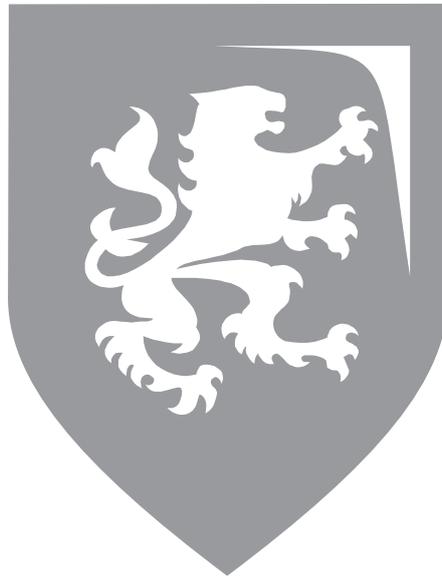


LAKSON ASSET ALLOCATION DEVELOPED MARKETS FUND
Half Yearly Report (December 31, 2016)



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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 Shakra-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 half year ended December 31, 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 Statements for the half year ended December 31, 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

During the first half year of FY17 the LAADMF provided a return of 3.07% compared to the Benchmark return of 3.78%. As of December 31, 2016, the LAADMF is invested 37% in T-Bills, 28% in Developed Market Equities, 31% in PIBs and 4% in cash. As of December 31, 2016 the LAADMF has PKR 298 million in assets under management.

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

CPI posted an increase of 3.9%YoY during H2CY16, backed by an uptick in food inflation; meanwhile, core inflation hit a 19 months high of 5.3% during the period under review. CPI is expected to remain benign in Q1CY17 before depicting a gradual uptick and a similar trend may occur for interest rates.

SBP had slashed the policy rate to 5.75% in H1CY16, and retail lending rates of commercial banks and refinance rates by SBP concessional schemes followed suit. The availability of low-cost funding provided much needed support to private businesses, which was reflected in their increased borrowings from commercial banks. This led to an acceleration in private sector credit (+14% YoY) on the back of higher working capital and trade financing. In this regard, LSM growth posted strong growth of 8% YoY in Nov'16 (vs. 3.2% YoY in Q2CY16), with growth in Autos, Steel, Cement and Food sectors.

Similarly, the government also scaled up its development spending during the year; importantly, it created room for this stimulus via lower current spending and mobilizing higher revenues. Therefore, fiscal consolidation remained on track, and the budget deficit reduced further to 4.6 percent of GDP for the first time since FY07.

Forex reserves closed CY16 at USD 23.16 bn, despite lackluster export performance and consistent rise in imports (majorly Oil, Machinery & Autos led). CY16 also saw the successful culmination of the IMF program, which not only provided direct FX support but also helped the country secure financing from other IFIs and the international capital markets. This, in turn, led to PKR stability. Hence PKR continues to remain resilient against the USD, despite the latter gaining strength against most major emerging market currencies.

Outlook

While economic performance continues to be satisfactory, H2CY16 saw a widening of the twin deficits and pressure points particularly on the external side building up. While the announcement of an export package is expected to boost textiles, the GoP is also looking to revive the privatization program and is mulling over amnesty schemes.

Fixed Income Review

SBP adopted a cautious monetary policy stance during H2CY16, based on the following considerations: (i) rebound in CPI (3.9% average), and (ii) rising concerns on the external front, with growing current account deficit (2.2% of GDP). As a result the policy rate remained unchanged at 5.75% during the period under review; however, SBP continued to actively manage liquidity conditions in the interbank market to ensure that despite liquidity swings arising from PIB maturities and Eid related cash withdrawals, the overnight rates did not deviate much from the target rate. With recent rebound in oil prices, and impact yet to fully pass in the form of higher domestic petroleum product prices, higher CPI expectations can form in the months to come.

During H1CY16, banks were parking their excess liquidity in the government papers (majorly PIBs). This trend, however, changed during H2CY16 on account of (i) large volume of PIBs that matured were not re-rolled by the government (supported by increase in borrowings from the SBP post completion of the IMF program), and (ii) uptick in advances (supported by revival of working capital and trade financing, which have a combined contribution of around 60% to total private sector credit). M2 growth picked up to around 15% YoY by end of Q4CY16, compared to 13% in Q3CY16, where higher government borrowings were offset by net retirements by the private sector. As per SBP, another reason behind low monetary expansion during Q3CY16 was high currency to deposit ratio, which led to a lower money multiplier.

In H2CY16, the government raised PKR 2.7 trillion through the T-Bills (net of maturity: PKR 586 billion), and PKR 678bn through PIBs (net of maturity: PKR -749 billion). Details of the yield are as under:

	T-Bills Cut Off Yields			PIBs Cut Off Yields		
	3M	6M	12M	3M	6M	12M
30th June'16	5.87%	5.89%	5.92%	6.70%	6.58%	7.59%
30th Dec'16	5.92%	6.01%	6.04%	6.71%	7.44%	8.52%

Developed Markets Review

Following H1CY16 jitters, the US equity market made a strong comeback post-election of Donald Trump, underpinned by growing expectation of an era of higher economic growth amidst greater fiscal stimulus leading to growth in inflation. The S&P 500 and Dow Jones posted returns of 6.7% and 14.0%, respectively, during H2CY16, with major contributions from Energy, Financials, Telecom, and Industrial sectors.

The UK's FTSE 100 reached all-time high levels during H2CY16, where returns clocked in at 9.8% during the period under review, backed by gains in mining companies over hopes of greater infrastructure related spending by the new US government. Stable performance of the economy, despite concerns over Brexit, and recovery in international commodity prices led to a comeback in stock price of commodity companies.

Among some of the other developed market indices, Nikkei 225 stood out with gains of 22.7%, driven by weakening of the JPY against US\$.

Outlook

There is growing expectation that the US equity market will post solid gains in CY17 as well, on the back of improving economy, better business climate (based on reforms of the Trump administration), reduction in taxes (especially those on capital gains), reduced regulation, and increased infrastructure spending. Improving growth and expansionary fiscal measures from Trump administration is resulting

in higher inflationary expectations, where interest rates globally are expected to react accordingly, which would push yields higher and affect long duration bond holders. Conversely, however, global risks also emanate from the new US administration particularly if President Trump shakes up global geopolitical and trade equilibriums.

Acknowledgment

The Board is thankful to its valued investors, the Securities & Exchange Commission of Pakistan, the State Bank of Pakistan, the Trustee of the Fund - Central Depository Company of Pakistan Limited and the management of the Pakistan Stock Exchange Limited for their continued cooperation and support. The Directors of the Management Company also acknowledge the efforts put in by the team of the Management Company for the growth and the prudent management of the Fund.

For and on Behalf of the Board

Dated: February 28, 2017

Babar Ali Lakhani
Chief Executive Officer

لیکسن ایسٹ ایلیٹیشن ڈیویڈنڈ مارکیٹس فنڈ
مہینہ کی مہینے کے ڈیویڈنڈ کی جائزہ رپورٹ
برائے مہینے ششماہی 31 دسمبر 2016

لیکسن ایسٹ ایلیٹیشن ڈیویڈنڈ مارکیٹس فنڈ ("LAADMF") کی مہینہ کی مہینے 31 دسمبر 2016 کو ختم ہونے والی ششماہی کے لیے عبوری مالی معلومات کے خلا سے ساتھ اپنی جائزہ رپورٹ تیار کرانے پر اظہار مسرت کرتی ہے۔

فنڈ کا مقصد

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

فنڈ کا تعارف

LAADMF ایک اوپن اینڈ ایسٹ ایلیٹیشن آئٹیم ہے۔ یہ آئٹیم انویسٹمنٹ مینجمنٹ کے ایک متحرک انداز کو اختیار کرتے ہوئے چھائی جاتی ہے، جس میں حکومتی پالیسیوں، گلوبل اکنامک ڈیٹا، کوڈیٹرز کی قیمتوں اور سیالی / ڈیماڈ ڈائنامکس کے تجزیوں جیسے وسیع تر عوامل کو پیش نظر رکھا جاتا ہے۔ یہ آئٹیم ڈیویڈنڈ مارکیٹس کی کارکردگی کے حوالے سے انویسٹمنٹ ٹیم کی رائے کی بنیاد پر ڈیویڈنڈ گورنمنٹ سیکورٹیز اور ڈیویڈنڈ مارکیٹس سیکورٹیز کے درمیان سرمایہ کاری کا فیصلہ کرتی ہے۔ یہ آئٹیم 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۔ آئٹیم کی فیسڈ اگم سیکورٹیز میں سرمایہ کاری، مدت اور yield curve مینجمنٹ کے ذریعے مختلف حکومتی سیکورٹیز کی پیچیدگی کو مد نظر رکھ کر کی جاتی ہے۔

فنڈ کی کارکردگی

LAADMF نے پہلی ششماہی، مالی سال 2017 میں بیچ مارک ریٹرن 3.78 فیصد کے مقابلے میں 3.07 فیصد ریٹرن حاصل کیا۔ 31 دسمبر 2016 کے مطابق LAADMF کے پورٹ فولیو کی سرمایہ کاری T-Bills میں 37 فیصد، ڈیویڈنڈ مارکیٹس سیکورٹیز میں 28 فیصد، PIBs میں 31 فیصد اور ریکس میں 4 فیصد کی گئی۔ 31 دسمبر 2016 کے مطابق LAADMF مہینہ کی مہینے کے تحت 298 ملین پاکستانی روپے کے اثاثے رکھتا ہے۔

فی یونٹ آمدنی (EPU)

ہم سمجھتے ہیں کہ EPU کا حساب لگانے کے لیے ایوریج ویلڈ یونٹس کا تعین کرنا اور اینڈ فنڈز کے لیے قابل عمل نہیں ہے۔ اسی لیے EPU کو ظاہر نہیں کیا گیا ہے۔

معاشی جائزہ

سال 2016 کی دوسری ششماہی میں CPI نے غذائی گرانی میں اضافے کے نتیجے میں سال بہ سال بنیاد پر 3.9% اضافہ درج کر لیا، جب کہ زیر جائزہ مدت کے دوران مرکزی افراط زر نے 19 ماہ کی سب سے بلند سطح 5.3% کو چھوا لیا۔ موجودہ سال 2017 کی پہلی سہ ماہی میں CPI: موثر بننے کی توقع ہے جب کہ بعد ازاں بتدریج اضافے کی پیش گوئی ہے، اور سوڈی شرحوں میں بھی رجحان زخمی ہو سکتا ہے۔

اسٹیٹ بینک آف پاکستان نے سال 2016 کی پہلی ششماہی کے پالیسی ریٹ میں 5.75% تک کمی کردی ہے اور کمرشل بینکس کے ریٹیل لینڈنگ ریٹس اور SBP کنسٹیبل اسکیمز کی طرف سے ریٹس میں کمی کی خبر دی ہے۔ کم لاگت والے سرمائے کی دستیابی نے فنی کاروباروں کو مدد فراہم کی جس کی آئیں شدید انتہائی ضرورت تھی جس کی عکاسی کمرشل بینکس سے قرضوں کے حصول میں اضافے سے ہوتی ہے۔ اس کا نتیجہ زیادہ ورلنگ کیلنڈر اور ٹریڈ فنانسنگ کی بدولت پرائیویٹ سیکٹرز کے بیٹ میں تیزی (سال بہ سال بنیاد پر 14% اضافہ) کی صورت میں نکلا۔ اس حوالے سے LSM نے نومبر 2016 میں سال بہ سال بنیاد پر (سال 2016 کی دوسری سہ ماہی میں سال بہ سال 3.2% کے مقابلے میں) آٹوز، آئیل، ہیمنٹ اور فوڈ کیلنڈرز میں نمو کے ساتھ 8% کا محسوس اضافہ درج کرایا۔

اسی طرح حکومت نے بھی سال کے دوران اپنے ترقیاتی اخراجات میں اضافہ کیا، اور اہم بات یہ کہ اس نے کم جاری اخراجات اور زیادہ آمدنیوں کو حرکت میں لانے کے ذریعے اس محرک کے لیے گنئیائش پیدا کی۔ لہذا مالیاتی استحکام درست راستے پر باور مالی سال 2007 سے اب تک پہلی بار بجٹ خسارے میں GDP کے 4.6 فی صد تک کمی ہوئی۔

برآمدات کی مایوس کن کارکردگی اور برآمدات (جس کی اکثریت آئل، مشینری اور آٹوز پر مشتمل رہی) میں لگاتار اضافے کے باوجود سال 2016 کے اختتام پر زرمبادلہ کے ذخائر 23.16 امریکی ڈالر رہے۔ سال 2016 میں آئی ایم ایف پروگرام کی کامیاب تکمیل کا منظر بھی سامنے آیا جس نے نہ صرف برآمدات زرمبادلہ سے مدد فراہم کی، بلکہ ملک کو دیگر بین الاقوامی مالیاتی اداروں اور انٹرنیشنل کیلنڈر مارکیٹس سے بھی فنانسنگ حاصل کرنے میں مدد فراہم کی۔ اس کا نتیجہ پاکستانی روپے کے استحکام کی صورت میں نکلا۔ لہذا پاکستانی روپیہ زیادہ تر بڑی ایمرجنگ مارکیٹ کرنسیوں کے مقابلے میں استحکام حاصل کرنے والے ڈالر کے مقابلے میں بدستور قدم جمائے ہوئے ہے۔

مستقبل کی توقعات

جہاں اقتصادی کارکردگی بدستور ترقی پزیر رہے، سال 2016 کی دوسری ششماہی میں وہ ہرے خسارے اور خصوصاً سیر وئی سٹ پریش پوائنٹس میں اضافہ ہوتا نظر آیا۔ جہاں گیسٹل کو فروغ دینے کے لیے ایک ایکسپورٹ پمپنگ متوقع ہے، حکومت پاکستان سچ کاری پروگرام کے دوبارہ آغاز کا بھی جائزہ لے رہی ہے اور عام معافی دینے پر غور کر رہی ہے۔

فکسڈ انکم مارکیٹ کا جائزہ

SBP نے درج ذیل قابل غور امور کی بنیاد پر سال 2016 کی دوسری ششماہی کے دوران ایک محتاط مالیاتی پالیسی موقف اختیار کیا:
(i) CPI میں دوبارہ اضافہ (3.9% اوسط)، اور (ii) کرنٹ اکاؤنٹ کے بڑھتے ہوئے خسارے (GDP کا 2.2%) کے ساتھ سیر وئی نماز پر بڑھتے ہوئے خدشات۔ جس کے نتیجے میں زیر جائزہ مدت کے دوران پالیسی ریٹ بغیر تبدیلی کے 5.75% برقرار رکھنے کا فیصلہ کیا گیا تاہم SBP نے انٹرنیشنل مارکیٹ میں لیکویڈیٹی کی صورت حال کو مستعدی سے قابو میں رکھنا تاکہ یہ یقینی بنایا جاسکے کہ PIB پیچورٹیز اور عمید پرکیش نکلائے جانے سے پیدا ہونے والے لیکویڈیٹی کے اتار چڑھاؤ کے باوجود شرح ٹارگیٹ ریٹ سے زیادہ ادھر ادھر نہ ہونے پائیں۔ تیل کی قیمتوں میں حالیہ دو بارہ اضافے کے ساتھ اس کے اثرات کی پیٹرو لیوم مصنوعات کی زیادہ مقامی قیمتوں کی شکل میں پوری طرح منتقلی ابھی باقی ہے، CPI کی بلند قیمتوں کی توقعات آئندہ مہینوں میں عملی شکل اختیار کر سکتی ہیں۔

سال 2016 کی پہلی ششماہی کے دوران بینکس اپنی اضافی لیکویڈیٹی حکومتی ترسکات (زیادہ تر PIBs میں) میں کھپا رہے تھے۔ تاہم سال 2016 کی دوسری ششماہی کے دوران سیر وئی تبدیلی ہو گیا، جس کی وجہ یہ ہے (i) حکومت کی PIBs کے خطیر حجم کو، جو پیچورٹ ہو گیا تھا، دوبارہ فروخت کے لیے پیش نہیں کیا گیا (جسے IMF پروگرام کی تکمیل کے بعد SBP کی طرف سے قرض گیری میں اضافے سے مدد حاصل تھی)، اور (ii) ایڈوانسز میں اضافہ (جسے

ورنگنگ گلیڈیل اور ٹریڈ فنانسنگ کی بحالی کی مدد حاصل تھی جو نئی شے کے قرضوں میں مشترکہ طور پر 60% حصہ رکھتے ہیں۔ سال 2016 کی چوتھی سہ ماہی کے اختتام تک M2 میں سال 2016 کی تیسری سہ ماہی میں 13% کے مقابلے میں سال پہ سال بنیاد پر لگ بھگ 15% کا اضافہ ہوا، جہاں حکومت کی بھاری قرض گیری نئی شے کی طرف سے نیٹ ریٹرنز منٹس سے متاثر ہوئی۔ SBP کے مطابق سال 2016 کی تیسری سہ ماہی میں کم تر مالیاتی توسیع کی ایک اور وجہ کرنسی اور ڈپازٹ کا بلند باہمی تناسب جس کا نتیجہ دولت کی کم افزائش کی شکل میں نکلا۔

سال 2016 کی دوسری سہ ماہی میں حکومت نے T-Bills کے ذریعے 2.7 ٹریلین روپے (ٹیپورٹی کا نیٹ: 586 ارب روپے) اور PIBs کے ذریعے 678 ارب روپے (ٹیپورٹی کا نیٹ: 749 ارب روپے) اکٹھے کیے۔ یا فٹ (آمدنی) کی تفصیلات درج ذیل ہیں:

T-Bills کی تہی آمدنیاں

30 جون 2016	3 ماہ	6 ماہ	12 ماہ
5.87%	5.89%	5.92%	6.04%
5.92%	6.01%	6.04%	

PIBs کی تہی آمدنیاں

30 جون 2016	3 ماہ	6 ماہ	12 ماہ
6.07%	6.58%	7.59%	8.52%
6.71%	7.44%	8.52%	

ڈیولپڈ مارکیٹس کا جائزہ

2016 کی پہلی شہماہی میں بدحواسیوں کے بعد یو ایس ایس ایچ کی مارکیٹ نے ڈوٹا لڈ ٹرپ کے انتخاب کے بعد افراط زر کا سبب بننے والی زبردست مالیاتی تحریک کے درمیان بلند اقتصادمی نمو کے دور کی بڑھتی ہوئی توقعات کے سہارے طاقتور رہا۔ Dow Jones اور S&P 500 نے انرجی، فنانسنگ، ٹیلی کام اور صنعتی شعبوں کی طرف سے بڑی حصہ داری کے ساتھ مالی سال 2017 کی دوسری شہماہی کے دوران بائرسٹیپ 6.7% اور 14.0% منافع جات درج کرائے۔ UK FTSE 1000 مالی سال 2016 کی دوسری شہماہی کے دوران تاریخ کی بلند ترین سطحوں پر پہنچ گیا جہاں منافع جات نے نئی امریکی حکومت کی طرف سے انفراسٹرکچر سے متعلق زیادہ اخراجات کی امید پر مائنگلے ٹینر میں منافع جات کی بدولت زبردست مدت کے دوران منافع جات میں 9.8% کا اضافہ دکھایا۔ Brexit پر اندیشوں کے باوجود معیشت کی مستحکم کارکردگی اور ایشیا سے صرف کی بین الاقوامی قیمتوں کی بحالی کا نتیجہ کموڈیٹیز کی اسٹاک پر اس کی واپسی کی صورت میں برآمد ہوا۔

ڈیولپڈ مارکیٹ کے چند دیگر اشاریوں کے درمیان، امریکی ڈالر کے مقابلے جاپانی یین کے کمزور پڑنے کی تحریک کے نتیجے میں نکائی 225 (Nikkei 225) منافع جات میں 22.7% اضافے کے ساتھ سب سے نمایاں رہا۔

مستقبل کا منظر نامہ

توقعات بڑھ رہی ہیں کہ امریکی ایچ جی پی مارکیٹ بہتری کی طرف مائل معیشت، بہتر کاروباری ماحول (ٹرمپ انتظامیہ کی طرف سے اصلاحات کی بنیاد پر)، ایکسچینج میں کمی (خصوصاً گلیڈیل منافع جات پر)، کم ریٹیشن، اور اخراجات پر اضافہ شدہ اخراجات کی بدولت مالی سال 2017 میں بھی ٹھوس منافع جات درج کرانے کی نمو

میں بہتری اور زر سپانٹنامیہ کی طرف سے توسیعی مالیاتی اقدامات کا پابند افرایا زر کی توقعات کی شکل میں نتیجہ آ رہا ہے، جہاں توقع کی جاتی ہے کہ عالمی سطح پر بھی سود کی شرح اس کے مطابق رہے۔ تاہم ہر کریس کی، جو منافع جات بڑھائیں گی اور طویل میں عاوا الے بوٹڈ ہولڈرز پر اثر انداز ہوں گی۔ اس کے برعکس نئی امریکی انتظامیہ سے عالمی خطرات نے بھی جنم لیا ہے، خصوصاً اگر صدر زر سپانٹنامیہ عالمی پتھر افغانی سیاست اور تجارتی توازن کو چھوڑتے ہیں۔

اظہار تشکر

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

برائے و مختاب بورڈ

باہر علی الکھانی

چیف ایگزیکٹو آفیسر

تاریخ: 28 فروری 2017

CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED

Head Office:
CDC House, 99-B, Block 'B',
S.M.C.H.S. Main Shakra-e-Faisal,
Karachi - 74400, Pakistan.
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Fax: (92-21) 34326020 - 23
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TRUSTEE REPORT TO THE UNIT HOLDERS

LAKSON ASSET ALLOCATION DEVELOPED MARKETS FUND

**Report of the Trustee pursuant to Regulation 41(b) of the Non-Banking Finance
Companies and Notified Entities Regulations, 2008**

We Central Depository Company of Pakistan Limited, being the Trustee of Lakson Asset Allocation Developed Markets Fund (the Fund) are of the opinion that Lakson Investments Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2016 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.


Aftab Ahmed Diwan
Chief Executive Officer
Central Depository Company of Pakistan Limited.

Karachi: February 21, 2017



Auditor's Report to the Unit Holders on Review of Condensed Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Lakson Asset Allocation Developed Markets Fund** ("the Fund") as at 31 December 2016, the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' funds, condensed interim cash flow statement, and notes thereto for the six months period then ended (here-in-after referred to as the "condensed interim financial information"). Management Company is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matters

The figures for the three months period ended 31 December 2016 have not been reviewed and we do not express a conclusion on them.

The interim financial information of the Fund for the six months period ended 31 December 2015 and financial statements for the year ended 30 June 2016 were respectively reviewed and audited by another firm of Chartered Accountants who vide their review report dated 06 February 2016 and audit report dated 26 August 2016 had expressed an unqualified conclusion and opinion respectively.

Date: February 28, 2017

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Amyr Pirani

**Condensed Interim Statement of Assets and Liabilities
As at December 31, 2016**

	Note	December 31, 2016 (Unaudited) ----- (Rupees) -----	June 30, 2016 (Audited)
Assets			
Bank balances	6	6,203,584	76,770,410
Investments	7	295,650,018	216,467,491
Mark-up receivables on investments and bank balances		4,505,957	4,718,543
Dividend receivables		-	243,203
Prepayments		180,454	40,263
Deferred formation cost		-	140,582
Total assets		306,540,013	298,380,492
Liabilities			
Payable to the Management Company	8	5,246,507	5,256,526
Remuneration payable to the Trustee		67,180	65,407
Annual fee payable to Securities and Exchange Commission of Pakistan		141,742	284,360
Accrued expenses and other liabilities	9	2,891,254	2,942,189
Total liabilities		8,346,683	8,548,482
Contingencies and commitments	11		
Net assets		298,193,330	289,832,010
Unit holders' fund		298,193,330	289,832,010
		(Number)	
Number of units in issue (face value: Rs. 100 per unit)		2,553,951	2,558,421
		(Rupees)	
Net assets value per unit		116.7576	113.2854

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

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

Chief Executive Officer

Director

**Condensed Interim Income Statement (Unaudited)
For the half year and quarter ended December 31, 2016**

		Half year ended December 31,		Quarter ended December 31,	
		2016	2015	2016	2015
Note		----- (Rupees) -----			
Income					
	Loss on sale of held for trading investments - net	(20,208)	(1,952)	(20,208)	-
	Unrealized gain / (loss) on revaluation of held for trading investments - net	7.1 - 7.3 3,652,358	4,313,340	(876,949)	6,654,820
		3,632,150	4,311,388	(897,157)	6,654,820
	Dividend income on held for trading investment	547,368	513,254	276,765	267,729
	Return / Mark up on:				
	- bank balances	405,049	1,347,532	42,723	311,537
	- Government securities (held for trading)	7,992,172	8,956,404	4,137,594	4,562,450
		8,397,221	10,303,936	4,180,317	4,873,987
	Exchange (loss) / gain on foreign currency deposits	(5,473)	(7,559)	(1,197)	3,412
	Element of loss and capital losses in prices of units sold less those in units redeemed - net	(67,597)	(4,323,029)	(67,597)	(464,013)
		12,503,669	10,797,990	3,491,131	11,335,935
Expenses					
	Remuneration to the Management Company	2,232,635	2,310,579	1,094,809	1,176,599
	Sindh sales tax on remuneration to the Management Company	8.2 290,243	375,238	142,326	191,080
	Federal excise duty on remuneration to the Management Company	8.3 -	369,693	-	188,256
	Remuneration to the Trustee	398,752	401,181	199,376	200,591
	Annual fee to the Securities and Exchange Commission of Pakistan	141,742	142,981	71,097	71,401
	Auditors' remuneration	190,240	179,208	102,138	82,454
	Fees and subscription	54,948	148,585	27,727	23,629
	Credit rating fee	105,961	101,328	66,498	60,999
	Printing charges	54,003	15,056	48,962	10,029
	Brokerage, custody, settlement and bank charges	86,196	257,848	42,311	39,758
	Amortisation of deferred formation cost	140,582	253,598	13,435	126,799
	Provision for workers' welfare fund	-	126,880	-	126,880
		3,695,302	4,682,175	1,808,679	2,298,475
	Net income from the period before taxation	8,808,367	6,115,815	1,682,452	9,037,460
	Taxation	12 -	-	-	-
	Net income from the period after taxation	8,808,367	6,115,815	1,682,452	9,037,460

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

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

Chief Executive Officer

Director

**Condensed Interim Statement of Comprehensive Income (Unaudited)
For the half year and quarter ended December 31, 2016**

	Half year ended December 31,		Quarter ended December 31,	
	2016	2015	2016	2015
	------(Rupees)-----			
Net income for the period after taxation	8,808,367	6,115,815	1,682,452	9,037,460
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>8,808,367</u>	<u>6,115,815</u>	<u>1,682,452</u>	<u>9,037,460</u>

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

For Lakson Investments Limited
(Management Company)

Chief Executive Officer

Director

**Condensed Interim Distribution Statement (Unaudited)
For the half year and quarter ended December 31, 2016**

	Half year ended December 31,		Quarter ended December 31,	
	2016	2015	2016	2015
	------(Rupees)-----			
- Realized income at beginning of the period	28,868,897	31,460,919	36,586,510	41,301,462
- Unrealized income at beginning of the period	<u>5,121,005</u>	<u>10,319,380</u>	<u>4,529,307</u>	<u>(2,341,380)</u>
Undistributed income at beginning of the period	33,989,902	41,780,299	41,115,817	38,960,082
Total comprehensive income for the period	8,808,367	6,115,815	1,682,452	9,037,460
Undistributed income at end of the period	<u>42,798,269</u>	<u>47,896,114</u>	<u>42,798,269</u>	<u>47,997,542</u>
Represented by :				
- Realized income at end of the period	39,145,911	43,684,102	39,145,911	43,684,102
- Unrealized income at the end of the period	3,652,358	4,313,340	3,652,358	4,313,340
Undistributed income at end of the period	<u>42,798,269</u>	<u>47,896,114</u>	<u>42,798,269</u>	<u>47,997,542</u>

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

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

Chief Executive Officer

Director

**Condensed Interim Statement of Movement in Unit Holders' Fund (Unaudited)
For the half year and quarter ended December 31, 2016**

	Half year ended December 31,		Quarter ended December 31,	
	2016	2015	2016	2015
	------(Rupees)-----			
Net assets at beginning of the period	289,832,010	320,801,610	296,957,925	291,903,361
Amount received on issuance of 858 (2015: Nil) units for the six and three months period respectively	100,000	-	100,000	-
Amount paid on redemption of 5,328 (2015: 286,338) units and 5,328 (2015: 25,559) units for the six and three months period respectively	(614,644)	(32,956,973)	(614,644)	(3,020,025)
	(514,644)	(32,956,973)	(514,644)	(3,020,025)
Element of loss and capital losses in prices of units sold less those in units redeemed - net	67,597	4,323,029	67,597	464,013
Unrealized gain / (loss) on revaluation of held for trading investments - net	3,652,358	4,313,340	(876,949)	6,654,820
Loss on sale of held for trading investments - net	(5,473)	(7,559)	(1,197)	3,412
Exchange (loss) / gain on foreign currency deposits	(20,208)	(1,952)	(20,208)	-
Other net income	5,181,690	1,811,986	2,580,806	2,379,228
Net income for the period	8,808,367	6,115,815	1,682,452	9,037,460
Net assets as at end of the period	<u>298,193,330</u>	<u>298,283,481</u>	<u>298,193,330</u>	<u>298,384,809</u>
Net assets value per unit at beginning of the period	<u>113.2854</u>	114.9738	<u>116.0707</u>	115.4026
Net assets value per unit at end of the period	<u>116.7576</u>	119.1692	<u>116.7576</u>	119.1692

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

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

Chief Executive Officer

Director

**Condensed Interim Cash Flow Statement (Unaudited)
For the half year and quarter ended December 31, 2016**

	Half year ended December 31,		Quarter ended December 31,	
	2016	2015	2016	2015
	------(Rupees)-----			
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period	8,808,367	6,217,143	1,682,452	9,037,460
Adjustments for:				
Amortisation of deferred formation cost	140,582	253,598	13,435	126,799
Unrealised (gain) / loss on revaluation of held for trading investments - net	(3,652,358)	(4,313,340)	876,949	(6,654,820)
Element of loss and capital losses in prices of units sold less those in units redeemed - net	67,597	4,323,029	67,597	464,013
	5,364,188	6,480,430	2,640,433	2,973,452
Decrease / (increase) in assets				
Investments	(75,530,169)	(131,926,555)	(125,580)	1,779,582
Mark-up receivables on investments and bank balances	212,586	363,724	(2,269,716)	(3,775,963)
Dividend receivables	243,203	-	243,203	-
Prepayments	(140,191)	(127,816)	(146,745)	(94,704)
	(75,214,571)	(131,690,647)	(2,298,838)	(2,091,085)
Increase / (decrease) in liabilities				
Payable to the Management Company	(10,019)	247,517	7,741	235,056
Remuneration payable to the Trustee	1,773	(13,866)	2,169	2,179
Annual fee payable to Securities and Exchange Commission of Pakistan	(142,618)	(399,829)	71,097	71,402
Accrued expenses and other liabilities	(50,935)	76,460	(131,431)	166,768
	(201,799)	(89,718)	(50,424)	475,405
Net cash (outflow) / inflow flow from operating activities	(70,052,182)	(125,299,935)	291,171	1,357,772
CASH FLOWS FROM FINANCING ACTIVITIES				
Received on issuance of units	100,000	-	100,000	-
Paid against redemption of units	(614,644)	(32,956,973)	(614,644)	(3,020,025)
Net cash used in financing activities	(514,644)	(32,956,973)	(514,644)	(3,020,025)
Net decrease in cash and cash equivalents during the period	(70,566,826)	(158,256,908)	(223,473)	(1,662,253)
Cash and cash equivalents at beginning of the period	76,770,410	179,718,580	6,427,057	23,123,925
Cash and cash equivalents at end of the period	6,203,584	21,461,672	6,203,584	21,461,672

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

For Lakson Investments Limited
(Management Company)

Chief Executive Officer

Director

**Notes to and Forming Part of the Condensed Interim
Financial Information (Unaudited)
For the half year and quarter ended December 31, 2016**

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 The Lakson Asset Allocation Developed Market Fund (the "Fund") was established under the Trust Deed executed on 30 May 2011 between the Lakson Investments Limited as its Management Company and the Central Depository Company of Pakistan Limited (CDC) as its Trustee. The Fund has been registered as a Notified Entity on 7 July 2011 by the Securities and Exchange Commission of Pakistan (SECP) in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations).
- 1.2 The Management Company of the Fund has been licensed by SECP to undertake Asset Management and Investment Advisory Services as a Non-Banking Finance Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The registered office of the Management Company is located at 14 - Ali Block, New Garden Town, Lahore.
- 1.3 The Fund is an open end mutual fund and is listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

The Fund is categorised as "Asset Allocation Scheme" as per the Circular 07 of 2009 issued by Securities and Exchange Commission of Pakistan (SECP) and is authorised to invest within the prescribed limit mentioned in the offering document of the fund in Government securities, deposits and foreign currency deposits with local or foreign banks etc. in Pakistan. Further, as allowed by SECP and State Bank of Pakistan, the Fund can invest abroad up to 30% of the aggregated funds mobilized (including foreign currency funds) subject to a maximum limit of USD 15 million. The investments authorized outside Pakistan include exchange traded funds based on equities / debt with exposure in the commodities, index tracker funds tracking different commodities indices, actively managed commodities based funds, equities and debt securities of companies with exposure in commodities, future contracts of different commodities and foreign currency deposits etc.

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

- 1.4 As per the clause 60(s) of the Non-Banking Finance Companies and Notified Entities Regulation, 2008 fees and expenses related to registrar services, accounting, operation and valuation services relating to the Fund maximum up to 0.1% of average annual net assets of the Fund or actual whichever is less are allowed to be charged to the Fund by the Management Company.

However, the above mentioned expenses were not charged by the Management Company to the Fund during the period under review. Had the above expenses been charged to the Fund, these would not have been material.

- 1.5 The Pakistan Credit Rating Company Limited (PACRA) has harmonized asset manager rating of the Management Company of the Fund to the new scale 'AM2' (stable outlook) dated 08 June 2016 (2015: AM2- as on 22 April 2015).

The JCR-VIS Credit Rating Company Limited has assigned 1-star ranking to the Fund.

2. BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and

provisions of directives issued 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.

- 2.2 This 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.
- 2.3 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 (NBFC Regulations) and are unaudited. However, a limited scope review has been carried out by the auditors in accordance with the requirements of clause (xix) of the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan.

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

2.4 Basis of measurement

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

2.5 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.

3. SIGNIFICANT JUDGEMENTS 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 the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by the Management in applying the Fund's 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 30 June 2016.

4. 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.

5. FINANCIAL RISK MANAGEMENT

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

		December 31, 2016 (Unaudited)	June 30, 2016 (Audited)
		(Rupees)	
6.	BANK BALANCES		
	- Local Currency		
	In profit and loss sharing accounts	6.1	3,434,583
	In current account	16,227	74,701,256
	- Foreign Currency		
	In current account	6.2	2,051,712
		<u>2,752,774</u>	<u>2,051,712</u>
		<u>6,203,584</u>	<u>76,770,410</u>

6.1 These represent profit and loss sharing accounts maintained with banks carrying mark-up rates ranging from 4% to 4.25% (30 June 2016: 4.5% to 6.5%) per annum.

6.2 This represents USD denominated current account maintained in a foreign country.

7. INVESTMENTS

At fair value through income statement - held for trading

Government Securities			
-Market Treasury Bills	7.1	114,778,685	39,252,559
-Pakistan Investment Bonds	7.2	94,680,809	98,071,356
Exchange traded fund (foreign investment)	7.3	86,190,524	79,143,576
		<u>295,650,018</u>	<u>216,467,491</u>

7.1 Government securities - Market Treasury Bills At fair value through income statement - held for trading

Note	Date of Maturity	Number certificates			Holdings as at December 2016	Balance as at December 31, 2016			Market value as % of total investments (based on market value)	Market value as % of net assets (based on market value)
		Holding as at 01 July 2016	Purchases during the period	Disposed / matured during the period		Carrying value as of the period ended 31 December 2016 before revaluation	Market value as of the period ended 31 December 2016	Unrealised (diminution)		
	27 October 2016	400	-	400	-	-	-	-	-	-
	12 months Treasury Bills									
	19 January 2017	-	650	-	650	64,813,719	64,810,785	(2,934)	21.92	21.73
	12 months Treasury Bills - 7.1.1									
	5 January 2017	-	500	-	500	49,968,333	49,967,900	(433)	16.90	16.76
	3 months Treasury Bills - 7.1.2									
	27 October 2016	-	250	250	-	-	-	-	-	-
	3 month Treasury Bills									
	13 October 2016	-	500	500	-	-	-	-	-	-
	3 month Treasury Bills									
	Total as at 31 December 2016					114,782,052	114,778,685	(3,367)	38.82	38.49
	Total as at 30 June 2016					39,232,352	39,252,559	20,207		

7.1.1 This represents investment in 12 months Market Treasury Bills carrying an effective profit rate of 5.89% (30 June 2016: Nil) having maturity on 19 January 2017.

7.1.2 This represents investment in 3 months Market Treasury Bills carrying an effective profit rate of 5.8571% (30 June 2016: Nil) having maturity on 5 January 2017.

**7.2 Government securities - Pakistan Investment Bonds
At fair value through income statement - held for trading**

Date of Maturity	Number certificates			Holdings as at December 2016	Balance as at December 31, 2016			Market value as % of total investments (based on market value)	Market value as % of net assets (based on market value)	
	Holding as at 01 July 2016	Purchases during the period	Disposed / matured during the period		Carrying value as of the period ended 31 December 2016 before revaluation	Market value as of the period ended 31 December 2016	Unrealised (diminution)			
Note										
10 years Pakistan Investment Bond - 7.2.1	17 July 2024	265	-	-	265	33,803,073	32,183,164	(1,619,909)	10.89	10.79
5 years Pakistan Investment Bond - 7.2.2	17 July 2019	275	-	-	275	31,504,891	30,646,385	(858,506)	10.37	10.28
3 years Pakistan Investment Bond - 7.2.3	17 July 2017	310	-	-	310	32,764,066	31,851,260	(912,806)	10.77	10.68
Total as at 31 December 2016						98,072,030	94,680,809	(3,391,221)	32.02	31.75
Total as at 30 June 2016						93,066,703	98,071,356	5,004,653		

7.2.1 This represents investments in 10 years Pakistan Investment Bond carrying an effective profit rate of 12% (30 June 2016: 12%) having maturity on 17 July 2024. The face value of Pakistan Investment Bond as at 31 December 2016 amounted to Rs. 26.5 million (30 June 2016: 26.5 million).

7.2.2 This represents investments in 5 years Pakistan Investment Bond carrying an effective profit rate of 11.5% (30 June 2016: 11.5%) having maturity on 17 July 2019. The face value of Pakistan Investment Bond as at 31 December 2016 amounted to Rs. 27.5 million (30 June 2016: 27.5 million).

7.2.3 This represents investments in 3 years Pakistan Investment Bond carrying an effective profit rate of 11.25% (30 June 2016: 11.25%) having maturity on 17 July 2017. The face value of Pakistan Investment Bond as at 31 December 2016 amounted to Rs. 31 million (30 June 2016: 31 million).

7.3 Exchange traded fund (foreign investment) At fair value through income statement - held for trading

Holding as at 01 July 2016	Number of certificates			Holding as at 31 December 2016	Balance as at December 31, 2016			Market value as % of total investments	Market value as % of net assets	
	Purchases during the period	Disposed / matured during the period	Carrying value as of the period ended 31 December 2016 before revaluation		Market value as of the period ended 31 December 2016	Unrealized appreciation				
Powershares QQQ Trust Series 1 (7.3.1)	3,450	-	-	3,450	38,894,926	42,755,265	3,860,339	14.46	14.34	
Vanguard S&P 500 UCITS ETF (7.3.2)	9,700	-	-	9,700	40,248,652	43,435,259	3,186,607	14.69	14.57	
Total as at 31 December 2016						79,143,578	86,190,524	7,046,946	29.15	28.90
Total as at 30 June 2016						79,047,431	79,143,576	96,145		

7.3.1 Powershares QQQ Trust Series 1 is an exchange-traded fund incorporated in the USA. It tracks the performance of the Nasdaq 100 Index and holds large cap U.S. stocks and valued on at the rate quoted on daily basis by the NASDAQ 100 Index.

7.3.2 Vanguard S&P 500 ETF is an exchange-traded fund, incorporated in Ireland. The fund seeks to track the performance of the S&P 500 Index, a widely recognised benchmark comprised of the stocks of large U.S. companies. They are valued at the rate quoted on daily basis by the London Stock Exchange.

8. PAYABLE TO MANAGEMENT COMPANY	Note	December 31, 2016 (Unaudited) (Rupees)	June 30, 2016 (Audited)
Remuneration payable to the Management Company	8.1	371,900	377,426
Sales tax payable on remuneration to the Management Company	8.2	687,238	691,731
Federal excise duty payable on remuneration to the Management Company	8.3	4,184,410	4,184,410
Sale load payable to the Management Company		2,959	2,959
		5,246,507	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. However, the Management Company is currently charging a fee at the rate of 15% of the gross earnings of the scheme for the period ended 31 December 2016. The fee is subject to a minimum of 1.25% and maximum of 2% of the average annual net assets of the Fund. The effective management fee rate for the period ended 31 December 2016 is 1.50% of the average net assets.
- 8.2 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (till 30 June 2016: 14%) on Management Company's remuneration. Above liability includes Rs. 638,891 (30 June 2016: Rs. 638,891) accrued on Federal Excise Duty (FED) on the management remuneration as more fully explained in note 8.3 below. Had the provision relating to FED not been made, Net Asset Value per unit of the Fund as at 31 December 2016 would have been higher by Re. 0.25 (30 June 2016: Re. 0.25) per unit.
- 8.3 The amount is being held for payment to Asset management company for subsequent payment to Federal Board of Revenue on the basis of a stay order of the Honourable High Court of Sindh dated 04 September 2013. The stay order was granted as a result of a petition filed by asset management companies on the forum of MUFAP against the amendment in Finance Act, 2013 which levied FED on the fees received by asset management companies from funds under management. As the asset management services rendered by the Management Company of the Fund is 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 is not justified.

The Sindh High Court in its decision dated 16 July 2016 maintained the previous order passed against other constitutional petition whereby levy of FED has been declared to be 'Ultra Vires' the Constitution. On 23 September 2016, the Federal Government has filed an appeal against the said SHC order in the Honourable Supreme Court of Pakistan (SCP) and thus the previous balance of FED has not been reversed. Therefore, as a matter of abundant caution, without prejudice to the above, the Management Company has made a provision with effect from 13 June 2013, aggregating to Rs. 4.184 million. Had the provision on FED not been made, Net Asset Value per unit of the Fund as at 31 December 2016 would have been higher by Re. 1.64 (30 June 2016: Re. 1.64) per unit.

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. Accordingly, no provision for FED is made from 01 July 2016 onwards.

	Note	December 31, 2016 (Unaudited)	June 30, 2016 (Audited)
9. ACCRUED EXPENSES AND OTHER LIABILITIES			
Payable to workers' welfare fund	9.1	2,659,188	2,659,188
Brokerage charges payable		-	4,902
Auditors' remuneration		176,741	206,701
Custody fee payable		42,277	43,744
Other liabilities		13,048	27,654
		2,891,254	2,942,189

- 9.1 The Finance Act, 2008 had introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance) as a result of which it was construed that all Collective Investment Schemes (CISs) / mutual funds whose income exceeded Rs 0.5 million in a tax year were 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 was higher. In light of this, the Mutual Funds Association of Pakistan (MUFAP) filed a constitutional petition in the Honourable Sindh High Court (SHC) challenging the applicability of WWF on CISs. Similar cases were disposed of by the Peshawar and the Lahore High Courts in which these amendments were declared unlawful and unconstitutional. However, these decisions were challenged in the Supreme Court of Pakistan.

Subsequently, the Finance Act, 2015 introduced an amendment under which CISs / mutual funds have been excluded from the definition of "industrial establishment" subject to WWF under the WWF Ordinance. Consequently, mutual funds are not subject to this levy after the introduction of this amendment which is applicable from tax year 2016. Accordingly, no further provision in respect of WWF was made with effect from 1 July 2015.

On November 10, 2016 the Supreme Court of Pakistan (SCP) had passed a judgment declaring the amendments made in the Finance Acts 2006 and 2008 pertaining to WWF as illegal citing that WWF was not in the nature of tax and could, therefore, not have been introduced through money bills. Accordingly, the aforesaid amendments have been struck down by the SCP. The Federal Board of Revenue has filed a petition in the SCP against the said judgment, which is pending hearing. Taking legal and tax opinions on the impact of the SCP judgement on the CISs petition before the SHC both legal and tax advisors consulted were of the view that the judgment has removed the very basis on which the demands were raised against the CISs. Therefore, there was no longer any liability against the CISs under the WWF Ordinance and that all cases pending in the SHC or lower appellate forums will now be disposed of in light of the earlier judgement of the SCP.

Furthermore, as a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies (including the Management Company of the Fund) whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of WWF and SWWF on CISs / mutual funds. MUFAP has recommended the following to all its members on 12 January 2017:

- based on legal opinion, the entire provision against WWF held by the CISs till 30 June 2015, to be reversed on 12 January 2017; and
- the provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from 21 May 2015) on 12 January 2017.

However, the management considered it prudent to provide for SWWF from the time it becomes applicable under Law (i.e. wef 1 July 2014). Accordingly, the provision for SWWF is being made on a daily basis going forward.

Above decisions were communicated to the SECP and the Pakistan Stock Exchange Limited on 12 January 2017 and the SECP vide its letter dated 1 February 2017 has advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs/ mutual funds. Accordingly, the Fund has recorded these adjustments in its books on 12 January 2017.

The net effect of the above two adjustments if these had been made on 31 December 2016 would have resulted in an increase in the net asset value per unit of the Fund by Re 0.8280.

10. TOTAL EXPENSE RATIO

In the current period, Securities and Exchange Commission of Pakistan (SECP) vide directive no. SCD/PRDD/Direction/18/2016 dated 20 July 2016, required that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS / the Fund. TER of the Fund for the period ended 31 December 2016 is 2.48% which includes 0.35% representing government levy, Workers Welfare Fund and SECP fee.

11. CONTINGENCIES AND COMMITMENTS

The Fund had no contingency or commitment at the period end except as discussed in note 12.2

12. TAXATION

12.1 The Fund is exempt from taxation under clause 99 of the Part I of the 2nd Schedule of the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders. The management 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. The management intends to distribute at least 90% of the income earned during the year by the Fund to the unit holders.

12.2 During the year ended 30 June 2014, the FBR 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 the grounds that exemption from tax claimed under clause 99 of Part-I of the Second Schedule is not as per law. Total tax including Workers' Welfare Fund payable as per 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 favourable outcome and, accordingly, no provision has been recorded in respect of this matter.

13. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties include Lakson Investments Limited being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the trustee, Habib Bank AG Zurich Switzerland being the Custodian, Siza Services (Private) Limited being holding company of the Management Company, associated companies of the Management Company and the holding company, key management personnel, other funds being managed by the Management Company and entities having holding 10% or more in the units of the Fund as at 31 December 2016. It also includes staff retirement funds of the above related parties / connected persons.

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

	December 31, 2016 (Unaudited)	June 30, 2016 (Audited)
	(Rupees)	
13.1 Balances and Transaction with the Management Company		
Lakson Investments Limited - Management Company of the Fund		
Remuneration and other payables (including the Sindh sales tax and federal excise duty amounting to Rs. 4.871 million (30 June 2016: Rs. 4.876 million)*	<u>5,243,548</u>	<u>5,253,567</u>
Sales load payable	<u>2,959</u>	<u>2,959</u>

	Half year ended December 31, 2016		Quarter ended December 31, 2016	
	2015	2015	2015	2015
	------(Unaudited)-----			
	------(Rupees)-----			
Lakson Investments Limited - Management Company of the Fund				
Remuneration for the period	2,232,635	2,310,579	1,094,809	1,176,599
Sindh sales tax on remuneration of Management Company *	290,243	375,238	142,326	191,080
Federal Excise Duty on Remuneration of Management Company *	-	369,693	-	188,256

* Sales tax and FED is paid / payable to the management company for onward payment to the Government.

13.2 Balances and Transaction with the Central Depository Company Limited - Trustee of the Fund	December 31, 2016	June 30, 2016
	(Unaudited)	(Audited)
	(Rupees)	
Remuneration payable to trustee	<u>67,180</u>	<u>65,407</u>

	Half year ended December 31, 2016		Quarter ended December 31, 2016	
	2015	2015	2015	2015
	------(Unaudited)-----			
	------(Rupees)-----			
Remuneration for the period	398,752	401,181	199,376	200,591

13.3 Details of transactions and balances with directors, key management personnel, employees, associated company/ undertakings of the Management Company and connected person.

	Period ended December 31, 2016						Balance at the end of the period (Investment at current NAV)			
	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 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	
Directors, Chief Executive and their spouse and minors	1,113,711	-	-	-	1,113,711	126,167,195	-	-	-	130,034,223
Associated companies / undertakings of the Management Company										
Lakson Business Solutions Limited - Employees										
Contributory Provident Fund Trust	5,195	-	-	-	5,195	588,518	-	-	-	606,556
Princeton Travels (Private) Limited - Employees										
Contributory Provident Fund Trust	5,328	-	-	5,328	-	603,585	-	-	614,644	-
Lakson Investments Limited - Employees										
Contributory Provident Fund Trust	2,797	-	-	-	2,797	316,859	-	-	-	326,571
GAM Corporation (Private) Limited - Employees										
Contributory Provident Fund Trust	42,625	-	-	-	42,625	4,828,790	-	-	-	4,976,793
SIZA Foods (Private) Limited - Employees										
Contributory Provident Fund Trust	25,309	-	-	-	25,309	2,867,140	-	-	-	2,955,018
Colgate Palmolive (Pakistan) Limited - Employees										
Contributory Provident Fund Trust	289,052	-	-	-	289,052	32,745,371	-	-	-	33,749,018
Colgate Palmolive (Pakistan) Limited - Employees										
Gratuity Fund	99,136	-	-	-	99,136	11,230,661	-	-	-	11,574,881
Cyber Internet Services (Private) Limited - Employees										
Contributory Provident Fund Trust	53,195	-	-	-	53,195	6,026,217	-	-	-	6,210,921
Accuray Surgicals Limited - Employees										
Contributory Provident Fund Trust	46,621	-	-	-	46,621	5,281,479	-	-	-	5,443,356
Merit Packaging Limited - Employees										
Contributory Provident Fund Trust	61,274	-	-	-	61,274	6,941,450	-	-	-	7,154,205
Merit Packaging Limited - Employees										
Contributory Provident Fund Trust	23,977	-	-	-	23,977	2,716,244	-	-	-	2,799,497
Gratuity Fund										
Century Paper & Board Mills Limited - Employees										
Contributory Provident Fund Trust	272,857	-	-	-	272,857	30,910,714	-	-	-	31,858,128
Century Paper & Board Mills Limited - Employees										
Gratuity Fund	147,068	-	-	-	147,068	16,660,657	-	-	-	17,171,307

Period ended December 31, 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	-	-	-	122,157,964		
163,397	118	-	118	163,397	18,786,363	14,112	-	14,152	19,471,890		
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	118	-	118	163,397	18,786,363	14,112	-	14,152	19,471,890		
Lakson Business Solutions Limited - Employees											
Contributory Provident Fund Trust	4,715	-	-	4,715	542,102	-	-	-	561,883		
Princeton Travels (Private) Limited - Employees	4,836	-	-	4,836	556,002	-	-	-	576,302		
Contributory Provident Fund Trust	2,539	-	-	2,539	291,901	-	-	-	302,571		
Lakson Investments Limited - Employees	8,463	-	8,463	-	973,004	-	-	985,449	-		
Contributory Provident Fund Trust	14,508	-	-	14,508	1,668,007	-	-	-	1,728,907		
Century Insurance Company Limited - Employees	38,687	-	-	38,687	4,448,019	-	-	-	4,610,299		
Contributory Provident Fund Trust	22,971	-	-	22,971	2,641,011	-	-	-	2,737,436		
GAM Corporation (Private) Limited - Employees	262,348	-	-	262,348	30,163,125	-	-	-	31,263,801		
Contributory Provident Fund Trust	99,136	-	-	99,136	11,398,047	-	-	-	11,813,958		
Coigate Palmolive (Pakistan) Limited - Employees	10,881	-	-	10,881	1,251,005	-	-	-	1,296,680		
Coigate Palmolive (Pakistan) Limited - Employees	53,195	-	-	53,195	6,116,025	-	-	-	6,339,206		
SIZA Services (Private) Limited - Employees	16,926	-	16,926	-	1,946,008	-	-	2,014,222	-		
Contributory Provident Fund Trust	42,314	-	-	42,314	4,865,020	-	-	-	5,042,526		
Accuray Surgical Limited - Employees	55,613	-	-	55,613	6,394,027	-	-	-	6,627,357		
Contributory Provident Fund Trust	21,762	-	-	21,762	2,502,010	-	-	-	2,593,360		
Merit Packaging Limited - Employees	272,857	-	-	272,857	31,371,427	-	-	-	32,516,150		
Gratuity Fund	147,068	-	-	147,068	16,908,915	-	-	-	17,525,976		
Century Paper & Board Mills Limited - Employees	432,266	-	173,885	258,381	49,699,238	-	-	20,000,000	30,791,103		
Contributory Provident Fund Trust											
Century Paper & Board Mills Limited - Employees											
Gratuity Fund											
Habib Metropolitan Bank - Connected person due to holding more than 10% outstanding units*											

* holding reduced to below 10 % due to investment from other Unit holders as at 31 December 2016.

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are traded in an open market are revalued at the market prices prevailing at the close of trading on the reporting date. The estimated fair values of all other financial assets and liabilities are not considered to be significantly different from book values as the items are either short-term in nature or periodically repriced and as such are not being separately disclosed.

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

- Quoted prices (unadjusted) in active markets for identical assets or Liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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

Investments of the Fund carried at fair value are categorised as follows:

As at December 31, 2016				
	Level 1	Level 2	Level 3	Total
----- Rupees -----				
Financial assets at fair value through profit and loss account	86,190,524	209,459,494	-	295,650,018

As at June 30, 2016				
	Level 1	Level 2	Level 3	Total
----- Rupees -----				
Financial assets at fair value through profit and loss account	79,143,576	137,323,915	-	216,467,491

15. GENERAL

This condensed interim financial information is unaudited and have been reviewed by the auditors. Furthermore, the figures for the quarter ended 31 December 2016 in this condensed interim financial information wherever appeared have not been reviewed by the auditors.

16. DATE OF AUTHORIZATION OF ISSUE

This condensed interim financial information was authorised for issue on February 28, 2017 by the Board of Directors of the Management Company.

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

Chief Executive Officer

Director



A Lakson Group Company

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