

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

Half Yearly Report (December 31, 2016)



CONTENTS

Fund's Information	1
Review Report of the Directors of the Management Company (English)	2
Review Report of the Directors of the Management Company (Urdu)	5
Trustee Report to the Unit Holders	10
Auditors' report to the Unit Holders on review of Interim Financial Information	11
Condensed Interim Statement of Assets and Liabilities	12
Condensed Interim Income Statement	13
Condensed Interim Statement of Comprehensive Income	14
Condensed Interim Distribution Statement	15
Condensed Interim Cash Flow Statement	16
Condensed Interim Statement of Movement in Unit Holders' Fund	17
Notes to and forming part of the Condensed Interim Financial Information	18

Fund's Information

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

Fund Profile

LITF 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 equities and fixed income based on the outlook of the investments team. Exposure of the Scheme in the fixed income securities is managed through duration and yield curve management by shifting between different maturities.

Fund performance

The LITF generated an absolute return of 6.9% in H1FY17 compared to the Benchmark return of 9.7%. The fund underperformed the benchmark by 281 bps. In Q2FY17, LITF's return was 6.4% vs 6.8% of the benchmark. As of December 31, 2016, the LITF portfolio is invested 77% in cash, 20% in Equities and 3% in Others. The fund size of the LITF as of December 31, 2016 was PKR 126 million.

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%	30th June'16	6.07%	6.58%	7.59%
30th Dec'16	5.92%	6.01%	6.04%	30th Dec'16	6.71%	7.44%	8.52%

Equities Review

The KSE 30 witnessed stellar run in 2016 as it posted a remarkable 34% return for the year. The benchmark also witnessed re-rating during 2016 as the MSCI, in its Annual Market Classification Review 2016, announced that after a gap of eight years it will reclassify Pakistan as an Emerging Market from May 2017. The KSE 30 index' best performing month was December with 13% return in the month, marking the best month since May 2013, when the index posted a return of 15%. The market rallied by 19% with daily average trading volumes of 78 million shares during 2HCY16 versus a 13% return and average 74 million shares traded during H1CY16. Thus average daily volumes for the year were recorded at 76 million shares per day, similar levels to 2015. Nonetheless, turnover went down by almost 10%, from PKR 7.05 billion per day in 2015 to PKR 6.33 billion per day in 2016.

Persistent foreign outflows during the period did not dampen the market where foreign investors remained net sellers of USD 339 million. Major net buyers included Mutual funds (+USD 304 mn), NBFC (+USD 226 mn) and Individuals (+USD 57 mn). Rounding up the market tally for 2016, the highest contributing key sectors to the index were Oil and Gas Exploration Companies (+54%) on 45% rally in international oil prices during 2016, Banks (+31%), Cement (+64%) on existing and anticipated increase demand from construction activities and upcoming CPEC projects and Auto Assemblers (+71%) on improving car sales and launch of new models. Other major contributing sectors to the index were Oil and Gas Marketing Companies (+66%) on higher POL product sales and Food and Personal Care (+17%). Laggards of 2016 were Fertilizer (-5%) on piling up Urea inventory and Leasing Companies (-72%). SNGP, with a return of 239%, was the best performing stock in KSE 30 during 2016 on account of lowering UFG losses and improving profitability of the company.

Outlook

Going forward, Pakistan's equity market will benefit from its inclusion in to the emerging market index. Key triggers include China Pakistan Economic Corridor (CPEC) related activity and growth in consumer spending. Moreover, liquidity is expected to remain high due to low interest rates, amnesty schemes and expected foreign inflows after Pakistan's up gradation to Emerging Market.

Emerging Markets Review

The last half of CY16 remained tumultuous, where global capital markets responded to changing political risks, ending the year with a surprise rally. Emerging market economies were pressured by an apparent tilt to populist policies in advanced democracies, firstly with the UK voting to leave the EU, and then with the election of Donald Trump. Following these, markets were encouraged by higher consumer confidence, expectation of fiscal stimuli and rolling back of regulations. That said, slowing down of overall global trade momentum, monetary disconnect between the US and emerging markets, a strengthening USD have been particularly tough on Asian emerging markets.

Reversal in commodity prices from a healthy global economic outlook, deal on output curtailment by OPEC and non-OPEC states, uptick in economic activity in China and EU, has assisted resource reliant emerging

markets. That said, idiosyncratic risks in major emerging markets, capital outflows from China, demonetization in India, depressed consumer sentiment in Brazil continued to be a drag on emerging economies overall. Additionally, the rising tide of trade related protectionism, geopolitical risk and the increasingly confrontational nature of foreign policy has negative repercussions for export led, US reliant emerging market economies.

The IMF in its last World Economic outlook for CY16 remained sanguine on global growth, pegging annual global GDP growth at 3.1%, rising to 3.4% in CY17. Citing relative stability in developing markets and reassuring signs from emerging markets. China remained in line with the revised Five-year plan GDP growth rate of 6.7% in Q3CY16, supported by healthy consumption and stable property market. This allowed the MSCI EM index to rise by 3.4% during H2CY16.

The Chinese economy continued to reflect resilience, reflecting rising PMI and improved value-added industrial growth. Equity market indices paired back losses made in the first half of the year, rising since August'16, with the Shanghai Composite returning 5.9% during H2CY16. China's National Bureau of Statistics highlighted improving economic environment as being driven by conducive supply side policies, strong credit policies and improved efficiency. The RMB experienced appreciation in late November, which was eventually reversed following central bank intervention, as the fears of a trade war between China and the US were fanned by the incoming US administration.

Real economic indicators in Brazil continued to exhibit weakness, where industrial production, output in capital goods and industrial production all slowed down during the end of CY16. Sentiment in the economy continued to dive, as inflation slowed from a decline in food prices and big ticket household items. Lastly, volatility in the equity and currency market prevailed, as the outlook for commodity producers and oil sector led the Bovespa index to return 16.1% during H2CY16.

Domestic activity in India was under pressure in the aftermath of demonetization, where industrial production, manufacturing and PMI slowed. The severe cash shortage kept consumer demand weak, as price inflation dropped to a two-year low. Equity markets were negatively impacted, where fears of a prolonged demand rout kept the Senses lower by 1.4% during H2CY16.

Outlook

Political risks are expected to remain at the fore of downside risks in CY17, as numerous EU economies (Netherlands, France, Germany) elect new governments. Additionally, the retirement of a majority of members in China's Politburo Standing Committee will shape policy in the country for a decade to come. Increasingly hostile international policy by Russia and heightened tensions from the aggressive rhetoric emanating from Washington raise the risk of adverse headwinds.

Gains posted by global equity markets following the election of Donald Trump, is driven by proposed policy measures, where industrials, commodities and financial services sectors are expected to benefit. The materialization of these policy measures is going to play a large part in the sustainability of this Bull Run. Lastly, strong consumer and producer confidence in India and China, Brazil benefitting from a revival in commodity prices, and expected continuation of consumer demand growth are to keep the outlook vibrant for emerging market economic growth in CY17.

Acknowledgement

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

Babar Ali Lakhani
Chief Executive Officer

Dated: February 28, 2017

لیکسن اسلامک ٹیکنیکل فنڈ

31 دسمبر 2016ء کو ختم ہونے والی ششماہی کے لیے

میٹجمنٹ کمپنی کے ڈائریکٹرز کی جائزہ رپورٹ

لیکسن انویسٹمنٹس لمیٹڈ کے بورڈ آف ڈائریکٹرز لیکسن اسلامک ٹیکنیکل فنڈ ("LITF") (سابقہ لیکسن ایسٹ ایلیمنٹ ایمریکنج مارکیٹس فنڈ ("LAAEMF")) کی میٹجمنٹ کمپنی ہنجرے پوری مالیاتی گوشواروں کے ساتھ 31 دسمبر 2016ء کو ختم ہونے والی ششماہی کے لیے اپنی جائزہ رپورٹ جمع کرتے ہوئے خوشی محسوس کرتے ہیں۔

فنڈ کا مقصد

لیکسن اسلامک ٹیکنیکل فنڈ (سابقہ لیکسن ایسٹ ایلیمنٹ ایمریکنج مارکیٹس فنڈ) کی سرمایہ کاری کا مقصد، خاص طور پر شریعہ سے مطابقت رکھنے والی ایکویٹیز، ہلڈنگز، انٹرنیشنل اور ایمریکنج مارکیٹس سیکورٹیز میں سرمایہ کاری کرتے ہوئے سرمائے کی قدر میں طویل مدتی اضافہ کرنا ہے۔

فنڈ پروفائل

LITF ایک اوپن اینڈ ایسٹ ایلیمنٹ ایمریکنج مارکیٹس فنڈ ہے۔ اس ایکٹیم کا انتظام اور انصرام ایک ایکٹیو انویسٹمنٹ مینجمنٹ اسٹائل استعمال کرتے ہوئے کیا جاتا ہے جو اقتصادی ماحول کے تجربے پر توجہ مرکوز رکھتا ہے مثلاً حکومتی پالیسیوں، عالمی اقتصادی ڈیٹا، کموڈٹیز کی قیمتیں اور رسد/طلب کا تحریک شامل ہے۔ ایکٹیم انویسٹمنٹ ٹیم کی توقعات کی بنیاد پر ایکویٹیز اور ہلڈنگز انکم میں سرمایہ کاری تبدیل کرتی ہے۔ ہلڈنگز انکم سیکورٹیز میں ایکٹیم کی سرمایہ کاری کا انتظام اور انصرام دورانیے اور مختلف سیکورٹیز کے درمیان سرمایہ کاری کے تبادلے اور yield curve میٹجمنٹ کو مد نظر رکھ کر کیا جاتا ہے۔

فنڈ کی کارکردگی

LITF نے مئی سال 2017ء کی پہلی ششماہی کے دوران بیچ مارک منافع 9.7% کے مقابلے میں 6.9% خالص منافع حاصل کیا۔ فنڈ بیچ مارک سے 281bps پیچھے رہا۔ 2017ء کی دوسری سہ ماہی کے دوران LITF کا منافع بیچ مارک کے 6.8% کے مقابلے میں 6.4% تھا۔ 31 دسمبر 2016ء کے مطابق LITF پورٹ فولیو میں کیٹس کی شکل میں 77%، ایکویٹیز میں 20% اور دیگر مدوں میں 3% سرمایہ کاری کی گئی۔ LITF کے فنڈ کا حجم، 31 دسمبر 2016ء کے مطابق 126 ملین روپے تھا۔

معاشی جائزہ

سال 2016ء کی دوسری ششماہی میں CPI نے غذائی گرانی میں اضافے کے نتیجے میں سال بہ سال بنیاد پر 3.9% اضافہ درج کرایا، جب کہ زیر جائزہ مدت کے دوران مرکزی اغراض رزنے 19 ماہ کی سب سے بلند سطح 5.3% کو چھو لیا۔ موجودہ سال 2017ء کی پہلی سہ ماہی میں CPI ہموار رزنے کی توقع ہے جب کہ بعد ازاں بتدریج اضافے کی پیش گوئی ہے، اور سود کی شرحوں میں بھی یہی رجحان زور دینا ہو سکتا ہے۔

ایسٹ بینک آف پاکستان نے سال 2016ء کی پہلی ششماہی کے پالیسی رپورٹ میں 5.75% تک کمی کر دی ہے اور کمرشل بینکنگ کے ریٹیل لینڈنگ ریٹس اور SBP کنٹریول اسٹیج کی طرف سے رہنمائی ریٹس نے بھی اسی کی بیرونی کمی ہے۔ کم لاگت والے سرمائے کی دستیابی نے نجی کاروباروں کو مدد فراہم کی جس کی انہیں شدید انتہائی ضرورت تھی جس کی عکاسی کمرشل بینکنگ کے قرضوں کے حصول میں اضافے سے ہوئی ہے۔ اس کا نتیجہ زیادہ دور رننگ کھیل اور ریڈیو فنڈنگ کی بدولت پرائیویٹ سیکٹور کیڈٹ میں تیزی (سال بہ سال بنیاد پر 14% اضافہ) کی صورت میں نکلا۔ اس حوالے سے LSM نے نومبر 2016ء میں سال بہ سال بنیاد پر (مالی سال 2016ء کی دوسری سہ ماہی میں سال بہ سال 3.2% کے مقابلے میں) آٹوز، آئیل، ہیڈونٹ اور فوڈ ٹیکٹرز میں نمو کے ساتھ 8% کاٹھوس 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 گنجائش پیدا کی۔ لہذا مالیاتی استحکام درست راستے پر ہا اور 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 آؤٹرز پر مشتمل رہی) میں لگاتار اضافے کے باوجود مالی سال 2016 کے اختتام پر زرمبادلہ کے ذخائر 23.16 ارب امریکی ڈالر رہے۔ مالی سال 2016 میں آئی ایم ایف پروگرام کی کامیاب تکمیل کا منظر بھی سامنے آیا جس نے نہ صرف براہ راست زرمبادلہ سے مدد فراہم کی، بلکہ ملک کو دیگر بین الاقوامی مالیاتی اداروں اور انٹرنیشنل کنٹریل مارکیٹس سے بھی فنڈنگ حاصل کرنے میں مدد فراہم کی۔ اس کا نتیجہ پاکستانی روپے کے استحکام کی صورت میں نکلا۔ لہذا پاکستانی روپیہ زیادہ تیزی سے امریکن مارکیٹ کرنسیوں کے مقابلے میں استحکام حاصل کرنے والے ڈالر کے مقابلے بدستور قدم جمائے ہوئے ہے۔

ترقیات

جہاں اقتصادی کارکردگی بدستور تسلی بخش ہے، سال 2016 کی دوسری ششماہی میں دوہرے خسارے اور خصوصاً بیرونی سست پریش پوائنٹس میں اضافہ ہوتا نظر آیا۔ جہاں نیٹسٹاکس کو فروغ دینے کے لیے ایک ایکسپورٹ پیکیج متوقع ہے، حکومت پاکستان نچ کاری پروگرام کے دوبارہ آغاز کا بھی جائزہ لے رہی ہے اور عام معافی دینے پر غور کر رہی ہے۔

فیکسڈ انکم مارکیٹ کا جائزہ

SBP نے درج ذیل قابل غور امور کی بنیاد پر مالی سال 2016 کی دوسری ششماہی کے دوران ایک خط مالیاتی پالیسی موقت اختیار کیا:

(i) CPI میں دوبارہ اضافہ (3.9% اوسط)، اور (ii) کرنٹ اکاؤنٹ کے بڑھتے ہوئے خسارے (GDP کا 2.2%) کے ساتھ بیرونی محاذ پر بڑھتے ہوئے خدشات۔ جس کے نتیجے میں زرمبادلہ کی قیمت کے دوران پالیسی ریٹ بغیر تبدیلی کے 5.75% برقرار رکھنے کا فیصلہ کیا گیا، تاہم SBP نے انٹرنیٹ مارکیٹ میں لیکویڈیٹی کی صورت حال کو مستعدی سے قابو میں رکھا تا کہ یقینی بنایا جاسکے کہ PIB پیچورٹیز اور ریڈر پیکشنگ لگوانے کے لیے وہ سب سے پیدا ہونے والے لیکویڈیٹی کے اتار چڑھاؤ کے باوجود شرحیں نارگیٹ ریٹ سے زیادہ ادھر ادھر نہ ہونے پائیں۔ تیل کی قیمتوں میں حالی میں دوبارہ 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 پینکس اپنی فاضل لیکویڈیٹی کو سستی ترسکات (زیادہ PIBs میں) میں کھپا رہے تھے۔ تاہم سال 2016 کی دوسری ششماہی کے دوران یہ رجحان تبدیل ہو گیا، جس کی وجہ یہ ہے (i) حکومت کے PIBs کے خطیر حجم کو، جو پیچورٹیز ہو گیا تھا، دو بار 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 ورکنگ کپٹل اور ریڈر فنانسنگ کی بحالی کی مدد حاصل تھی جو فی شعبے کے قرضوں میں مشیز کی طور پر 60% حصر رکھتے ہیں)۔ سال 2016 کی چوتھی سرمایہ کے اختتام تک M2 میں سال 2016 کی تیسری سرمایہ میں 13% کے مقابلے میں سال بہ سال بنیاد پر لگ بھگ 15% کا اضافہ ہوا، جہاں حکومت کی بھاری قرض گیری نئی شعبے کی طرف سے نیٹ ریٹائرمنٹس سے متاثر ہوئی۔ SBP کے مطابق سال 2016 کی تیسری سرمایہ میں کم تر مالیاتی تواضع کی ایک اور وجہ کرنسی اور ڈپازٹ کا بلند باہمی تناسب جس کا نتیجہ دولت کی کم افزائش کی شکل میں نکلا۔

مالی سال 2016 کی دوسری سرمایہ میں حکومت نے T بلز کے ذریعے 2.7 ٹریلین روپے (پیچورٹی کا نیٹ: 586 ارب روپے)، اور PIBs کے ذریعے 678 ارب روپے (پیچورٹی کا نیٹ: 749 ارب روپے) اکٹھے کیے۔ یافت (آمدنی) کی تھیبتاوت درج ذیل ہیں:

T-Bills کی قسمی آمدنیاں

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

PIBs کی قسمی آمدنیاں

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

ایکویٹیٹیز کا جائزہ

KSE 30 نے 2016 میں زبردست سرگرمی کا مظاہرہ کیا اور سال کے 34% کا شاندار منافع حاصل کیا۔ بیٹچ مارک نے بھی 2016 کے دوران دوبارہ شرح بندی کا مظاہرہ کیا، جیسا کہ MSCI نے اپنے سالانہ مارکیٹ کا اسٹیکٹیشن رپورٹ 2016 میں آٹھ سال کے وقفے کے بعد اعلان کیا کہ وہ مئی 2017 سے پاکستان کی سنے سرے سے بطور ایمر جنگ مارکیٹ درج بندی کر رہا ہے۔ KSE 30 انڈیکس کی کارکردگی کا بہترین مہینہ 13% منافع کے ساتھ دسمبر رہا، جس نے اسے مئی 2013 کے بعد سے سب سے عمدہ بنا دیا جب انڈیکس نے 15% منافع درج کر لیا تھا۔ مارکیٹ نے سال 2016 کی پہلی ششماہی کے دوران 13% منافع اور 74 ملین شیئرز کے اوسط یومیہ لین دین کے مقابلے میں مالی سال 2016 کی دوسری ششماہی کے دوران 78 ملین شیئرز کے اوسط یومیہ لین دین کے ساتھ 19% منافع کے ساتھ تیزی کا مظاہرہ کیا۔ لہذا سال کے لیے اوسط یومیہ حجم 76 ملین شیئرز فی یوم، یعنی 2015 کے مساوی سطح پر رکھا رکھا گیا۔ بہر حال مالی سال 2016 میں ٹرن اور 2015 کے یومیہ ٹرن اور سے 7.05 ارب روپے سے 10% کم یعنی 6.33 ارب روپے یومیہ رہا۔

اس مدت کے دوران غیر ملکی سرمائے کے گتارا اخراج کے باوجود مارکیٹ مندی کا شکار نہیں ہوئی جہاں غیر ملکی سرمایہ کار 339 ملین امریکی ڈالر کے خالص فروخت کنندہ رہے۔ بڑے خریداروں میں میڈیٹل ہنڈلز (304 ملین امریکی ڈالر سے زائد)، NBFC (226 ملین امریکی ڈالر سے زائد) اور افراد (57 ملین امریکی ڈالر سے زائد) شامل ہیں۔ مارکیٹ کے مجموعے کا احاطہ کیا جائے تو انڈیکس میں سب سے بڑا حصہ ملانے والے اہم شعبے مالی سال 2016 کے دوران تیل کی قیمتوں میں 45% تیزی کی بدولت آئل اینڈ گیس ایکسپلوریشن (54% سے زائد)، تعمیراتی سرگرمیوں اور آئندہ سی پیک منصوبوں کے تحت ڈیمانڈ میں موجودہ اور متوقع اضافے کی بدولت سیمنٹ (64% سے زائد) اور کاروں کی فروخت میں بہتری اور سنے ماڈلز کی لانچ کی بدولت آٹو ایکسلر (71% سے زائد) رہے۔ انڈیکس میں دیگر بڑا حصہ ملانے والے شعبوں میں POL پروڈکٹ کی زیادہ فروخت کی بدولت آئل اینڈ گیس مارکیٹنگ کمپنیز (66% سے زائد) اور فوڈ اینڈ پرنٹل کمپنیز (17%) نمایاں تھے۔ مندی دکھانے والے شعبوں میں یورپا کے ذخائر جمع ہونے کے نتیجے میں فرنیچر (5% سے کم) اور لیزنگ کمپنیز (78% سے کم) شامل ہیں۔ UFG کے نقصانات میں کمی اور کمپنی کی منافع کمائی کی اہلیت کی بدولت 239% منافع کے ساتھ SNGP کو 2016 کے دوران KSE 30 میں سب سے اچھی کارکردگی والے اسٹاک کا امتیاز حاصل ہوا۔

ترقیات

آگے بڑھتے ہوئے، ایمر جنگ مارکیٹ انڈیکس میں شمولیت سے پاکستان کی ایکویٹی مارکیٹ کو فائدہ ہوگا۔ اہم محرکات میں چائنا پاکستان اکنامک کورڈیٹور (سی پیک) سے متعلق سرگرمی اور صارفین کی طرف سے خریداری میں اضافہ شامل ہے۔ مزید برآں سوڈی کم شروں، ایمسٹی ایکٹیز اور پاکستان کی درجہ بندی ایمر جنگ مارکیٹ تک بڑھنے کے بعد غیر ملکی سرمائے کی متوقع آمد کے نتیجے میں سیال سرمائے (لیکویڈیٹی) کی سطح بلند رہنے کی توقع ہے۔

ایمرجنگ مارکیٹس کا جائزہ

سال 2016 کا آخری نصف حصہ افراتفری کا شکار رہا، جہاں عالمی کچھیل مارکیٹ نے بدلتے ہوئے سیاسی خطرات کا جواب دیتے ہوئے حیرت انگیز تیزی کے ساتھ سال کا اہتمام کیا۔ ایمرجنگ مارکیٹس کی معیشتیں ترقی یافتہ جمہوریوں میں عوام میں مقبولیت رکھنے والی پالیسیوں کی طرف ظاہری جھکاؤ سے دباؤ میں رہیں، پہلے یو کے میں یورپی یونین چھوڑنے کے لیے دو ٹوک اور پھر ڈونا لڈز مپ کے انتخاب کے ساتھ۔ ان کے بعد مارکیٹس کو صارف کے اعتماد میں اضافے، مالیاتی تحریک اور ضوابط کی واپسی سے حوصلہ ملا۔ اس کے باوجود عالمی تجارت میں مجموعی سست رفتاری، امریکا اور ایمرجنگ مارکیٹس میں مالیاتی قطع تعلق، امریکی وائر کے استحکام نے بالخصوص ایشیائی ایمرجنگ مارکیٹ پر کڑے اثرات مرتب کیے ہیں۔

صحت مند ان عالمی اقتصادی توقعات کی بدولت ایشیائی معیشتوں کی قیمتوں میں دوبارہ اضافے، یو ایف او رٹان او بیگ ریاستوں کی طرف سے پیداوار میں کمی پر معاہدے، چین اور یورپی یونین میں اقتصادی سرگرمیوں میں اضافے سے وسائل پر انحصار کرنے والی ایمرجنگ مارکیٹس کو مدد ملی۔ بڑی ایمرجنگ مارکیٹس میں خاص طرز کے خطرات، چین سے سرمائے کے اخراج، انڈیا میں رقوم کا استعمال ختم کیے جانے، برازیل میں صارف کے مایوسانہ احساسات بدستور مجموعی ایمرجنگ معیشتوں کو سست رفتاری پر مجبور کیے ہوئے ہیں۔ مزید برآں تجارت سے متعلق براہقی ہوئی جتنا لڈ روی، جغرافیائی سیاسی خطرات اور فیورٹلی پالیسی براہقی ہوئی گراؤ والی نوعیت برآمدات پر مبنی، امریکا پر انحصار کرنے والی ایمرجنگ معیشتوں پر منفی اثرات مرتب کر رہی ہے۔

IMF نے سال 2016 کے لیے اپنی گزشتہ عالمی اقتصادی توقعات میں عالمی نمو کے حوالے سے بدستور خوش امید کی ظاہر کی ہے اور سال 2017 میں سالانہ عالمی GDP نمو 3.1% سے بڑھ کر 3.4% ہونے کی پیش گوئی کی ہے۔ ترقی پزیر معیشتوں میں نسبتاً استحکام اور ایمرجنگ مارکیٹس کی طرف سے اطمینان بخش علامات کی امید ظاہر کی گئی ہے۔ چین نے سال 2016 کی تیسری سہ ماہی میں GDP میں 6.7% کی شرح نمو کے ساتھ نظر ثانی شدہ پانچ سالہ منصوبے کے مطابق کارکردگی کا مظاہرہ کیا، جسے صحت مند اگورت اور مستحکم پراپرٹی مارکیٹ سے مدد ملی۔ اس سے MSCI EM انڈیکس کو سال 2016 کی دوسری ششماہی کے دوران 3.4% اضافے کا موقع ملا۔

چینی معیشت نے بدستور ترقی جانی کا مظاہرہ جاری رکھا جو براہقی ہوئی PMI اور بیزنس ویکلیوں کی صنعتی نمو کی عکاسی کرتا ہے۔ ایکویٹی مارکیٹ سال کی پہلی ششماہی میں ہونے والے خساروں کی واپسی کے اشارے پیش کر رہی ہے اور اگست 2016 سے اس میں اضافہ ہو رہا ہے، جہاں شنگھائی کمپوزٹ مالی سال 2016 کی دوسری ششماہی کے دوران 5.9% پروٹ آیا ہے۔ چین کے قومی اشتیاقی ادارے نے بہتر اقتصادی ماحول کی نشاندہی کی ہے جسے چینیوں کے لیے موافق پالیسیوں کی پالیسیوں اور استحکام میں بہتری سے تحریک مل رہی ہے۔ نومبر کے آخر میں RMB کی قدر میں اضافہ ہوا جو بالآخر مرکزی بینک کی مداخلت کے بعد واپس ہو گیا، جیسا کہ چین اور امریکا کے مابین تجارتی جنگ بھڑکنے کے خطرات کوئی امریکی انتظامیہ کی طرف سے ہواوی جاری تھی۔

برازیل میں حقیقی اقتصادی اشاریوں نے بدستور کمزوری کا مظاہرہ جاری رکھے ہوئے ہیں، جہاں صنعتی پیداوار، کچھیل گڈز میں پیداوار اور صنعتی شعبوں کی پیداوار، سال 2016 کے اختتام پر مندی کا شکار ہیں۔ معیشت میں احساسات بدستور پستی مائل رہے، جیسا کہ تعداد کی قیمتیں اور بھاری ماریٹ والی گھریلو مصنوعات کی فروخت کم رہی۔ آخر میں ایکویٹی اور کرنسی مارکیٹ میں اتار چڑھاؤ جاری رہا، جیسا کہ ایشیائی معیشتوں کی پیداوار کرنے والوں اور آئل سیکٹر کے لیے توقعات کے نتیجے میں سال 2016 کی دوسری سہ ماہی میں Bovespa انڈیکس میں 16.1% واپسی ہوئی۔

انڈیا میں مقامی سرگرمیوں کا استعمال ختم کیے جانے کے اثرات کی وجہ سے دباؤ کا شکار ہیں، جہاں صنعتی پیداوار اور مینوفیکچرنگ اور PMI مندی کا شکار ہیں۔ نقد رقم کی شدید قلت نے کسٹمر ڈیمانڈ کو کمزور رکھا، جیسا کہ قیمت کی گرائی دو سال کی کم ترین سطح تک گرائیں۔ ایکویٹی مارکیٹس پر منفی اثرات مرتب ہوئے جہاں طلب میں طویل کمی کے خدشات نے سال 2016 کی دوسری ششماہی کے دوران Senses کو 1.4% کم رکھا۔

توقعات

سال 2017 میں سیاسی خطرات، مالیاتی نقصانات سے منسلک خطرات میں پیش پیش رہیں گے، جیسا کہ یورپی یونین کی معیشتیں (نیدر لینڈز فرانس، جرمنی) کی حکومتوں کا انتخاب کر رہی ہیں۔ مزید برآں، چین کی پورٹ بیورو اسپینڈنگ کمیٹی کے ارکان کی اکثریت کی ریٹائرمنٹ آئندہ چترے کے لیے ملک کی پالیسی تشکیل دے

وہی۔ روس کی طرف سے بڑھتی ہوئی جارحانہ بین الاقوامی پالیسی اور اٹلنٹن سے ابھرنے والے اشتعال انگیز دعووں سے بڑھتے تازے ناموافق ماحول کے خطرات میں اضافہ کر دیا ہے۔

ڈوئٹزر مپ کے انتخاب کے بعد عالمی ایکویٹی مارکیٹس کی طرف سے درج کرائے گئے منافع جات کا محرک مجوزہ پالیسی اقدامات ہیں، جہاں صنعت، ایشیا، صرف اور مالیاتی خدمات کے شعبوں کو فائدہ پہنچنے کی توقع ہے۔ ان پالیسی اقدامات کا عملی شکل اختیار کرنا تیزی کے اس رجحان کی پائیداری میں بڑا کردار ادا کرے گا۔ آخر میں انڈیا اور چین میں صارف اور پیداوار کرنے والے کا مستحکم اعتماد اور ایشیا، صرف کی قیمتوں کی بحالی اور صارف کی طلب میں ا

اظہار تشکر

یہ بورڈ اپنے قابل قدر انویسٹرز، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان، فنڈ کے فرسٹی ہینڈل ڈپازیریٹری کمیٹی آف پاکستان، اینڈ اور پاکستان اسٹاک ایکسچینج کا، ان کے تعاون اور مدد پر شکر گزار ہے۔ منجنت کمیٹی کے ڈائریکٹرز فنڈ کی ترقی اور عمدہ نظم و نسق کے لیے اپنی ٹیم کی کاوشوں کا بھی اعتراف کرتے ہیں۔

برائے و جناب بورڈ

بابر علی الاکسانی

چیف ایگزیکٹو آفیسر

تاریخ: 28 فروری 2017

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office

CDC House, 99-II, Block 'B',
S.M.C. H.S. Main Shahr-e-Faisal,
Karachi - 74400, Pakistan;
Tel: (92-21) 111-111-500
Fax: (92-21) 34326020 - 23
URL: www.cdcpakistan.com
Email: info@cdcpk.com



TRUSTEE REPORT TO THE UNIT HOLDERS

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

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

We Central Depository Company of Pakistan Limited, being the Trustee of Lakson Islamic Tactical Fund (Formerly: Lakson Asset Allocation Emerging 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 Islamic Tactical 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)	June 30, 2016 (Audited)
Assets		(Rupees)	
Bank balances	6	99,522,462	80,278,623
Investments	7	25,608,143	20,871,600
Dividend and profit receivables	8	708,464	2,392,905
Receivable against sale of investments		380,473	-
Deposits, prepayments and other receivables	9	2,820,233	39,464
Deferred formation cost		-	140,528
Total assets		<u>129,039,775</u>	<u>103,723,120</u>
Liabilities			
Payable to the Management Company	10	1,465,794	1,568,965
Remuneration payable to the Trustee		67,185	91,067
Annual fee payable to Securities and Exchange Commission of Pakistan		48,580	111,001
Payable against purchase of investments		346,514	-
Accrued expenses and other liabilities	11	1,232,587	1,149,012
Total liabilities		<u>3,160,660</u>	<u>2,920,045</u>
Contingencies and commitments	13		
Net assets		<u>125,879,115</u>	<u>100,803,075</u>
Unit holders' fund		<u>125,879,115</u>	<u>100,803,075</u>
(Number)			
Number of units in issue (face value: Rs. 100 per unit)		<u>1,181,463</u>	<u>982,644</u>
(Rupees)			
Net assets value per unit		<u>106.5451</u>	<u>102.5835</u>

The annexed notes from 1 to 18 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,	
	Note	2016	2015	2016	2015
(Rupees)					
Income					
Gain on sale of held for trading investments - net		2,647,653	4,200	2,770,937	4,200
Unrealized gain / (loss) on revaluation of held for trading investments - net	7.2	3,321,539	290,889	3,321,539	(112,258)
		<u>5,969,192</u>	<u>295,089</u>	<u>6,092,476</u>	<u>(108,058)</u>
Dividend income on held for trading investment		334,504	-	334,504	-
Return / Mark up on:					
- bank balances		1,975,515	598,191	1,152,624	74,867
- Government securities (held for trading)		447,220	2,936,512	-	1,503,575
		<u>2,422,735</u>	<u>3,534,703</u>	<u>1,152,624</u>	<u>1,578,442</u>
Exchange (loss) / gain on foreign currency deposits		(19,157)	62,241	(11,762)	61,197
Element of (loss) / gain and capital (losses) / gain in prices of units sold less those in units redeemed - net		(649,578)	(472,915)	1,155,351	(280,083)
Other income		10,931	-	10,931	-
		<u>8,068,627</u>	<u>3,419,118</u>	<u>8,734,124</u>	<u>1,251,498</u>
Expenses					
Remuneration to the Management Company		561,238	513,519	350,511	252,656
Sindh Sales tax on remuneration to the Management Company		72,961	83,395	45,566	41,031
Federal Excise duty on remuneration to the Management Company		-	82,163	-	40,425
Remuneration to the Trustee		398,752	401,181	199,376	200,591
Annual fee to the Securities and Exchange Commission of Pakistan		47,873	48,245	23,957	23,886
Auditors' remuneration		186,507	179,497	103,693	82,598
Fees and subscription		125,313	42,228	97,155	21,114
Rating Fee		102,984	102,127	63,521	61,808
Printing charges		59,117	15,055	54,076	10,028
Brokerage, settlement and bank charges		141,828	9,311	134,224	4,672
Amortisation of deferred formation cost		140,528	253,497	13,432	126,749
Charity expense		11,142	-	11,142	-
Provision for workers' welfare fund		-	33,778	-	7,719
		<u>1,848,243</u>	<u>1,763,996</u>	<u>1,096,653</u>	<u>873,277</u>
Net income from the period before taxation		<u>6,220,384</u>	<u>1,655,122</u>	<u>7,637,471</u>	<u>378,221</u>
Taxation	14	-	-	-	-
Net income from the period after taxation		<u>6,220,384</u>	<u>1,655,122</u>	<u>7,637,471</u>	<u>378,221</u>

The annexed notes from 1 to 18 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	6,220,384	1,655,122	7,637,471	378,221
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>6,220,384</u>	<u>1,655,122</u>	<u>7,637,471</u>	<u>378,221</u>

The annexed notes from 1 to 18 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	1,402,361	6,901,668	95,417	9,717,853
- Unrealized income at beginning of the period	1,136,354	1,942,431	-	403,147
Undistributed income at beginning of the period	2,538,715	8,844,099	95,417	10,121,000
Interim cash distribution at the rate of Rs. 2.898 per unit approved on 20 September 2016 (2015: Nil)	(1,026,211)	-	-	-
Total comprehensive income for period	6,220,384	1,655,122	7,637,471	378,221
Undistributed income at end of the period	7,732,888	10,499,221	7,732,888	10,499,221
Represented by :				
- Realized income at end of the period	4,411,349	10,208,332	4,411,349	10,208,332
- Unrealized income at the end of the period	3,321,539	290,889	3,321,539	290,889
Undistributed income at end of the period	7,732,888	10,499,221	7,732,888	10,499,221

The annexed notes from 1 to 18 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	100,803,075	101,974,350	100,396,997	101,417,113
Amount received on issuance of 827,401 (2015: Nil) units and 178,446 (2015: Nil) units for the six and three months period respectively	83,948,913	-	18,999,998	-
Amount paid on redemption of 628,583 (2015: 42,395) units and Nil (2015: 24,054) units for the six and three months period respectively	(64,716,624)	(4,712,357)	-	(2,685,387)
	19,232,289	(4,712,357)	18,999,998	(2,685,387)
Element of loss / (income) and capital losses / (income) in prices of units sold less those in units redeemed - net	649,578	472,915	(1,155,351)	280,083
Interim cash distribution at the rate of Rs. 2.898 per unit approved on 20 September 2016 (2015: Nil)	(1,026,211)	-	-	-
Unrealized gain / (loss) on revaluation of held for trading investments - net	3,321,539	290,889	3,321,539	(112,258)
Exchange (loss) / gain on foreign currency deposits	(19,157)	62,241	(11,762)	61,197
Gain on sale of held for trading investments - net	2,647,653	4,200	2,770,937	4,200
Other net income	270,349	1,297,792	1,556,757	425,082
Net income for the period	6,220,384	1,655,122	7,637,471	378,221
Net assets as at end of the period	125,879,115	99,390,030	125,879,115	99,390,030
Net assets value per unit at beginning of the period	102.5835	109.4964	100.0951	111.0859
Net assets value per unit at end of the period	106.5451	111.8113	106.5451	111.8113

The annexed notes from 1 to 18 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	6,220,384	1,655,122	7,637,471	378,221
Adjustments for:				
Amortisation of deferred formation cost	140,528	253,497	13,432	126,749
Unrealised (loss) / gain on revaluation of held for trading investments - net	(3,321,539)	(290,889)	(3,321,539)	112,258
Element of loss / (income) and capital losses / (gains) in prices of units sold less those in units redeemed - net	649,578	472,915	(1,155,351)	280,083
	3,688,951	2,090,645	3,174,013	897,311
Decrease / (increase) in assets				
Investments	(1,415,004)	(52,315,851)	(22,286,603)	22,300,629
Dividend and profit receivables	1,684,441	151,069	153,266	(626,851)
Receivable against sale of investments	(380,473)	-	(380,473)	-
Deposits, prepayments and other receivables	(2,780,769)	(122,046)	(2,795,496)	(96,419)
	(2,891,805)	(52,286,828)	(25,309,306)	21,577,359
Increase / (decrease) in liabilities				
Remuneration payable to the Management Company	(103,171)	110,279	77,453	55,194
Remuneration payable to the Trustee	(23,882)	10,054	(65,011)	2,180
Annual fee payable to Securities and Exchange Commission of Pakistan	(62,421)	(66,119)	25,420	23,886
Payable against purchase of investments	346,514	-	346,514	-
Accrued expenses and other liabilities	83,575	(21,797)	(8,731)	66,984
	240,615	32,417	375,645	148,244
Net cash inflow / (outflow) from operating activities	1,037,761	(50,163,766)	(21,759,648)	22,622,914
CASH FLOWS FROM FINANCING ACTIVITIES				
Received on issuance of units	83,948,913	-	18,999,998	-
Paid against redemption of units	(64,716,624)	(4,712,357)	-	(2,685,387)
Dividend paid during the period	(1,026,211)	-	-	-
Net cash generated / (used in) from financing activities	18,206,078	(4,712,357)	18,999,998	(2,685,387)
Net increase / (decrease) in cash and cash equivalents during the period	19,243,839	(54,876,123)	(2,759,650)	19,937,527
Cash and cash equivalents at beginning of the period	80,278,623	78,450,960	102,282,112	3,637,310
Cash and cash equivalents at end of the period	99,522,462	23,574,837	99,522,462	23,574,837

The annexed notes from 1 to 18 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 (Un-audited)
For the half year and quarter ended December 31, 2016**

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 The Lakson Islamic Tactical Fund (formerly Lakson Asset Allocation Emerging Markets Fund) (the Fund^(M)) 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. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

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

The Fund was converted into Lakson Islamic Tactical Fund with effect from 20 September 2016 in accordance with the approval of the Board of Directors in their meeting held on 20 October 2015 and the approval of Securities and Exchange Commission of Pakistan (SECP) vide its letter dated 24 May 2016. The Management Company 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.

Prior to the conversion, the Fund sold all of its non-compliant investment portfolio and also distributed all the income earned up to 18 September 2016 to the unit holders existed as on that date.

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).

On 13 October 2016, JCR-VIS assigned following rankings to the Fund based on the performance review for the period ended 30 June 2016:

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

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 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 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)
	Note	(Rupees)	
6. BANK BALANCES			
- Local Currency			
In profit and loss sharing accounts	6.1	99,441,963	58,205,305
In current account		-	18,062
- Foreign Currency			
In current account	6.2	<u>80,499</u>	<u>22,055,256</u>
		<u>99,522,462</u>	<u>80,278,623</u>

6.1 These represent profit and loss sharing accounts maintained with banks carrying mark-up rates ranging from 2.8% to 4.5% (30 June 2016: 4% to 6.65%) per annum.

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

		December 31, 2016 (Unaudited)	June 30, 2016 (Audited)
	Note	(Rupees)	
7. INVESTMENTS			
At fair value through income statement - held for trading			
Government Securities		-	20,871,600
Listed Equity Securities	7.1	<u>25,608,143</u>	<u>-</u>
		<u>25,608,143</u>	<u>20,871,600</u>

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

Name of investee company	Balance as at December 31, 2016							Market value as at 31.12.2016 (revised carrying value)	Unrealized Appreciation / (diminution)	Market value as a percentage of total investments	Market value as a percentage of net assets	Per value of shares held as a percentage of total paid up capital of the investee company
	Holding as at July 01, 2016	Purchased during the period	Bonus / right shares issued during the period	Disposed during the period	Holding December 31, 2016	Carrying value before revaluation as of December 31, 2016	Rupees					
Commercial Banks												
Meezan Bank Limited (7.1.1)	-	33,500	-	10,387	22,713	1,311,637	1,546,982	235,345	6.04	1.23	0.0023	
Chemicals												
IO Pakistan Limited	-	4,500	-	3,352	1,548	1,123,027	1,538,294	415,267	6.01	1.22	0.0045	
Archioma Pakistan Limited	-	1,400	-	788	612	1,291,184	1,498,626	207,442	6.01	1.22	0.0045	
Fertilizers												
Engro Corporation Limited	-	10,238	-	5,381	4,857	1,397,759	1,535,249	137,490	6.00	1.22	0.0039	
Engro Fertilizers Limited	-	15,600	-	2,800	13,500	888,150	917,720	29,580	3.58	0.73	0.0010	
Pharma & Bio Tech												
The Searl Company Limited	-	3,850	-	2,895	1,355	716,531	885,885	169,354	3.46	0.70	0.0010	
Textile Composite												
Rohat Mills Limited (7.1.1)	-	32,050	-	14,080	17,970	2,635,333	2,736,292	100,959	10.69	2.17	0.0066	
Cement												
Cherat Cement Company Limited	-	4,200	-	3,857	1,033	147,158	179,783	32,625	0.70	0.14	0.0004	
D/G Khan Cement Company Limited (7.1.1)	-	15,500	-	4,717	10,583	1,906,606	2,346,569	437,963	9.16	1.86	0.0024	
Port Cement Company Limited (7.1.1)	-	2,450	-	1,380	1,070	1,388,800	1,794,881	406,081	8.68	1.73	0.0050	
Lucky Cement Company Limited (7.1.1)	-	7,452	-	380	2,072	1,388,800	1,794,881	406,081	7.01	1.43	0.0050	
Pioneer Cement Company Limited	-	13,700	-	5,700	8,000	882,737	1,136,720	253,983	4.44	0.90	0.0035	
Power Generation & Distribution												
Hydro Electric (Private) Limited (6.3.5f) each	-	304,500	-	138,850	175,650	1,673,076	1,645,841	30,735	6.43	1.31	0.0063	
Hub Power Company Limited	-	7,600	-	3,810	4,290	451,432	529,729	78,297	2.07	0.42	0.0015	
Oil and Gas Exploration Companies												
Mari Petroleum Company Limited	-	1,492	-	620	872	888,373	1,198,922	310,549	4.68	0.95	0.0008	
Pakistan Petroleum Limited (7.1.1)	-	12,819	-	6,019	6,800	1,156,347	1,278,624	123,277	5.00	1.02	0.0017	
Oil and Gas Marketing Companies												
Attock Petroleum Limited	-	600	-	600	-	3,822,889	4,478,025	655,136	17.49	3.56	0.0027	
Food & Personal Care Products												
Al-Shaher Corporation Limited	-	9,060	-	145	8,915	482,013	511,721	29,708	2.00	0.41	0.0063	
Automobile Assemblers												
Milat Tractors Limited	-	2,200	-	1,806	694	517,516	627,834	110,318	2.45	0.50	0.0009	
Engineering												
Mughal Iron & Steel Industries Limited	-	14,200	-	5,860	8,240	786,293	726,438	(59,855)	2.84	0.58	0.0066	
Amnol Steel Limited	-	4,000	-	1,194	2,806	337,974	338,852	(1,122)	0.73	0.15	0.0009	
Glass and Ceramics												
Tajik Glass Limited	-	13,100	-	7,995	5,305	485,636	532,867	44,251	2.08	0.42	0.0027	
Total as at 31 December 2016												
Total as at 30 June 2016												
						22,286,604	25,605,143	3,321,539	100	2.00		

7.1.1 These include 15,000, 15,000, 3,000, 1,500, 1500 and 300 shares of Meezan Bank Limited, Nishat Mills Limited, D.G. Khan Cement Company Limited, Lucky Cement Company Limited, Pakistan Oilfield Limited and Pakistan Petroleum Limited respectively, having market value amounting to Rs. 1.022 million, Rs. 2.284 million, Rs. 0.665 million, Rs. 1.299 million, Rs. 0.802 million and Rs. 0.056 million respectively pledged with National Clearing Company of Pakistan Limited for guaranteeing of the Fund's trades in accordance with Circular number 11 dated 23 October 2007 issued by the Securities and Exchange Commission of Pakistan

7.1.2 These investment track PSX KMI all shares Islamic Index for its performance and compliance with the offering document.

8. DIVIDEND AND PROFIT RECEIVABLES	Note	December 31, 2016 (Unaudited)	June 30, 2016 (Audited)
		(Rupees)	
Unsecured - considered good			
Dividend receivable		150,724	-
Profit receivable on:			
- Bank balances	8.1	557,740	1,442,044
- Government securities		-	950,861
		<u>557,740</u>	<u>2,392,905</u>
		<u>708,464</u>	<u>2,392,905</u>

8.1 This includes profit of Rs. 0.189 million earned on commercial bank accounts maintained by the Fund prior to the conversion of the Fund into Islamic category.

9. DEPOSITS PREPAYMENTS AND OTHER RECEIVABLES

Security deposit to Central Depository Company of Pakistan Limited		100,000	-
Security deposit to National Clearing Company of Pakistan Limited		2,500,000	-
Prepayments		209,302	39,464
Other receivable		10,931	-
		<u>2,820,233</u>	<u>39,464</u>

10. PAYABLE TO THE MANAGEMENT COMPANY

Remuneration payable to the Management Company	10.1	136,525	225,828
Sales tax payable on remuneration to the Management Company	10.2	192,336	206,204
Federal excise duty payable on remuneration to the Management Company	10.3	1,132,564	1,132,564
Sale load payable to the Management Company		4,369	4,369
		<u>1,465,794</u>	<u>1,568,965</u>

10.1 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 10% of the gross earnings of the scheme for the period ended 31 December 2016. The fee is subject to a minimum of 1% and a maximum of 2% of the average annual net assets of the Fund. (30 June 2016: minimum of 1% and a maximum of 2% of the average annual net assets of the Fund). Currently the effective rate of Management Company remuneration for the period ended 31 December 2016 is 1.11% of the average net assets.

- 10.2** 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. 174,588 (30 June 2016: Rs. 174,588) accrued on Federal Excise Duty (FED) on the management remuneration as more fully explained in note 10.3 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 0.15 (30 June 2016: 0.18) per unit.
- 10.3** 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. 1.132 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. 0.96 (30 June 2016: Re. 1.15) 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)
		(Rupees)	
11. ACCRUED EXPENSES AND OTHER LIABILITIES			
Payable to workers' welfare fund	11.1	921,721	921,721
Auditors' remuneration		173,597	207,291
Brokerage charges payable		44,677	-
Shariah advisor fee payable		42,329	-
Fee Payable to National Clearing Company of Pakistan Limited		22,526	-
Charity payable		11,142	-
CDC fee payable		3,113	-
Other liabilities		13,482	20,000
		<u>1,232,587</u>	<u>1,149,012</u>

- 11.1** 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 01 July 2014). Accordingly, 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. The Fund has recorded adjustment relating to SWWF in the Funds net assets on 12 January 2017.

However, due to the conversion of the Fund to Shariah Compliant Category (as more fully explained in note 1.3) income resulting from the above reversal is required to be distributed to those unit holders of Fund as existing on the date of conversion as this expense relates to the income which is not compliant with Shariah Islamic principles. Therefore, the amount that was distributed to the unit holders subsequent to period end as explained above amounts to Rs. 0.882 million (net of SWWF as explained above). This practice has been concurred by the Fund's Shariah advisor.

The net effect of the above adjustment relating to SWWF if it had been made on 31 December 2016 would have resulted in a decrease in the net asset value per unit of the Fund by Re 0.1053.

12. 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 3.67% which includes 0.44% representing government levy, Workers Welfare Fund and SECP fee.

13. CONTINGENCIES AND COMMITMENTS

The Fund had no contingency or commitment at the period end.

14. TAXATION

The Fund is exempt from taxation under clause 99 of the Part I of the 2nd Schedule of the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income for the year as reduced by capital gains whether 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.

15. 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)
	Note	(Rupees)
15.1 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. 1.324 million (30 June 2016: Rs. 1.348 million)*)	<u>1,461,425</u>	<u>1,564,596</u>
Sales load payable	<u>4,369</u>	<u>4,369</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	561,238	513,519	350,511	252,656
Sindh sales tax on remuneration of Management Company *	72,961	83,395	45,566	41,031
Federal Excise Duty on Remuneration of Management Company *	-	82,163	-	40,425

* Sales tax and FED is paid / payable to the management company for onward payment to the Government. For details of balances and transactions relating to the units of the Fund, refer note 15.3.

15.2 Balances and Transaction with the Central Depository Company Limited - Trustee of the Fund	December 31, 2016 (Unaudited)		June 30, 2016 (Audited)	
	(Rupees)			
Central Depository Company of Pakistan Limited - Trustee of the Fund				
Remuneration payable (Including Sindh sales tax amounting to Rs. 7,278 (30 June 2016: 12,749))	67,185		91,067	
Security deposit	100,000		100,000	
Settlement charges payable	3,113		-	

	Half year ended December 31, 2016		Quarter ended December 31, 2016	
	2015	2015	2015	2015
	----- (Unaudited) ----- ----- (Rupees) -----			
Central Depository Company of Pakistan Limited - Trustee of the Fund				
Remuneration for the period	398,752	401,181	199,376	200,591
Settlement charges	3,113	-	3,113	-

15.3 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										
	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 December 31, 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 December 31, 2016	
Lakson Investments Limited Directors, Chief Executive, their spouse and minors key management personnel, employees and connected persons of the Management Company	65,301 90,899	245,403 93,582	- -	65,301 90,899	245,403 93,582	6,698,805 9,324,826	25,701,200 9,365,872	- -	- -	6,723,209 9,358,658	26,146,472 9,970,662
Associated companies / undertakings of the Management Company											
Lakson Business Solutions Limited Employees Contributory Provident Fund Trust	4,967	5,127	-	4,967	5,127	509,532	513,086	-	-	511,393	546,210
Lakson Investments Limited Employees Contributory Provident Fund Trust	2,675	-	-	-	2,675	274,411	-	-	-	-	285,008
GAM Corporation (Private) Limited Employees Contributory Provident Fund Trust	40,755	42,189	-	40,755	42,189	4,180,791	4,222,414	-	-	4,196,043	4,495,019
SIZA Foods (Private) Limited Employees Contributory Provident Fund Trust	24,199	25,070	-	24,199	25,070	2,482,418	2,509,031	-	-	2,491,400	2,671,094
Colgate Palmolive (Pakistan) Limited Employees Contributory Provident Fund Trust	276,373	285,928	-	276,373	285,927	28,351,310	28,616,318	-	-	28,454,414	30,464,164
Colgate Palmolive (Pakistan) Limited Employees Gratuity Fund	84,942	-	-	-	84,942	8,713,648	-	-	-	-	9,050,154
Cyber Internet Services (Private) Limited Employees Contributory Provident Fund Trust	50,292	-	-	-	50,292	5,159,129	-	-	-	-	5,358,366
Accuray Surgical Limited Employees Contributory Provident Fund Trust	44,576	45,973	-	44,576	45,973	4,572,762	4,601,122	-	-	4,589,422	4,898,200
Merit Packaging Limited Employees Contributory Provident Fund Trust	58,586	60,468	-	58,586	60,468	6,009,957	6,051,782	-	-	6,031,811	6,442,567
Merit Packaging & Board Mills Limited Employees Contributory Provident Fund Trust	22,925	23,661	-	22,925	23,661	2,351,727	2,368,089	-	-	2,360,274	2,521,009
Century Paper & Board Mills Limited Employees Gratuity Fund	138,342	-	-	-	138,342	14,191,607	-	-	-	-	14,739,662
	74,674	-	-	-	74,674	7,660,320	-	-	-	-	7,956,149



Number of Units						Rupees			
Period ended December 31, 2015									
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 December 31, 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 December 31, 2015
82,404	-	-	-	82,404	9,022,899	-	-	-	9,213,683
50	-	-	50	-	5,490	-	-	5,612	-
4458	-	-	-	4,458	488,100	-	-	-	498,455
4,572	-	4,572	-	-	500,615	-	-	503,804	-
2400	-	-	-	2,400	262,823	-	-	-	268,347
8,001	-	-	8,001	-	876,077	-	-	889,211	-
9,715	-	-	-	9,715	1,063,808	-	-	-	1,086,247
13,716	-	-	13,716	-	1,501,846	-	-	1,517,275	-
36,576	-	-	-	36,576	4,004,923	-	-	-	4,089,610
21,717	-	-	-	21,717	2,377,923	-	-	-	2,428,206
248,030	-	-	-	248,030	27,158,383	-	-	-	27,732,557
93,726	-	-	-	93,726	10,262,615	-	-	-	10,479,626
10,287	-	-	-	10,287	1,126,385	-	-	-	1,150,203
50,292	-	-	-	50,292	5,506,769	-	-	-	5,623,214
16,002	-	-	16,002	-	1,752,154	-	-	1,790,563	-
40,005	-	-	-	40,005	4,380,384	-	-	-	4,473,011
52,578	-	-	-	52,578	5,757,077	-	-	-	5,878,815
20,574	-	-	-	20,574	2,252,769	-	-	-	2,300,406
138,342	-	-	-	138,342	15,147,900	-	-	-	15,468,199
74,674	-	-	-	74,674	8,176,521	-	-	-	8,349,397

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
- Tieley Clover (Private) Limited - Employees
- Contributory Provident Fund Trust
- Century Insurance Company Limited - Employees
- GAM Corporation (Private) Limited - Employees
- Contributory Provident Fund Trust
- SIZA Foods (Private) Limited - Employees
- Contributory Provident Fund Trust
- Colgate Palmolive (Pakistan) Limited - Employees
- Contributory Provident Fund Trust
- Colgate Palmolive (Pakistan) Limited - Employees
- SIZA Services (Private) Limited - Employees
- Contributory Provident Fund Trust
- Cyber Internet Services (Private) Limited - Employees
- Contributory Provident Fund Trust
- Hybrid (Private) Limited - Employees
- Contributory Provident Fund Trust
- Accuray Surgicals Limited - Employees
- Contributory Provident Fund Trust
- Merit Packaging Limited - Employees
- Contributory Provident Fund Trust
- Century Paper & Board Mills Limited - Employees
- Contributory Provident Fund Trust
- Century Paper & Board Mills Limited - Employees

16. 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	25,608,143	-	-	25,608,143

As at June 30, 2016				
Level 1	Level 2	Level 3	Total	
----- Rupees -----				
Financial assets at fair value through profit and loss account	-	20,871,600	-	20,871,600

17. 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.

18. 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

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

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