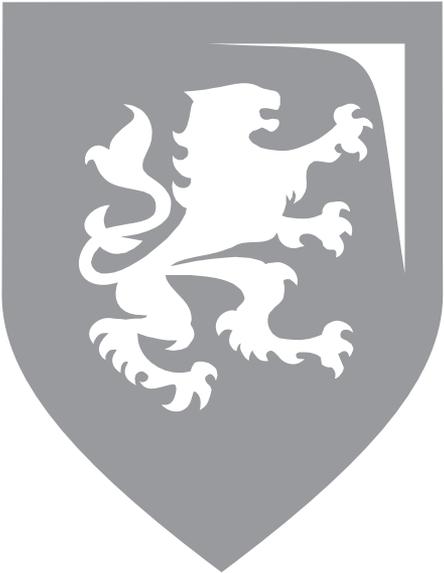


LAKSON ASSET ALLOCATION DEVELOPED MARKETS FUND
Quarterly Report (September 30, 2014)



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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. Sher Afgan Malik
Mr. Daniel Scott Smaller
Mr. Zahid Zakiuddin

**Chief Financial Officer &
Company Secretary
of the Management Company**

Syed Muhammad Zeeshan

Audit Committee

Mr. Zahid Zakiuddin - Chairman
Mr. A. Aziz H. Ebrahim
Mr. Iqbal Ali Lakhani
Mr. Sher Afgan Malik

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

BDO Ebrahim & Co.
Chartered Accountants
2nd Floor, Block C,
Lakson Square, Building No. 1,
Sarwar Shaheed Road,
Karachi - 74200.

Bankers to the Fund

Allied Bank Limited
Bank Alfalah Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Habib Bank AG Zurich
United Bank Limited

Legal Adviser

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

Registrar

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

Rating

1-Star (Normal): Fund Performance
Ranking (By JCR-VIS)
AM3+ : Management Company Quality
Rating (By PACRA)

Review Report of the Directors of the Management Company For the quarter ended September 30, 2014

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 first quarter ended September 30, 2014.

Fund Objective

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

Fund Profile

The 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 quarter of the FY15, the LAADMF provided a return of 1.42% compared to the Benchmark (70% 6-month T-Bills + 30% MSCI World Index) return of 1.72%. As of September 30, 2014, the LAADMF is invested 63% in T-Bills, 2% in Bank Deposits and 35% in Developed Markets Equities through iShares MSCI World ETF. As of September 30, 2014 the LAADMF has PKR 535 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

Political developments during the start of new fiscal year brought the capital of Pakistan to a standstill, amidst anti-government protests staged by PTI's Imran Khan and PAT's Tahir-ul-Qadri. Both the leaders called on the Prime Minister to resign, saying that last year's landslide election victory was rigged. Meanwhile, COAS ("Chief of Army Staff") raised his support for democratic and civilian forces in the country which ruled out possibility of a military takeover. While much of the attention during the period was inclined towards political disruptions, the recent floods managed to divert public attention away from politics to likely damages in Central and Southern Punjab. However, in terms of crop damage, the ongoing floods seemed less severe than 2010 floods.

The inflationary pressures in the economy abated as the headline inflation retreated during the first quarter FY15, averaging at 7.5% YoY compared to 8.6% YoY witnessed during the previous quarter. Inflation eased off after the recent bugbear of food inflation moderated during the quarter, as food inflation averaged 6.6% YoY during the 1QFY15 compared to previous quarter's average of 8.2% YoY. The government largely tackled the food prices by allowing duty free import of perishable food items from the neighboring country. On the flip side, the State Bank of Pakistan ("SBP") kept the discount rate unchanged during the two monetary policy meetings conducted during the quarter. Although the headline inflation had been on the lower side, the cautious approach maintained by the Central Bank was attributed to deterioration in external account, political uncertainty and concerns on delay in the approval of the 5th IMF tranche.

External account of the country remained under severe pressure owing to a weak current account position coupled with delayed inflows. The current account deficit for 2MFY15 stood at USD 1,372 million, compared to a deficit of USD 580 million during the same period of the last year. The deterioration in current account came in from a higher trade deficit which increased by 55% YoY to

USD 4.2 billion. Exports declined by 11.0% YoY to USD 3.8 billion while imports were up by 14.9% YoY to USD 7.9 billion. However, remittances continued to provide support to the crippling current account, growing by 12.6% YoY to USD 3.0 billion during the period.

The pressure on PKR continued to grow amidst delayed financial inflows along with political uncertainty in the country. Pakistan failed to satisfy the International Monetary Fund ("IMF") for the fifth tranche of USD 550 million as the reform process earlier initiated by the government slowed down in the midst of political crisis. The foreign exchange reserves of the country declined by USD ~1 billion during the quarter to USD 13.2 billion (as of Sep 26th 2014). Consequently, the Pak Rupee felt the pressure during the quarter, depreciating by 4.0% against the greenback, and closed at 102.6 per USD.

Fixed Income Market Review

The course of the monetary policy was kept essentially unchanged during 1QFY15 as the SBP held the discount rate steady at 10%. The past quarter saw an improvement in the country's macro indicators with foreign exchange reserves rising to USD 14.6 billion from USD 8.5 billion at the close of December'13. However, in the July MPS meeting the SBP took a wait-and-see stance on the sustainability of the economic turnaround and kept the discount rate unchanged. In August'14, macro economic trends shifted following the political protests in the country's capital. Foreign exchange reserves started depleting driven by deterioration in the trade deficit combined with lack of expected inflows from abroad, particularly from the IMF. In addition, the SBP highlighted risks of a potential uptick in inflation (1QFY15: 7.52% YoY) following this year's floods, and thus kept the discount rate steady in its September meeting as well. Liquidity in the banking system remained tight compelling the SBP to inject an average of PKR 78.3 billion via 12 (twelve) open market operations during the quarter, while mopping up PKR 55.6 billion via 3 (three) mop-up operations. The M2 money supply contracted by 1.97% (as of 19th September) vs. a contraction of 0.62% in the same period last year; the sharper slowdown in money supply was due to a significant reduction in government's fresh borrowing for budgetary support. The yield curve has steepened during the quarter as yields on the 3-month and 4-month T-Bills increased by 5 and 2 basis points ("bps") respectively, while the yields on the 3-year and 10-year PIBs increased by 26 and 42 bps, respectively. During 1QFY15, the government had planned to raise PKR 700 billion from the auction of T-Bills; however, it fell short of its target and raised PKR 658 billion against a maturity of PKR 630 billion. Cumulatively, the bid-to-cover ratio of the T-Bill auctions came in at 0.89x for 1QFY15 vs. 0.85x for FY14, indicating a neutral participation in the T-Bill auctions as banks preferred to park their liquidity in long-term instruments. The PIB auctions witnessed volatile participation as investors seemed uninterested in investing in PIBs in the July and August auctions, but in September, their interest was rekindled. Thus, investors placed total bids of PKR 372 billion against the cumulative auction target of PKR 300 billion and maturity of PKR 259 billion. The government was able to raise PKR 311 billion from PIBs during 1QFY15.

Developed Markets Review

The developed markets tracked by the MSCI World Index declined by 2.6% since June-end mainly due to losses in Germany and the UK while US and Japanese markets posted monthly gains. European markets have been roiled by a stream of unfavorable macro economic data particularly inflation, which continued to remain far below the European Central Bank's ("ECB") desired level of 2.0% per annum, raising fears of deflation in the region. Very low inflation combined with a stubbornly high unemployment rate has stoked fears that Europe could descend into stagflation. The ECB responded to these concerns first by announcing its commitment to use "unconventional instruments" within its mandate to ensure that inflation expectations hover around its 2% mark over the long-term, and then reducing its benchmark interest rate to 0.05% from 0.15%. The ECB also doubled the negative interest rates that commercial banks would have to pay to deposit funds at the ECB and highlighted its willingness to use additional measures such as a quantitative easing program.

In addition to its economic woes, the ongoing political and military tussle with Russia has compounded the pessimism in European markets. In the UK, the FTSE100 Index posted a quarterly loss of 1.8% as robust GDP growth data suggested that the Bank of England may raise interest rates sooner than previously anticipated. Towards the end of the quarter UK investors had to deal with uncertainty surrounding the Scottish referendum on independence from the UK which weakened the British Pound vs. the US Dollar. US markets fared much better than Europe, posting flattish returns as broad based positive macro-economic data was met with 2 cuts of USD 10 billion each in the Fed's bond buying program and a commitment to keep interest rates near zero levels even if the Fed's macroeconomic

targets are met. In the Eastern hemisphere, Japanese Nikkei 225 Index surged higher by 6.7% driven by the weaker Yen, which fell by 8.2% vs. the US Dollar during the quarter. Above-expected GDP growth in China and the Bank of Japan's commitment to stimulate inflation provided added impetus to the rally in Japanese equities.

Future Outlook

Pakistan's economic climate has started taking heat from the recent political crisis originated by the sit-ins by political heavyweights. With overall economic activity slowing down due to delay in the policy reforms and the crucial inflows from the donors, deteriorated energy supplies, decline in the PKR, the overall macro environment looks challenging now. On the other hand, CPI outlook is increasingly favorable given the recent decline in commodities prices in general and oil prices in particular, which is expected to provide a relief in the form of muted current account deficit going forward and thus a natural support for the PKR against the USD in the remainder of the FY15. However, interest rate scenario still looks downward sticky in the near term till the planned inflows on account of IMF tranches, new Sukuk issue in the international market as well as the on-going privatization of the state owned entities are materialized. The recent release of the coalition support fund money has provided some support to the foreign exchange reserves of the country.

Though the government is still working to resolve the current political as well as the chronic energy crisis, which remained persistent, accumulation of foreign reserves and managing inflation will remain the primary tasks, having direct implication on country's currency and interest rate outlook. Meanwhile, recent political turmoil, if continued, would have its bearing on investor confidence. In addition, there are continued delays in appointing heads of various state owned organizations which may have repercussions on industry.

Acknowledgment

The Board is thankful to its valued investors, the Securities and Exchange Commission of Pakistan, the State Bank of Pakistan, the Trustee of the Fund-Central Depository Company of Pakistan Limited and the management of the Lahore Stock Exchange 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: October 22, 2014

**Condensed Interim Statement of Assets and Liabilities
As at September 30, 2014**

		September 30, 2014 (Unaudited)	June 30, 2014 (Audited)
	Note	(Rupees)	
ASSETS			
Bank balances	6	16,277,352	419,698,826
Investments	7	524,222,283	183,559,142
Mark-up receivable		785,496	959,538
Prepayment		29,918	-
Deferred formation cost		1,022,315	1,149,462
TOTAL ASSETS		<u>542,337,364</u>	<u>605,366,968</u>
LIABILITIES			
Payable to the Management Company	8	3,794,448	3,260,621
Payable to the Trustee		94,212	94,577
Annual fee payable to the Securities and Exchange Commission of Pakistan		141,335	537,318
Accrued expenses and other liabilities	9	2,842,040	2,982,253
TOTAL LIABILITIES		<u>6,872,035</u>	<u>6,874,769</u>
NET ASSETS		<u>535,465,329</u>	<u>598,492,198</u>
UNIT HOLDERS' FUND (as per statement of movement in Unit holders' Fund)		<u>535,465,329</u>	<u>598,492,198</u>
CONTINGENCIES AND COMMITMENTS			
	10		
		(Number of units)	
Number of units in issue		<u>4,948,430</u>	<u>5,609,590</u>
		Rupees	
Net assets value per unit		<u>108.2091</u>	<u>106.6908</u>

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

For Lakson Investments Limited
(Management Company)

Chief Executive Officer

Director

**Condensed Interim Income Statement (Unaudited)
For the quarter ended September 30, 2014**

INCOME	Note	2014	2013
		(Rupees)	
Income from Government securities		9,405,485	4,853,457
Mark-up income		722,306	3,686,725
Capital loss on sale of investments - net		(14,004)	(86,694)
Dividend income		923,680	663,486
Exchange gain on foreign currency deposits		182,997	128,329
		<u>11,220,464</u>	<u>9,245,303</u>
Unrealised appreciation in the fair value of investments classified as 'held for trading' - net		2,305,542	21,714,177
		<u>13,526,006</u>	<u>30,959,480</u>
EXPENSES			
Remuneration of the Management Company		2,975,479	2,747,741
Sales tax on remuneration to the Management Company		517,733	509,981
Federal excise duty on remuneration to the Management Company		476,077	439,639
Remuneration of the Trustee		297,548	274,774
Annual fee to the Securities and Exchange Commission of Pakistan		141,335	130,518
Custody charges		93,356	73,600
Auditors' remuneration		91,128	65,534
Fees and subscription		10,082	10,082
Printing charges		5,041	15,123
Brokerage, settlement and bank charges		18,115	10,519
Amortization of deferred formation cost		127,147	127,147
Workers' Welfare Fund	9.1	63,045	573,879
		<u>4,816,086</u>	<u>4,978,537</u>
Net income from operating activities		8,709,920	25,980,943
Element of (loss) / income and capital (losses) / gains included in the prices of units issued less those in units redeemed - net		(5,620,732)	2,139,134
Net income for the period		<u><u>3,089,188</u></u>	<u><u>28,120,077</u></u>

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

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

Chief Executive Officer

Director

**Condensed Interim Statement of Comprehensive Income (Unaudited)
For the quarter ended September 30, 2014**

	2014	2013
	(Rupees)	
Net income for the period	3,089,188	28,120,077
Other comprehensive income	-	-
Total comprehensive income for the period	<u><u>3,089,188</u></u>	<u><u>28,120,077</u></u>

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

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

Chief Executive Officer

Director

**Condensed Interim Distribution Statement (Unaudited)
For the quarter ended September 30, 2014**

	2014	2013
	(Rupees)	
Undistributed income at the beginning of the period - realised	5,911,565	36,050,144
Undistributed income at the beginning of the period - unrealised	<u>31,621,610</u>	<u>17,856,959</u>
Undistributed income at the beginning of the period	37,533,175	53,907,103
Final distribution: Nil (2013: Rs. 7.0359 approved on July 08, 2013)		
Cash dividend	-	(1,937,611)
Issue of bonus units	-	(32,309,839)
	-	(34,247,450)
	<u>37,533,175</u>	<u>19,659,653</u>
Total comprehensive income for the period	3,089,188	28,120,077
Undistributed income at the end of the period	<u>40,622,363</u>	<u>47,779,730</u>
Undistributed income at the end of the period - realised	38,316,821	26,065,553
Undistributed income at the end of the period - unrealised	2,305,542	21,714,177
Undistributed income at the end of the period	<u>40,622,363</u>	<u>47,779,730</u>

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

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

Chief Executive Officer

Director

**Condensed Interim Statement of Movement in Unit Holders' Fund (Unaudited)
For the quarter ended September 30, 2014**

	2014	2013
	(Rupees)	
Net assets value per unit at the beginning of the period	598,492,198	540,660,030
Cash received on issue of nil (2013: 768,344)	-	82,716,000
Cash paid on redemption of 661,160 (2013: 735,191)	(71,736,788)	(78,515,897)
	(71,736,788)	4,200,103
Element of loss / (income) and capital losses / (gains) included in the prices of units issued less those in units redeemed - net	5,620,732	(2,139,134)
Final distribution: Nil (2013: Rs. 7.0359 approved on July 08, 2013)		
Cash dividend	-	(1,937,611)
Issue of bonus units	-	(32,309,839)
Issue of bonus units as final distribution: nil (2014: 310,555)	-	32,309,839
Total comprehensive income for the period	3,089,188	28,120,077
Net assets at the end of the period	<u>535,465,329</u>	<u>568,903,465</u>
Net assets value per unit at the beginning of the period	<u>106.6908</u>	<u>111.0748</u>
Net assets value per unit at the end of the period	<u>108.2091</u>	<u>109.1685</u>

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

For Lakson Investments Limited
(Management Company)

Chief Executive Officer

Director

**Condensed Interim Cash Flow Statement (Unaudited)
For the quarter ended September 30, 2014**

	2014	2013
	(Rupees)	
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period	3,089,188	28,120,077
Adjustments for non-cash charges and other items:		
Capital loss on sale of investments - net	14,004	86,694
Amortization of deferred formation cost	127,147	127,147
Unrealised (appreciation) in the fair value of investments classified as held for trading ¹ - net	(2,305,542)	(21,714,177)
Element of loss / (income) and capital losses / (gains) included in the prices of units issued less those in units redeemed - net	5,620,732	(2,139,134)
	<u>6,545,529</u>	<u>4,480,607</u>
Decrease / (increase) in assets		
Investments - net	(338,371,604)	(41,546,199)
Mark-up receivable	174,042	(827,791)
Prepayment	(29,918)	(29,918)
	<u>(338,227,480)</u>	<u>(42,403,908)</u>
Increase / (decrease) in liabilities		
Payable to the Management Company	533,827	445,403
Payable to the Trustee	(365)	(5,567)
Annual fee payable to the Securities and Exchange Commission of Pakistan	(395,983)	(308,729)
Accrued expenses and other liabilities	(140,213)	727,566
	<u>(2,734)</u>	<u>858,673</u>
Net cash used in operating activities	<u>(331,684,686)</u>	<u>(37,064,628)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Cash received from issue of units	-	82,716,000
Cash paid on redemption of units	(71,736,788)	(78,515,897)
Cash dividend paid	-	(1,937,611)
Net cash (used in) / generated from financing activities	<u>(71,736,788)</u>	<u>2,262,492</u>
Net decrease in cash and cash equivalent during the period	<u>(403,421,474)</u>	<u>(34,802,136)</u>
Cash and cash equivalent at the beginning of the period	419,698,826	52,845,354
Cash and cash equivalent at the end of the period	<u>16,277,352</u>	<u>18,043,218</u>

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

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

Chief Executive Officer

Director

**Notes to and Forming Part of the Condensed Interim
Financial Statements (Unaudited)
For the quarter ended September 30, 2014**

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

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

The JCR - VIS Credit Rating Company Limited has down graded the performance ranking of the fund to 1 Star and the Pakistan Credit Rating Agency Limited (PACRA) has maintained 'AM3+' (Management company quality rating) to the Management Company.

2. BASIS OF PREPARATION

2.1. Statement of compliance

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

This condensed interim financial information comprises of condensed interim statement of assets and liabilities as at September 30, 2014 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of cash flows, condensed interim statement of movement in Unit Holder's Fund, and notes thereto, for the period ended September 30, 2014.

This condensed interim financial information does not include all the information required for a complete set of annual financial statements and should read in conjunction with the latest annual financial statements as at and for the year ended June 30, 2014. However, selected explanatory notes are included to explain events and transactions that are significant.

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

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

2.2. Functional and presentation currency

These Condensed interim financial statements are presented in Pakistan Rupees, which is the Fund's functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded off to the nearest rupees.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of this condensed interim financial information are the same as those applied in the preparation of the published financial statements as at and for the year ended June 30, 2014.

4. ACCOUNTING ESTIMATES

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

The significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied to financial statements as at and for the year ended 30 June 2014.

5. FINANCIAL RISK MANAGEMENT

The Fund financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements for the year ended 30 June 2014.

6. BANK BALANCES	September 30, 2014 (Unaudited)	June 30, 2014 (Audited)
In local currency	(Rupees)	
In profit and loss sharing accounts	10,829,915	415,181,105
In foreign currency		
In current account [USD\$: 53,076 (June 2014: 45,724)]	5,447,437	4,517,721
	<u>16,277,352</u>	<u>419,698,826</u>

6.1. These carry mark-up rates ranging from 7.00% to 9.25% (2014: from 7.00% to 11.83%) per annum.

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

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

In local currency

Government securities - Market Treasury Bills	7.1	309,059,950	-
Government securities - Pakistan Investment Bonds	7.2	29,213,220	-

In foreign currency

Exchange traded fund	7.3	185,949,113	183,559,142
		<u>524,222,283</u>	<u>183,559,142</u>

7.1 Government securities

	Number of treasury bills				Balance as at September 30, 2014			Market value as a percentage of net assets of the Fund	Market value as a percentage of total investments
	Number of holdings at the beginning of the period	Acquired during the period	Disposed / matured during the period	Number of holdings at the end of the period	Carrying value	Market value	Unrealized diminution		
Treasury Bills - 3 months (face value of Rs. 100,000 each)	-	900	-	900	89,975,756	89,974,710	(1,046)	16.80%	17.16%
Treasury Bills - 6 months (face value of Rs. 100,000 each)	-	3,000	800	2,200	219,112,312	219,085,240	(27,072)	40.91%	41.79%
Total - September 30, 2014					309,088,068	309,059,950	(28,118)	57.72%	58.96%
Total - June 30, 2014					-	-	-	-	-

7.1.1. These represent 3 months Government Treasury bill carrying a fixed mark-up rate 9.9800% per annum and will mature October 2, 2014. The face value of Treasury Bills held as at September 30, 2014 amounted to Rs. 90 million (June 30, 2014: Nil).

7.1.2. These represent 6 months Government Treasury bills carrying a fixed mark-up rate 9.9800% per annum and will mature October 16, 2014. The face value of Treasury Bills held as at September 30, 2014 amounted to Rs. 220 million (June 30, 2014: nil).

7.2. Government securities - Pakistan Investment Bonds

	Number of Pakistan Investments Bond				Balance as at September 30, 2014			Market value as a percentage of net assets of the Fund	Market value as a percentage of total investments
	Number of holdings at the beginning of the period	Acquired during the period	Disposed / matured during the period	Number of holdings at the end of the period	Carrying value	Market value	Unrealized diminution		
Pakistan Investments Bond - 3 Years (face value of Rs. 100,000 each)	-	300	-	300	29,269,532	29,213,220	(56,312)	5.46%	5.57%
Total - September 30, 2014					29,269,532	29,213,220	(56,312.00)	5.46%	5.57%
Total - June 30, 2014					-	-	-	-	-

7.2.1. These represent 3 years Pakistan Investments Bond carrying a fixed mark-up rate 11.2500% per annum and will mature July 17, 2014. The face value of Pakistan Investments Bond held as at September 30, 2014 amounted to Rs. 30 million (June 30, 2014: nil).

7.3. Exchange traded fund: Foreign investment

	Number of Units				Balance as at September 30, 2014			Market value as a percentage of net assets of the Fund	Market value as a percentage of total investments
	Number of holdings at the beginning of the period	Acquired during the period	Disposed / matured during the period	Number of holdings at the end of the period	Carrying value	Market value	Unrealized appreciation		
Ishares MSCI World Pk	50,035	-	-	50,035	183,559,142	185,949,113	2,389,971	34.73%	35.47%
Total - September 30, 2014					183,559,142	185,949,113	2,389,971	34.73%	35.47%
Total - June 30, 2014					151,937,532	183,559,142	31,621,610	30.67%	100.00%
Total investment - September 30, 2014					521,916,742	524,222,283	2,305,542	97.90%	100.00%
Total investment - June 30, 2014					151,937,532	183,559,142	31,621,610	30.67%	100.00%

		September 30, 2014 (Unaudited)	June 30, 2014 (Audited)
	Note	(Rupees)	
8. PAYABLE TO THE MANAGEMENT COMPANY			
Remuneration payable to the Management Company		942,107	945,762
Sales tax payable on remuneration to the Management Company		510,738	449,333
Federal excise duty payable on remuneration to the Management Company	8.1	2,338,644	1,862,567
Sales load payable		2,959	2,959
		<u>3,794,448</u>	<u>3,260,621</u>

- 8.1. As per the requirement of the Finance Act, 2013, the Federal Excise Duty ('FED') at the rate of 16% on the remuneration of the Management Company has been levied from 13 June 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which doesn't appear to be spirit of the law. A stay order against the collection have been granted by Honourable High Court of Sindh on a petition filed by the Mutual Funds Association of Pakistan (MUFAP) on September 04, 2013.

In view of uncertainty regarding the applicability of FED on asset management services, the management, as a matter of abundant caution, has decided to maintain the provision for FED amounting to of Rs. 2.339 million as at September 30, 2014. Had the said provision of FED not been recorded in the books of account of the Fund, the net asset value per unit of the Fund would have been higher by Re. 0.47 / 0.47%. (2014: Re. 0.33 / 0.33%)

		September 30, 2014 (Unaudited)	June 30, 2014 (Audited)
	Note	(Rupees)	
9. ACCRUED AND OTHER LIABILITIES			
Auditors' remuneration		81,828	202,800
Brokerage payable		-	3,721
Custody fee payable		98,815	182,420
Workers' Welfare Fund	9.1	2,635,556	2,572,512
Others		25,841	20,800
		<u>2,842,040</u>	<u>2,982,253</u>

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

During the year 2011, a single bench of the Lahore High Court ('LHC') in a constitutional petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, has declared the said amendments as unlawful and unconstitutional and struck them down. However, in the month of March 2013, a larger bench

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

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

As the matter relating to levy of WWF is currently pending in the Court, the Management Company, as a matter of prudence and abundant caution, has decided to make provision for WWF amounting to Rs.2.636 million up to September 30, 2014.

Had the above recognition not been made, the net assets value per unit of the Fund would be higher by Re. 0.53/ 0.53%. (2014: Re. 0.46 / 0.46%)

10. CONTINGENCIES AND COMMITMENTS

There are no other contingencies and commitments as at September 30, 2014.

11. TAXATION

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

12. TRANSACTIONS AND BALANCES WITH RELATED PARTIES / CONNECTED PERSONS

Related parties include Lakson Investments Limited being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the Trustee, Habib Bank AG Zurich being the Custodian, SIZA Services (Private) Limited being the holding company of the Management Company, associated companies of the Management Company, key management personnel, other funds being managed by the Management Company and unit holders holding more than 10% in the units of the Funds as at September 30, 2014.

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

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

12.1. Balance as at period / year end	September 30, 2014 (Unaudited)	June 30, 2014 (Audited)
	(Rupees)	
Lakson Investments Limited - Management Company		
Remuneration payable	3,794,448	3,257,662
Sales load payable	<u>2,959</u>	<u>2,959</u>
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	<u>94,212</u>	<u>94,577</u>
Habib Bank AG Zurich - Custodian		
Bank deposits	<u>5,447,437</u>	<u>4,517,721</u>
Custody fee payable	<u>98,815</u>	<u>182,420</u>
Directors of the Management Company		
Directors, Chief Executive, their spouses and minor children		
Units held as at the period / year end 2,683,303 (June 30, 2014: 2,683,303) units	<u>290,357,803</u>	<u>286,283,740</u>
Key Management Personnel, Employees and Connected Persons of the Management Company		
Units held as at the period / year end 164,278 (June 30, 2014: 164,278) units	<u>17,776,375</u>	<u>17,526,940</u>
Associated companies / undertakings of the Management Company		
Lakson Business Solutions Limited - Employees Contributory Provident Fund Trust		
Units held as at the period / year end 4,715 (June 30, 2014: 4,715) units	<u>510,206</u>	<u>503,048</u>
Princeton Travels (Private) Limited - Employees Contributory Provident Fund Trust		
Units held as at the period / year end 4,836 (June 30, 2014: 4,836) units	<u>523,299</u>	<u>515,947</u>
Lakson Investments Limited - Employees Contributory Provident Fund Trust		
Units held as at the period / year end 2,539 (June 30, 2014: 2,539) units	<u>274,743</u>	<u>270,872</u>
Tetley Clover (Private) Limited - Employees Contributory Provident Fund Trust		
Units held as at the period / year end 8,463 (June 30, 2014: 8,463) units	<u>915,774</u>	<u>902,906</u>
Century Insurance Company Limited - Employees Contributory Provident Fund Trust		
Units held as at the period / year end 14,508 (June 30, 2014: 14,508) units	<u>1,569,898</u>	<u>1,547,840</u>

	September 30, 2014 (Unaudited)	June 30, 2014 (Audited)
	(Rupees)	
GAM Corp. (Private) Limited - Employees Contributory Provident Fund Trust		
Units held as at the period / year end 38,687 (June 30, 2014: 38,687) units	<u>4,186,285</u>	<u>4,127,572</u>
SIZA Foods (Private) Limited - Employees Contributory Provident Fund Trust		
Units held as at the period / year end 22,971 (June 30, 2014: 22,971) units	<u>2,485,671</u>	<u>2,450,746</u>
Hasanali Karabhai Foundation - Employees Contributory Provident Fund Trust		
Units held as at the period / year end 7,254 (June 30, 2014: 7,254) units	<u>784,949</u>	<u>773,920</u>
Colgate Palmolive (Pakistan) Limited - Employees Contributory Provident Fund Trust		
Units held as at the period / year end 262,348 (June 30, 2014: 262,348) units	<u>28,388,441</u>	<u>27,990,099</u>
Colgate Palmolive (Pakistan) Limited - Employees Gratuity Fund		
Units held as at the period / year end 99,136 (June 30, 2014: 99,136) units	<u>10,727,417</u>	<u>10,576,904</u>
SIZA Services (Private) Limited - Employees Contributory Provident Fund Trust		
Units held as at the period / year end 10,881 (June 30, 2014: 10,881) units	<u>1,177,423</u>	<u>1,160,880</u>
Cyber Internet Services (Private) Limited - Employees Contributory Provident Fund Trust		
Units held as at the period / year end 53,195 (June 30, 2014: 53,195) units	<u>5,756,183</u>	<u>5,675,412</u>
Sybrid (Private) Limited - Employees Contributory Provident Fund Trust		
Units held as at the period / year end 16,926 (June 30, 2014: 16,926) units	<u>1,831,547</u>	<u>1,805,813</u>
Accuray Surgicals Limited - Employees Contributory Provident Fund Trust		
Units held as at the period / year end 42,314 (June 30, 2014: 42,314) units	<u>4,578,760</u>	<u>4,514,532</u>
Merit Packaging Limited - Employees Contributory Provident Fund Trust		
Units held as at the period / year end 55,613 (June 30, 2014: 55,613) units	<u>6,017,833</u>	<u>5,933,385</u>
Merit Packaging Limited - Employees Gratuity Fund		
Units held as at the period / year end 21,762 (June 30, 2014: 21,762) units	<u>2,354,846</u>	<u>2,321,759</u>

	September 30, 2014 (Unaudited)	June 30, 2014 (Audited)
	(Rupees)	
Century Paper & Board Mills Limited - Employees Contributory Provident Fund Trust		
Units held as at the period / year end 272,894 (June 30, 2014: 272,894) units	<u>29,529,614</u>	<u>29,115,301</u>
Century Paper & Board Mills Limited - Employees Gratuity Fund		
Units held as at the period / year end 147,088 (June 30, 2014: 147,088) units	<u>15,916,260</u>	<u>15,692,883</u>
Century Insurance Company Limited		
Units held as at the period / year end 511,002 (June 30, 2014: 1,092,588) units	<u>55,295,116</u>	<u>116,569,140</u>
	September 30, 2014	2013
	(Unaudited) (Rupees)	
12.2. Transactions during the period		
Lakson Investments Limited - Management Company		
Remuneration during the period	<u>3,969,289</u>	<u>3,697,361</u>
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable during the period	<u>297,548</u>	<u>274,774</u>
Habib Bank AG Zurich - Custodian		
Custody charges	<u>93,356</u>	<u>73,600</u>
Directors, Chief Executive, their Spouses and Minor children		
Issue of bonus units: Nil (2013: 356) units	<u>-</u>	<u>16,540,367</u>
Key Management Personnel, Employees and Connected Persons of the Management Company		
Issue of bonus units: Nil (2013: 11402) units	<u>-</u>	<u>1,186,291</u>
Associated companies / undertakings of the Management Company		
SIZA (Private) Limited		
Issue of bonus units: Nil (2013: 5,345) units	<u>-</u>	<u>556,072</u>
Redemption of units: Nil (2013: 84378) units	<u>-</u>	<u>8,854,145</u>
Lakson Business Solutions Limited - Employees Contributory Provident Fund Trust		
Issue of bonus units: Nil (2013: 279) units	<u>-</u>	<u>29,064</u>
Princeton Travels (Private) Limited - Employees Contributory Provident Fund Trust		
Issue of bonus units: Nil (2013: 287) units	<u>-</u>	<u>29,809</u>

	2014	September 30, 2013 (Unaudited) (Rupees)
Lakson Investments Limited - Employees Contributory Provident Fund Trust Issue of bonus units: Nil (2013: 150) units	-	15,650
Tritex Cotton Mills Limited - Employees Contributory Provident Fund Trust Issue of bonus units: Nil (2013: 193) units	-	20,121
Tetley Clover (Private) Limited - Employees Contributory Provident Fund Trust Issue of bonus units: Nil (2013: 501) units	-	52,166
Clover (Pakistan) Limited - Employees Contributory Provident Fund Trust Issue of bonus units: Nil (2013: 1,146) units	-	119,238
Clover (Pakistan) Limited - Employees Gratuity Fund Issue of bonus units: Nil (2013: 609) units	-	63,345
Century Insurance Company Limited - Employees Contributory Provident Fund Trust Issue of bonus units: Nil (2013: 860) units	-	89,428
GAM Corporation (Private) Limited - Employees Contributory Provident Fund Trust Issue of bonus units: Nil (2013: 2,292) units	-	238,475
SIZA Foods (Private) Limited - Employees Contributory Provident Fund Trust Issue of bonus units: Nil (2013: 1,361) units	-	141,595
Hasanali Karabhai Foundation - Employees Contributory Provident Fund Trust Issue of bonus units: Nil (2013: 430) units	-	44,714
Colgate Palmolive (Pakistan) Limited - Employees Contributory Provident Fund Trust Issue of bonus units: Nil (2013: 15,544) units	-	1,617,160
Colgate Palmolive (Pakistan) Limited - Employees Gratuity Fund Issue of bonus units: Nil (2013: 5,874) units	-	611,093
SIZA Services (Private) Limited - Employees Contributory Provident Fund Trust Issue of bonus units: Nil (2013: 645) units	-	67,071

	2014	September 30, 2013 (Unaudited) (Rupees)
Cyber Internet Services (Private) Limited - Employees Contributory Provident Fund Trust		
Issue of bonus units: Nil (2013: 3,152) units	-	327,903
	<u> </u>	<u> </u>
Sybrid (Private) Limited - Employees Contributory Provident Fund Trust		
Issue of bonus units: Nil (2013: 1,003) units	-	104,333
	<u> </u>	<u> </u>
Accuray Surgicals Limited - Employees Contributory Provident Fund Trust		
Issue of bonus units: Nil (2013: 2,507) units	-	260,832
	<u> </u>	<u> </u>
Merit Packaging Limited - Employees Contributory Provident Fund Trust		
Issue of bonus units: Nil (2013: 3,295) units	-	342,808
	<u> </u>	<u> </u>
Merit Packaging Limited - Employees Gratuity Fund		
Issue of bonus units: Nil (2013: 1,289) units	-	134,142
	<u> </u>	<u> </u>
Century Insurance Company Limited		
Issue of units: Nil (2013: 201,401) units	-	22,000,000
Issue of bonus units: Nil (2013: 46,253) units	-	4,812,082
Redemption of units: 581,586 (2013: Nil) units	<u>63,212,121</u>	<u> </u>
Others - Connected person due to holding more than 10% outstanding units		
Profit on bank deposits	-	22,144
Bank charges	-	2,600
Issue of units: Nil (2013: 564,904) units	-	60,500,000
Issue of bonus units: Nil (2013: 35,785) units	-	3,723,024
Redemption of units: Nil (2013: 630,251) units	-	67,503,012

13. GENERAL

This condensed interim financial statements were authorized for issue by Board of Directors of the Management Company on October 22, 2014

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

Chief Executive Officer

Director



A Lakson Group Company

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