2% of the average annual net assets of the Fund.

7.2 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 02 June 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 16 July 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 and 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 13 June 2013 to 30 June 2016 aggregating to Rs. 1.133 million (June 30, 2016: Rs. 1.133 million).

## 8. ACCRUED EXPENSES AND OTHER LIABILITIES

		<b>September 30, 2016 (Unaudited)</b>	June 30, 2016 (Audited)
	<b>Note</b>	<b>(Rupees)</b>	
Auditors' remuneration		<b>273,904</b>	204,751
Workers' Welfare Fund	8.1	<b>921,721</b>	921,721
Others		<b>45,693</b>	20,776
		<b><u>1,241,318</u></b>	<u>1,147,248</u>

### 8.1 Workers' Welfare Fund

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 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 Honourable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending for adjudication.

During 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 29 May 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 01 July 2015 and onwards. The management is of the view that the matter regarding previous years would either need to be clarified by FBR or would be resolved through courts.

Had the recognition in previous years not been made, the net assets value per unit of the Fund would be higher by Re. 0.92 / 0.92% (30 June 2016: Re. 0.94 / 0.94%)

## 9. CONTINGENCIES AND COMMITMENTS

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

## 10. 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.

## 11. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

The related parties comprise of 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 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 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:

	<b>September 30, 2016 (Unaudited)</b>	<b>June 30, 2016 (Audited)</b>
	<b>(Rupees)</b>	
<b>11.1 Balance as at period / year ended</b>		
<b>Lakson Investments Limited - Management Company of the Fund</b>		
Payable to management company	<u>1,383,972</u>	<u>1,185,479</u>
Sales load payable	<u>4,369</u>	<u>4,369</u>
<b>Central Depository Company of Pakistan Limited - Trustee of the Fund</b>		
Remuneration payable	<u>132,196</u>	<u>91,067</u>

**11.2 Unit Holders' Fund**

	Period ended September 30, 2016									
	Number of Units			Rupees						
	Number of Units as at July 01, 2016	Units issued during the period	Bonus units issued during the period	Units redeemed during the period	Number of units as at September 30, 2016	Balance as at July 01, 2016	Units issued during the period	Bonus units issued during the period	Units redeemed during the period	Balance as at September 30, 2016
Directors, Chief Executive, their spouse and minors Key management personnel, employees and connected persons of the Management Company	90,899	93,582	90,899	93,582	9,324,826	9,365,872	9,358,658	9,367,060	-	-
<b>Associated companies / undertakings of the Management Company</b>										
Lakson Business Solutions Limited Employees Contributory Provident Fund Trust Princeton Travels (Private) Limited Employees Contributory Provident Fund Trust	4967	5,127	4,967	5,127	509,532	513,086	511,393	513,143	-	-
Lakson Investments Limited Employees Contributory Provident Fund Trust Telley Clover (Private) Limited Employees Contributory Provident Fund Trust	2675	-	-	2,675	274,411	-	-	267,754	-	-
Clover (Private) Limited Employees Grатуity Fund Trust Century Insurance Company Limited Employees Contributory Provident Fund Trust	-	-	-	-	-	-	-	-	-	-
GAM Corporation (Private) Limited Employees Contributory Provident Fund Trust SIZA Foods (Private) Limited Employees	40,755	42,189	40,755	42,189	4,180,791	4,222,414	4,196,043	4,222,900	-	-
Collgate Palmolive (Pakistan) Limited Employees Contributory Provident Fund Trust Collgate Palmolive (Pakistan) Limited Employees Grатуity Fund	24,199	25,070	24,199	25,070	2,482,418	2,509,031	2,491,400	2,509,392	-	-
SIZA Services (Private) Limited Employees Contributory Provident Fund Trust Cyber Internet Services (Private) Limited Employees Contributory Provident Fund Trust	276,373	285,928	276,373	285,927	28,351,310	28,616,318	28,454,414	28,619,932	-	-
Sybird (Private) Limited Employees Contributory Provident Fund Trust Accury Surgicals Limited Employees Contributory Provident Fund Trust	84,942	84,942	84,942	84,942	8,713,648	-	-	8,502,278	-	-
Merit Packaging Limited Employees Contributory Provident Fund Trust Merit Packaging Limited Employees Grатуity Fund Century Paper & Board Mills Limited Employees Contributory Provident Fund Trust	50,292	45,973	44,576	45,973	5,159,129	4,601,122	4,589,422	4,601,674	-	-
Century Paper & Board Mills Limited Employees Lakson Investments Limited Hasnani & Gulbanoo Lakhani Foundation Premier Fashions (Private) Limited Lakson Power Limited	44,576	60,468	58,586	60,468	4,572,762	6,051,782	6,031,811	6,052,548	-	-
SIZA Commodities (Private) Limited	22,925	23,661	22,925	23,661	2,351,727	2,368,089	2,360,274	2,368,993	-	-
	138,342	74,674	74,674	138,342	14,191,607	7,660,320	7,474,501	13,847,356	-	-
	65,301	66,957	65,301	66,956	6,698,805	6,701,200	6,723,209	6,702,005	-	-

Period 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 units as at September 30, 2015	Balance as at July 01, 2015	Units issued during the period	Bonus units issued during the period	Units redeemed during the period	Balance as at September 30, 2015
82,404	-	-	-	82,404	9,072,899	-	-	-	8,248,223
50	-	-	-	50	5,490	-	-	-	5,019
4458	-	-	-	4,458	488,100	-	-	-	446,224
4,572	-	-	4,572	-	500,615	-	-	503,804	-
2400	-	-	-	2,400	262,823	-	-	-	240,228
8,001	-	-	-	8,001	876,077	-	-	-	800,861
9,715	-	-	-	9,715	1,063,808	-	-	-	972,424
13,716	-	-	13,716	-	1,501,846	-	-	1,517,275	-
36,576	-	-	-	36,576	4,004,923	-	-	-	3,661,078
21,717	-	-	-	21,717	2,377,923	-	-	-	2,173,765
-	-	-	-	-	-	-	-	-	-
248,030	-	-	-	248,030	27,158,383	-	-	-	24,836,588
93,726	-	-	-	93,726	10,262,615	-	-	-	9,381,513
10,287	-	-	-	10,287	1,126,385	-	-	-	1,029,678
50,292	-	-	-	50,292	5,506,769	-	-	-	5,033,983
16,002	-	-	-	16,002	1,752,154	-	-	-	1,601,772
40,005	-	-	-	40,005	4,380,384	-	-	-	4,004,304
52,578	-	-	-	52,578	5,757,077	-	-	-	5,262,800
20,574	-	-	-	20,574	2,232,769	-	-	-	2,059,357
138,342	-	-	-	138,342	15,147,900	-	-	-	13,847,356
74,674	-	-	-	74,674	8,176,521	-	-	-	7,474,501

Directors, Chief Executive, their spouse and minors  
 Key management personnel, employees and connected  
 persons of the Management Company

**Associated companies / undertakings of the  
 Management Company**

- Lakson Business Solutions Limited - Employees
- Contributory Provident Fund Trust
- Princeton Travels (Private) Limited - Employees
- Contributory Provident Fund Trust
- Lakson Investments Limited - Employees
- Contributory Provident Fund Trust
- Telley Clover (Private) Limited - Employees
- Contributory Provident Fund Trust
- Clover (Private) Limited - Employees
- Gratuity Fund Trust
- Century Insurance Company Limited - Employees
- GAM Corporation (Private) Limited - Employees
- Contributory Provident Fund Trust
- SGA Foods (Private) Limited - Employees
- Contributory Provident Fund Trust
- Hesari Karabasi Foodstuffs - Employees
- Contributory Provident Fund Trust
- Colgate Pakistan (Pakistani) Limited - Employees
- Colgate Pakistan (Private) Limited - Employees
- Colgate Pakistan (Pakistani) Limited - Employees
- SGA Services (Private) Limited - Employees
- Contributory Provident Fund Trust
- Open Internet Services (Private) Limited - Employees
- Contributory Provident Fund Trust
- Sybil (Private) Limited - Employees
- Contributory Provident Fund Trust
- Provident Fund Trust
- Acrony Surgical Limited - Employees
- Merit Packaging Limited - Employees
- Merit Packaging Limited - Employees
- Merit Packaging Limited - Employees
- Merit Packaging Limited - Employees
- Contributory Provident Fund Trust
- Contributory Provident Fund Trust
- Century Paper & Board Mills Limited - Employees

September 30,  
2016 2015  
(Unaudited)  
(Rupees)

**11.3 Transactions during the period**

**Lakson Investments Limited - Management  
Company of the Fund**

Remuneration for the period	<b>238,122</b>	344,965
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**Central Depository Company of Pakistan  
Limited- Trustee**

Remuneration for the period	<b>199,376</b>	200,590
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**12 TOTAL EXPENSE RATIO**

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 3.56% as of September 30, 2016 and this includes 0.22% representing Sindh Sales tax and SECP fee.

**13 DATE OF AUTHORIZATION FOR ISSUE**

These 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

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