

LAKSON ASSET ALLOCATION DEVELOPED MARKETS FUND  
Quarterly Report (September 30, 2017)



**LAKSON INVESTMENTS**  
WE MANAGE YOUR MONEY, AS WE MANAGE OUR OWN





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## Fund's Information

### Management Company

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(Regulated by the DFSA as a Representative Office)  
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DIFC, P.O. Box 507054  
Dubai, U.A.E.  
Phone: +971.4 401.9284  
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### 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. Maimoona Raffat

### Audit Committee

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

### Human Resource and Remuneration Committee

Mr. Iqbal Ali Lakhani - Chairman  
Mr. Babar Ali Lakhani  
Mr. Daniel Scott Smaller

### Trustee

Central Depository Company of Pakistan Limited  
CDC House, 99-B, Block-B, S.M.C.H.S,  
Main Shahra-e-Faisal,  
Karachi, Pakistan.

### Auditors

KPMG Taseer Hadi & Co.  
Chartered Accountants  
Sheikh Sultan Trust Building No.2,  
Beaumont Road,  
Karachi - 75530, Pakistan



**Bankers to the Fund**

Allied Bank Limited  
Bank Alfalah Limited  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
Habib Bank AG Zurich  
National Bank of Pakistan  
United Bank Limited

**Legal Adviser**

Fazleghani Advocates  
F-72/1, Block 8, KDA-5,  
Kehkashan, Clifton,  
Karachi, Pakistan.

**Registrar**

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

**Distributor**

Rabia Fida

**Rating**

3-Star (One Year)  
2-Star (Three Years)  
2-Star (Five Years)  
Fund Performance Ranking (By JCR-VIS)  
AM2+ : Asset Manager Rating by PACRA



## **Review Report of the Directors of the Management Company For the quarter ended September 30, 2017**

The Board of Directors of Lakson Investments Limited, the Management Company of the Lakson Asset Allocation Developed Markets Fund ("LAADMF") is pleased to submit its review report together with Condensed Interim Financial Information for the period ended September 30, 2017

### **Fund Objective**

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

### **Fund Profile**

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

### **Fund performance**

The LAADMF provided a return of 2.0% in 1QFY18, slightly under 1QFY17 return of 2.5%. The fund's benchmark during the same period was 2.7%, causing the fund to underperform by 7bps.

### **Earning per Unit (EPU)**

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

### **Economic Review**

CPI Inflation averaged only 3.39% in 1QFY18, much lower than 4.58% for 4QFY17, and 3.85% for 1QFY17. Subdued inflation was partly attributable to a decline in average local petrol prices for the period, down 3.7% QoQ, in tandem with international crude oil prices, as Arab Light was down 3.0% QoQ. Further, adequate food supplies kept inflation low, according to SBP's monetary policy statement.

Moreover, Government's borrowing for budgetary support from SBP, which is inflationary in nature, was kept under control during the quarter, at PKR 350b compared to PKR 384b in the corresponding period last year. While exchange rate was slightly higher during the quarter, at PKR 105.35/USD, compared to PKR 104.75/USD in 4QFY18, imported inflation had no significant impact on CPI.

Current account deficit surged to USD 2.6b in the first two months of the quarter, compared to USD 1.3b in the corresponding period last year due mostly to a substantial jump in imports of goods, by USD 1.9b. Rise in imports was mostly driven by machineries, petroleum group, and iron and steel. Furthermore, imports were also rushed and preempted because of expectations that PKR will depreciate soon. While both exports and remittances rose too during the period, they could not cover the rise in imports.

Due to the rise in current account deficit, foreign exchange reserves continued to deplete during the quarter. From USD 21.4b as at end June 2017, reserves dipped to USD 19.8b at September 2017 end.

Despite the worsening external position, the exchange rate remained stable through most of the quarter, apart from the first week of July, which witnessed a blip. USD averaged PKR 105.35 during the quarter, as opposed to PKR 104.75 in 4QFY17.



Meanwhile, the Government demonstrated better fiscal discipline in 1QFY18, to record a fiscal deficit of only 0.9%, the lowest in ten years. The biggest driver for the low fiscal deficit was greater tax collection, which rose by 20% YoY, followed by a decrease in Federal Government's expenditures by 2.2% YoY. Fiscal deficit improved despite slippage in non-tax revenue on the back of a blockade in Coalition Support Fund.

**Fixed Income Market Review**

In its Sep'17 MPS, the SBP maintained its policy/discount rate at 5.75%/6.25%, where it highlighted the strong growth momentum (LSM up 5.6% in FY17), optimistic about its GDP growth target for FY18 at 6.0%, but also remarked on the weak external position (CAD in 2MFY17 0.9% of GDP). Despite these factors, inflationary pressures have not been concerning, as average CPI for the 3MFY18 clocked in at 3.4%, well below the FY18 target of 6.0%. Taking cue for the Jul'17 MPS, the Monetary Policy committee almost unanimously (8 out of 9 members) voted in favor of the status quo, compared to 4 in Nov'17 voting in favor of 25bps cut.

**MPC Committee Voting Pattern**

MPS Date	25bps cut	No change	Total
Jul'16	2	8	10
Sep'16	2	8	10
Nov'16	4	6	10
Jan'17	3	6	9
Mar'17	2	6	8
May'17	-	10	10
Jul'17	1	8	9

M2 growth clocked in at 13.1%YoY for 1QFY18, at the same pace of growth witnessed during FY17. Following IMF push towards PIBs, ever since end of EFF program GoP preference is again tilting towards shorter-term T Bills, because they are much cheaper. As a result, from a 36% share in Jun'16, PIBs constituted less than 30% of GoP's total domestic debt by Jun'17.

The government was a heavy borrower from the SBP in FY17 while not tapping commercial banks for financing. During 1QFY18, the government raised about PKR 4,330.42bn from the T-Bills Auction, while PKR 52.4bn were raised from the PIB auction (bids in 2 of 3 PIB auctions were rejected). Also, there was an acceleration in government borrowing because they raised more than 2x more money through T-Bills than in the previous quarter. That said, with Pakistan entering an election year, it is possible that GoP borrowing requirements lift especially if populist decision making takes over.

**Weighted average yields**

Date	T-Bills			PIB		
	6M	3M	12M	3YR	5YR	10 YR
30-Sep-16	5.86%	5.90%	5.91%	6.19%	6.69%	7.80%
31-Dec-16	5.96%	5.98%	5.95%	6.19%	6.69%	7.80%
31-Mar-17	5.97%	5.99%	5.99%	6.40%	6.89%	7.94%
30-Jun-17	5.99%	6.01%	6.04%	6.40%	6.90%	7.94%
30-Sep-17	5.99%	6.01%	6.03%	6.40%	6.90%	7.94%



### **Developed Markets Review**

Major global equities market witnessed bullish trend during 1QFY17. Further, MSCI developed markets moved northwards during 1QFY18 where MSCI World Index advanced by 4%, and S&P 500 mounted by 4% (positive performance streak of six months). Likewise, NASDAQ Composite and DJIA also surged by 6% and 5% in the said period.

US markets performed up-par after hawkish tone used by Federal Reserve in their last FOMC meeting release to determine the discount rate which also points out improvement in economic scenario looking ahead. The long-awaited announcement on tax reforms tax cuts from President's administration also added to the bullish momentum.

Taking cues from the US markets, other developed equity markets indexes including Hong Kong HIS index, Germany DAX index, and UK FTSE100 index provided returns of 7%/3%/1% in 1QFY18. Expected US interest rate hike from December as indicated in last FOMC release fueled the developed equities market performance.

### **Future Outlook**

Supported by impressive real sector growth and stable agriculture growth, GDP of Pakistan is expected to grow by approximately 5.7% in FY18. The government is trying to curtail worsening current account deficit by restricting imports of luxury items and extending the magnitude and scope of export incentives, this endeavor is expected to reduce deficit by around USD 3bn to 4bn. Inflation averaged 3.4% during 1QFY18 compared to 3.9% during 1QFY17. Going forward, we do anticipate pressure on inflation in the coming months on the back of increase in oil prices. On the fiscal front, things look far more disciplined during 1QFY18 as the fiscal deficit was only 0.9% primarily due to increase in tax collection and marginal reduction in federal government expenditure.

### **Acknowledgement**

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

### **For and on Behalf of the Board**

**Director**

**Chief Executive Officer**

**Dated: October 16, 2017**





## لیکسن ایسٹ ایلیکشن ڈیویلپڈ مارکیٹس فنڈ 30 ستمبر 2017 کو ختم ہونے والی مدت کے لیے میٹجمنٹ کمپنی کے ڈائریکٹرز کی جائزہ رپورٹ

لیکسن انویسٹمنٹس لمیٹڈ کے بورڈ آف ڈائریکٹرز، لیکسن ایسٹ ایلیکشن ڈیویلپڈ مارکیٹس فنڈ ("LAADMF") کی میٹجمنٹ کمپنی مختصر عہدوری مالیاتی گوشواروں کے ساتھ 30 ستمبر 2017 کو ختم ہونے والی مدت کے لیے اپنی جائزہ رپورٹ جمع کراتے ہوئے خوشی محسوس کرتے ہیں۔

### فنڈ کا مقصد

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

### فنڈ کا تعارف

LAADMF ایک اوپن اینڈ ایسٹ ایلیکشن اسکیم ہے۔ یہ اسکیم انویسٹمنٹ میٹجمنٹ کے ایک متحرک انداز کو اختیار کرتے ہوئے چلائی جاتی ہے، جس میں حکومتی پالیسیز، بگولبل اٹاناک ڈیٹا، کوڈسٹیز کی قیمتوں اور سپلائی / ڈیمانڈ اٹاناکس کے تجزیوں جیسے وسیع تر عوامل کو پیش نظر رکھا جاتا ہے۔ یہ اسکیم ڈیویلپڈ مارکیٹس کی کارکردگی کے حوالے سے انویسٹمنٹس ٹیم کی رائے کی بنیاد پر ڈومیسٹک گورنمنٹ سیکورٹیز اور ڈیویلپڈ مارکیٹس سیکورٹیز کے درمیان سرمایہ کاری کا فیصلہ کرتی ہے۔ یہ اسکیم ڈیویلپڈ مارکیٹس میں سرمایہ کاری سے متعلق بیچ مارک MSCI World Index کی بنیاد پر کسی ملک کو سرمایہ کاری کے لیے موزوں یا غیر موزوں قرار دے سکتی ہے۔ اسکیم کی فیکلڈ آف بیکورٹیز میں سرمایہ کاری، مدت اور yield curve میٹجمنٹ کے ذریعے مختلف گورنمنٹ سیکورٹیز کی پیپورٹرز کو مد نظر رکھ کر کی جاتی ہے۔

### فنڈ کی کارکردگی

LAADMF نے مالی سال 2018 کی پہلی سہ ماہی میں 2.0 فیصد منافع فراہم کیا جو لی سال 2017 کی پہلی سہ ماہی کے 2.5 منافع سے کچھ کم ہے۔ اسی مدت کے دوران فنڈ کا بیچ مارک 2.7 فیصد تھا جس کے نتیجے میں فنڈ نے 7 بنیادی پوائنٹ سے کم بڑھ کر کارکردگی کا مظاہرہ کیا۔

### فی یونٹ آمدنی (EPU)

ہم سمجھتے ہیں کہ EPU کا حساب لگانے کے لیے ایپورٹنٹ ویڈیو پینٹس کا تعین کرنا لا محدود و دفنڈز کے لیے قابل عمل نہیں ہے۔ اسی لیے EPU کو ظاہر نہیں کیا گیا ہے۔

### معاشی جائزہ

CPI افراط زر مالی سال 2018 کی پہلی سہ ماہی میں صرف 3.39% رہا جو مالی سال 2017 کی آخری سہ ماہی کے لیے 4.58% اور مالی سال 2017 کی پہلی سہ ماہی کے لیے 3.85% کے مقابلے میں کافی کم ہے۔ کم افراط زر جزوی طور پر مدت کے لیے بیٹروں کی اوسط مقامی قیمتوں میں گراؤت کا نتیجہ تھا جو سہ ماہی کے دوران کروڈ آئل کی بین الاقوامی قیمتوں کے ساتھ 3.7% کم ہوئیں، جیسا کہ عرب لائٹ میں سہ ماہی بہ سہ ماہی بنیاد پر 3.0% گراؤت آئی۔ مزید برآں، SBP کے مالیاتی پالیسی بیان کے مطابق غذائی ایشیا کی وافر پلائی نے افراط زر کو کم رکھی۔

مزید برآں حکومت کی طرف سے بجٹ سے متعلق معاونت کے لیے SBP سے قرض لینا، جو اپنی نوعیت کے اعتبار سے افراط زر کے زمرے میں آتا ہے، سہ ماہی کے دوران 350 ارب روپے کے ساتھ گزشتہ سال اسی مدت میں 384 ارب روپے کے مقابلے میں کٹروں میں رکھا گیا تھا، جب کہ شرح مبادلہ مالی سال 2018 کی چوتھی سہ ماہی میں نی امریکی ڈالر 104.75 روپے کے مقابلے میں اس سہ ماہی میں نی امریکی ڈالر 105.35 روپے رہی، جب کہ درآمداتی افراط زر کا CPI پر کوئی نمایاں اثر نہیں ہوا۔

گرنٹ اکاؤنٹ کا خسارہ اس سہ ماہی میں گزشتہ سال کی اسی مدت میں 1.3 ارب امریکی ڈالر کے مقابلے میں تیز رفتار اضافے کے ساتھ 2.6 ارب



امریکی ڈالر تک پہنچ گیا جس کی بڑی وجہ مال کی درآمدات میں 1.9 ارب امریکی ڈالر کا نمایاں بچہ ہے۔ درآمدات کے بڑے محرکات مشینریز، پیٹرولیم گروپ اور لوہا اور اسٹیل ہیں۔ مزید برآں پاکستانی روپے کی قدر میں جلد کمی کی توقعات سے بھی درآمدات میں تیزی آئی۔ جب کہ اس مدت کے دوران برآمدات اور سیلےز میں بھی اضافہ ہوا تاہم وہ درآمدات میں اضافہ کو روکنے سے قاصر رہے۔

کرنٹ اکاؤنٹ کے خسارے میں اضافے کے نتیجے میں سرمایہ کے دوران زرمبادلہ کے ذخائر مسلسل کم ہوتے رہے۔ ذخائر جون 2017 کے اختتام پر 21.4 ارب امریکی ڈالر سے ستمبر 2017 کے اختتام پر 19.8 ارب امریکی ڈالر تک گر گئے۔

بیرونی صورت حال خراب تر ہونے کے باوجود سرمایہ کے زیادہ تر حصے میں شرح مبادلہ مستحکم رہی، ماسوائے جولائی کے پہلے ہفتے کے، جب ہنگامی جھٹکا دیکھنے میں آئی۔ مالی سال 2017 کی چوتھی سرمایہ میں 104.75 روپے کے مقابلے میں اس سرمایہ میں امریکی ڈالر اوسطاً 105.35 روپے پر رہا۔ اسی دوران حکومت نے مالی سال 2018 کی بجلی سرمایہ میں بہتر مالیاتی نظم و ضبط کا مظاہرہ کیا اور صرف 0.9% مالیاتی خسارہ دکھایا جو دس سال میں سب سے کم ہے۔ کم مالیاتی خسارے کا سب سے بڑا محرک ٹیکس کی زیادہ وصولی ہے جس میں وفاقی حکومت کی طرف سے اخراجات میں سال بہ سال بنیاد پر 2.2% کمی کے بعد سال بہ سال بنیاد پر 20% اضافہ ہوا۔ مالیاتی خسارے میں کوئٹن سپورٹ کی بندش کی وجہ سے بلا ٹیکس آمدنی میں کمی کے باوجود بہتری آئی۔

### فکسڈ انکم مارکیٹ کا جائزہ

SBP نے ستمبر 2017 میں اپنے MPS میں اپنا پالیسی ڈسکاؤنٹ ریٹ 6.25%/5.75% پر برقرار رکھا، جس میں جہاں ترقی کی مستحکم رفتار (مالی سال 2017 میں LSM میں 5.6% اضافہ ہوا) اور مالی سال 2018 کے لیے اپنے GDP میں 6.0% کی شرح سے اضافے کے حوالے سے خوش امید کی نشان دہی کی گئی، وہیں کمزور بیرونی صورت حال پر (مالی سال 2017 کی دوسری سرمایہ میں GDP کا 0.9% - ان عوامل کے باوجود فراطرز کے دباؤ و توشیح کا باعث نہیں بنے ہیں، جیسا کہ مالی سال 2018 کے لیے CPI کی اوسط شرح 3.4% رہی جو مالی سال 2018 کے ہدف 6.0% سے بہت کم ہے۔ جولائی 2017 کی MPS سے اشارہ پاتے ہوئے مانیٹری پالیسی کمیٹی نے نومبر 2017 میں 25 بنیادی پوائنٹس کوئی حق میں 4 ووٹوں کے مقابلے میں لگ بھگ متفقہ طور پر (9 میں 8 ارکان نے) صورت حال جوں کی توں برقرار رکھنے کے حق میں ووٹ دیا۔

### MPC کمیٹی کی ووٹنگ کی ترتیب

نوٹس	کوئی تبدیلی نہیں	25bps کوئی	MPS تاریخ
10	8	2	جولائی 2016
10	8	2	ستمبر 2016
10	6	4	نومبر 2016
9	6	3	جنوری 2017
8	6	2	مارچ 2017
10	10	-	مئی 2017
9	8	1	جولائی 2017



مالی سال 2018 کے لیے دوسرے مہینے کی سال بہ سال نمو کی شرح 13.1% رہی جیسا کہ مالی سال 2017 میں نمو کی رفتار تھی۔ IMF کی جانب سے PIBs کی طرف دباؤ کی بیرونی میں EFF پروگرام کے خاتمے کے بعد سے حکومت پاکستان کا چھکاؤ دو بارہ مختصر مدتی ٹی بلز کی طرف ہو رہا ہے کیوں کہ وہ بہت سستے ہیں۔ جس کے نتیجے میں جون 2016 میں 36% کے مقابلے میں جون 2017 تک حکومت پاکستان کے مجموعی ملکی قرضوں کا 30% سے کم PIBs پر مشتمل تھا۔

مالی سال 2017 کے دوران حکومت نے SBP سے ہماری قرضہ جات لیے، جبکہ فنانسنگ کے لیے کمرشل بینکنس سے استفادہ نہیں کیا۔

مالی سال 2018 کی پہلی سہ ماہی کے دوران حکومت پاکستان نے ٹی بلز کی نیلامی کے ذریعے 4,330.42 ارب پاکستانی روپے اور PIBs کی نیلامی کے ذریعے 52.4 ارب پاکستانی روپے حاصل کیے (PIB کی تین نیلامیوں میں سے دو میں پیشکشیں مسٹر ڈکری گئیں)۔ حکومت کے قرض لینے میں بھی تیزی آئی کیوں کہ انہوں نے ٹی بلز کے ذریعے گزشتہ سہ ماہی کے مقابلے میں دو گنا سے زائد رقم اکٹھی کی۔ اس کے علاوہ پاکستان انکیشن کے سال میں داخل ہو رہا ہے، اس لیے ممکن ہے کہ حکومت پاکستان کی قرضوں کے حصول کی ضروریات بڑھے، خاص طور پر اگر عوام کا دل چیتنے کے لیے فیصلے کیے جائیں۔

### موزوں اوسط یافت (آمدنی)

PIB			ٹی بلز			تاریخ
10 سال	5 سال	3 سال	12 ماہ	3 ماہ	6 ماہ	
7.80%	6.69%	6.19%	5.91%	5.90%	5.86%	30 ستمبر 2016
7.80%	6.69%	6.19%	5.95%	5.98%	5.96%	31 دسمبر 2016
7.94%	6.89%	6.40%	5.99%	5.99%	5.97%	31 مارچ 2017
7.94%	6.90%	6.40%	6.04%	6.01%	5.99%	30 جون 2017
7.94%	6.90%	6.40%	6.03%	6.01%	5.99%	30 ستمبر 2017

**ڈیویڈنڈ مارکیٹس کا جائزہ** بڑی گلوبل ایکویٹیز مارکیٹ میں مالی سال 2017 کی پہلی سہ ماہی میں تیزی کی کارہجان دیکھا گیا۔ مزید برآں MSCI ڈیویڈنڈ مارکیٹس نے مالی سال 2018 کی پہلی سہ ماہی میں شاندار پیش قدمی کی جبکہ MSCI ورلڈ انڈیکس 4% فیصد آگے بڑھا اور S&P 500 میں 4% (6 ماہ کی مثبت کارکردگی کی لکیر) اضافہ ہوا۔ اسی طرح NASDAQ کمپوزٹ اور DJIA میں بھی مذکورہ مدت کے دوران 6% اور 5% اضافہ ہوا۔ فیڈرل ریزرو کی جانب سے اپنی گذشتہ FOMC میٹنگ کی دستاویز میں جارحانہ انداز اختیار کیے جانے کے بعد امریکی مارکیٹس کی کارکردگی بدلتی ہوئی بڑھ کر رہی، جس میں رعایت کی شرح متعین کرنے کے ساتھ معاشی صورت حال میں بہتری کی طرف پیش قدمی کی نشاندہی بھی کی گئی ہے۔ طویل عرصے سے جاری انتظار کے بعد صدر کی انتظامیہ کی جانب سے ٹیکس ریفرم ریگس کٹوتی کے اعلان کے بعد تیزی کے اس رجحان میں اور اضافہ دیکھنے میں آیا۔

امریکی مارکیٹس سے اشارے ملنے پر دیگر ڈیویڈنڈ مارکیٹس انڈیکسز میں بشمول ہانگ کانگ HIS انڈیکس، جرمنی DAX انڈیکس اور یو کے FTSE انڈیکس نے مالی سال 2018 کی پہلی سہ ماہی میں بالترتیب 7%، 3% اور 1% کے منافع جمع کرائے۔ متوقع طور پر امریکی شرح سود میں اضافہ دسمبر سے ہوا جیسا کہ FOMC کی گذشتہ دستاویز میں اشارہ دیا گیا تھا، جس نے ڈیویڈنڈ ایکویٹیز مارکیٹ کی کارکردگی کو بڑھا دیا۔

### مستقبل کا منظر نامہ



ریٹیل سیکٹور میں متاثر کن ترقی اور زرعی شعبے میں مستحکم اضافے سے پاکستان کا GDP مالی سال 2018 میں اندازاً 5.7% تک پہنچنے کی امید ہے۔ حکومت کرنٹ اکاؤنٹ کے بدترین خسارے کو کم کرنے کے لیے کوششیں کر رہی ہے، جس کے لیے گلوبل آئٹمز کی درآمد کو محدود اور برآمدات سے جزی مراعات کے حجم اور اسکوپ میں اضافہ کیا جا رہا ہے۔ اس اقدام سے خسارے میں 3 بلین سے 4 بلین امریکی ڈالر تک کمی متوقع ہے۔ افراط زر کی شرح مالی سال 2017 کی پہلی سہ ماہی میں 3.9% کے مقابلے میں مالی سال 2018 کی پہلی سہ ماہی میں 3.4% کی اوسط پر رہی۔ آگے بڑھتے ہوئے آنے والے مہینوں میں ہم تیل کی قیمتوں میں اضافے کی بنیاد پر افراط زر کی شرح پر دوبارہ نظر رکھیں گے۔ مالیاتی ہدف کو پیش نظر رکھتے ہوئے مالی سال 2018 کی پہلی سہ ماہی میں چیزیں خاصی منظم دکھائی دے رہی ہیں، جیسے کہ مالی خسارہ صرف 0.9% رہا، جس کی بنیاد پر وینچس وصولی میں اضافہ اور وفاقی حکومت کے اخراجات میں معمولی کمی ہے۔

### اظہار تشکر

یہ بورڈ اپنے قابل قدر انویسٹرز، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان، فنڈ کے ٹرسٹی، سینئرل ڈیپازٹیری کمپنی آف پاکستان لمیٹڈ اور پاکستان اسٹاک ایکسچینج کا، ان کے تعاون اور مدد پر شکر گزار ہے۔ ہم اس موقع کا فائدہ اٹھاتے ہوئے اپنی ٹیم کی محنت اور کوششوں کا بھی اعتراف کرتے ہیں۔

برائے اور از طرف بورڈ

چیف ایگزیکٹو آفیسر

ڈائریکٹر

بتاریخ: 16 اکتوبر 2017



**Condensed Interim Statement of Assets and Liabilities  
As at September 30, 2017**

	September 30, 2017 (Unaudited)	June 30, 2017 (Audited)
ASSETS	Note	(Rupees)
Bank balances	6	9,230,324
Investments	7	36,277,056
Dividend and Mark-up receivable		228,326,663
Deferred formation cost		1,109,445
Prepayment		2,266,857
<b>TOTAL ASSETS</b>		<u>22,397</u> <u>238,688,829</u>
		<u>234,059,740</u>
<b>LIABILITIES</b>		
Payable to the Management Company	8	5,164,742
Payable to the Trustee		65,015
Annual fee payable to the Securities and Exchange Commission of Pakistan		55,102
Accrued expenses and other liabilities	9	1,525,497
<b>TOTAL LIABILITIES</b>		<u>6,810,356</u> <u>6,723,949</u>
<b>NET ASSETS</b>		<u>231,878,473</u> <u>227,335,791</u>
<b>UNIT HOLDERS' FUND (as per statement of movement in unit holders' fund)</b>		<u>231,878,473</u> <u>227,335,791</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	10	
		(Number of units)
<b>Number of units in issue</b>		<u>1,911,116</u> <u>1,911,116</u>
		(Rupees)
<b>Net assets value per unit</b>		<u>121.3314</u> <u>118.9544</u>

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

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

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director



**Condensed Interim Income Statement (Unaudited)  
For the quarter ended September 30, 2017**

	Note	2017 (Rupees)	2016
<b>INCOME</b>			
Income from Government securities		2,143,551	3,854,578
Mark-up income		410,945	362,326
Dividend income		198,817	270,603
Exchange gain / (loss) on foreign currency deposits		7,751	(4,276)
		<u>2,761,064</u>	<u>4,483,231</u>
Capital (loss) on sale of investments - net		(233,113)	-
Unrealised appreciation in the fair value of investments classified as 'held for trading' - net		3,576,405	4,529,307
		<u>6,104,356</u>	<u>9,012,538</u>
<b>EXPENSES</b>			
Remuneration to the Management Company	8.1	904,338	1,137,826
Sindh Sales tax on remuneration to the Management Company	8.2	117,564	147,917
Remuneration to the Trustee		199,376	199,376
Annual fee to the Securities and Exchange Commission of Pakistan		55,102	70,645
Annual Supervisory fee of SECP on PSX Annual Fee		644	1,008
Custody charges		36,429	40,694
Auditors' remuneration		85,720	88,102
Fees and subscription		22,822	26,213
Credit rating fee		41,930	39,463
Printing charges		5,041	5,041
Brokerage, settlement and bank charges		-	3,191
Amortization of deferred formation cost		-	127,147
		<u>1,468,966</u>	<u>1,886,623</u>
Net income from operating activities		<u>4,635,390</u>	<u>7,125,915</u>
Sindh Worker's Welfare Fund	9.1	(92,708)	-
<b>Net Income for the period before Taxation</b>		<u>4,542,682</u>	<u>7,125,915</u>
Taxation	11	-	-
<b>Net income for the period after taxation</b>		<u>4,542,682</u>	<u>7,125,915</u>
<b>Sep 30, 2017</b>			
<b>Allocation of Net Income for the period:</b>			
Less: Income already paid on units redeemed			-
Accounting income available for distribution:			
Relating to capital gains		3,343,292	
Excluding capital gains		1,199,390	
<b>Accounting income available for distribution</b>		<u>4,542,682</u>	<u>7,125,915</u>

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

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

Chief Executive Officer

Chief Financial Officer

Director



**Condensed Interim Statement of Comprehensive Income (Unaudited)  
For the quarter ended September 30, 2017**

	2017	2016
	(Rupees)	
Net income for the period after taxation	4,542,682	7,125,915
Other comprehensive income	-	-
<b>Total comprehensive income for the period</b>	<u>4,542,682</u>	<u>7,125,915</u>

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

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

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

**Condensed Interim Statement Of Movement In Reserve  
Or Unit Holders' Fund (Unaudited)  
For the Quarter ended September 30, 2017**

	2017	2016
	(Rupees)	
<b>Net assets at the beginning of the period</b>	<b>227,335,791</b>	289,832,010
Cash received on issue of Nil (2016: nil) units	-	-
Cash paid on redemption of Nil (2016: Nil) units	-	-
	<hr/>	<hr/>
Total comprehensive income for the period	<b>4,542,682</b>	7,125,915
	<hr/>	<hr/>
<b>Net assets at the end of the period</b>	<b>231,878,473</b>	296,957,925
<b>Net assets value per unit at the beginning of the period</b>	<b>118.9544</b>	113.2854
<b>Net assets value per unit at the end of the period</b>	<b>121.3314</b>	116.0707
	<hr/>	<hr/>
<b>Distribution during for the period:</b>		
<b>Undistributed income brought forward comprises of:</b>		
- Realised Gain	25,320,746	28,868,897
- Unrealised Gain	10,903,463	5,121,005
	<hr/>	<hr/>
	<b>36,224,209</b>	33,989,902
<b>Accounting income available for distribution:</b>		
-Relating to capital gains	3,343,292	-
-Excluding capital gains	1,199,390	-
	<hr/>	<hr/>
	<b>4,542,682</b>	-
Total comprehensive income for the period	-	7,125,915
<b>Distributions during the period:</b>	-	-
<b>Undistributed Income carried forward</b>	<b>40,766,891</b>	41,115,817
	<hr/>	<hr/>
<b>Undistributed income carried forward comprises of:</b>		
- Realised Gain	37,190,486	36,586,510
- Unrealised Gain	3,576,405	4,529,307
	<hr/>	<hr/>
	<b>40,766,891</b>	41,115,817
	<hr/>	<hr/>

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

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

<hr/>	<hr/>	<hr/>
Chief Executive Officer	Chief Financial Officer	Director



**Condensed Interim Cash Flow Statement (Unaudited)  
For the quarter ended September 30, 2017**

	2017	2016
	(Rupees)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Income for the period before Taxation	4,542,682	7,125,915
<b>Adjustments for non-cash charges and other items:</b>		
Capital loss on sale of investments - net	233,113	-
Amortization of deferred formation cost	-	127,147
Unrealised appreciation in the fair value of investments classified as held for trading <sup>1</sup> - net	(3,576,405)	(4,529,307)
	<u>1,199,390</u>	<u>2,723,755</u>
<b>Increase in assets</b>		
Investments - net	(29,511,454)	(75,404,589)
Mark-up receivable	1,157,412	2,482,302
Prepayment	21,513	6,554
	<u>(28,332,529)</u>	<u>(72,915,733)</u>
<b>Increase / (Decrease) in liabilities</b>		
Payable to the Management Company	22,055	(17,760)
Payable to the Trustee	(67,180)	(396)
Annual fee payable to the Securities and Exchange Commission of Pakistan	(214,195)	(213,715)
Accrued expenses and other liabilities	345,727	80,496
	<u>86,407</u>	<u>(151,375)</u>
<b>Net cash used in operating activities</b>	<u>(27,046,732)</u>	<u>(70,343,353)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Cash received from issue of units	-	-
Cash paid on redemption of units	-	-
Cash dividend paid	-	-
Net cash flow from financing activities	-	-
<b>Net decrease in cash and cash equivalent during the period</b>	<u>(27,046,732)</u>	<u>(70,343,353)</u>
Cash and cash equivalent at the beginning of the period	36,277,056	76,770,410
<b>Cash and cash equivalent at the end of the period</b>	<u>9,230,324</u>	<u>6,427,057</u>

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

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

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

**Notes to and Forming Part of the Condensed Interim  
Financial Statements (Unaudited)  
For the quarter ended September 30, 2017**

**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.

Pakistan Credit Rating Company Limited (PACRA) has upgraded the rating of the Management Company of the Fund to the new scale 'AM2+' (stable outlook) vide its report dated 15 May 2017 (2016: AM2 as on 08 June 2016).

The JCR-VIS Credit Rating Company Limited has assigned 1 Year performance ranking of 3-Star, 3 years performance ranking of 2-Star and 5 years performance ranking of 2-Star to the Fund.

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

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

This condensed interim financial information does not include all the information required for a complete set of annual financial statements and should read in conjunction with the latest annual financial statements as at and for the year ended June 30, 2017. However, selected explanatory notes are included to explain events and transactions that are significant.



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

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

### **2.3 Basis of measurement**

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

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

### **2.4 Functional and presentation currency**

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

### **2.5 Significant judgement and estimates**

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

The significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied to financial statements for the year ended June 30, 2017.

## **3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial informations are the same as those applied in the preparation of the financial statements as at and for the year ended June 30, 2017, except the following change in accounting policy during the period ended September 30, 2017.

Pursuant to requirement of SRO 756(I)/2017 issued by Securities and Exchange Commission of Pakistan, the policy for recording "Element of Income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed" has been changed. The impacts of the change in policy have been applied prospectively from July 1, 2017 since prior period impacts cannot be determined.

The "Element of Income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed" represents the difference between the net asset value of units on issuance or redemption date, as the case may be, and the net asset value at the beginning of the relevant accounting period. The "Element of Income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed" is recognized in the unit holders' fund.

To prevent distribution of income/loss already paid out on redemption, the net income/loss will be bifurcated into income/loss already paid on units redeemed and accounting income/loss available for distribution.

To maintain same ex-dividend NAV, element of Income / (loss) and capital gains / (losses) included in the prices of units issued lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.



**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 2017.

**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 2017.

	Note	September 30, 2017 (Unaudited) (Rupees)	June 30, 2017 (Audited)
<b>BANK BALANCES</b>			
<b>In local currency</b>			
In profit and loss sharing accounts	6.1	7,524,524	34,796,471
In current accounts		15,764	15,764
<b>In foreign currency</b>			
In current account	6.2	1,690,036	1,464,821
		<u>9,230,324</u>	<u>36,277,056</u>
6.1	These carry mark-up rates ranging from 3.75% to 4.25% (2017: from 3.75% to 6.50%) per annum.		
6.2	This represents USDdenominated current account maintained in foreign country.		
<b>7. INVESTMENTS - financial assets at fair value through profit or loss - held for trading</b>			
<b>In local currency</b>			
Government securities			
Market Treasury Bills	7.1	128,035,009	81,350,770
Pakistan Investment Bonds	7.2	25,939,974	43,495,802
<b>In foreign currency</b>			
Exchange traded fund	7.3	74,351,680	70,625,345
		<u>228,326,663</u>	<u>195,471,917</u>



## 7.1 Market Treasury Bills

Note	Number of treasury bills				Balance as at September 30, 2017			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			
										Rupees
Treasury Bills - 3 months (face value of Rs. 100,000 each)	7.1.1	815	1,283	815	1,283	128,032,301	128,035,008	2,707	55.22%	56.08%
<b>Total - September 30, 2017</b>						<b>128,032,301</b>	<b>128,035,009</b>	<b>2,707</b>	<b>55.22%</b>	<b>56.08%</b>
<b>Total - June 30, 2017</b>						<b>81,352,424</b>	<b>81,350,770</b>	<b>(1,654)</b>	<b>35.78%</b>	<b>41.62%</b>

7.1.1 These represent 3 months Government Treasury bill carrying a fixed mark-up rate ranging from 5.8500% to 5.9000% per annum and will mature from October 12, 2017 to October 26, 2017. The face value of Treasury Bills held as at September 30, 2017 amounted to Rs. 128.30 million. (June 30, 2017: 5.990%)

## 7.2 Pakistan Investment Bonds

Note	Number of Pakistan Investments Bond				Balance as at September 30, 2017			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)			
										Rupees
Pakistan Investments Bond - 5 Years (face value of Rs. 100,000 each)	7.2.1	100	-	-	100	10,875,523	10,858,210	(17,313)	4.68%	4.76%
Pakistan Investments Bond - 10 Years (face value of Rs. 100,000 each)	7.2.2	265	-	140	125	15,217,087	15,081,763	(135,324)	6.50%	6.61%
<b>Total - September 30, 2017</b>						<b>26,092,610</b>	<b>25,939,974</b>	<b>(152,637)</b>	<b>11.19%</b>	<b>11.36%</b>
<b>Total - June 30, 2017</b>						<b>45,226,595</b>	<b>43,495,802</b>	<b>(1,730,793)</b>	<b>19.13%</b>	<b>22.25%</b>

7.2.1 These represent 5 years Pakistan Investments Bond carrying a fixed mark-up rate of 11.5000% per annum and having maturity on July 17, 2019. The face value of Pakistan Investments Bond held as at September 30, 2017 amounted to Rs. 10 million. (June 30, 2017: 10 million).

7.2.2 These represent 10 years Pakistan Investments Bond carrying a fixed mark-up rate of 12.0000% per annum and having maturity between July 19, 2022 to July 17, 2024. The face value of Pakistan Investments Bond held as at September 30, 2017 amounted to Rs. 12.5 million. (June 30, 2017: 26.5).

## 7.3 Exchange traded fund: Foreign investment

	Number of Units				Balance as at September 30, 2017			Market value as a percentage of net assets of the Fund	Market value as a percentage of total investments
	Number of holdings at the beginning of the period	Acquired during the period	Disposed / matured during the period	Number of holdings at the end of the period	Cost	Market value	Unrealized appreciation		
Powershares QQQ Trust Series 1	2,430	-	-	2,430	35,070,014	37,256,267	2,186,253	16.07%	16.32%
Vanguard S&P 500 UCITS ETF	7,370	-	-	7,370	35,555,331	37,095,413	1,540,082	16.00%	16.25%
<b>Total - September 30, 2017</b>					<b>70,625,345</b>	<b>74,351,680</b>	<b>3,726,335</b>	<b>32.06%</b>	<b>32.56%</b>
<b>Total - June 30, 2017</b>					<b>57,976,233</b>	<b>70,625,345</b>	<b>12,649,112</b>	<b>31.07%</b>	<b>36.13%</b>
<b>Total investment - September 30, 2017</b>					<b>224,750,256</b>	<b>228,326,663</b>	<b>3,576,405</b>	<b>98.47%</b>	<b>100.00%</b>
<b>Total investment - June 30, 2017</b>					<b>184,555,252</b>	<b>195,471,917</b>	<b>10,916,665</b>	<b>85.98%</b>	<b>100.00%</b>



		September 30, 2017 (Unaudited)	June 30, 2017 (Audited)
	Note	(Rupees)	
<b>8. PAYABLE TO THE MANAGEMENT COMPANY</b>			
Remuneration payable to the Management Company	8.1	<b>299,542</b>	280,025
Sales tax payable on remuneration to the Management Company	8.2	<b>677,831</b>	675,293
Federal excise duty payable on remuneration to the Management Company	8.3	<b>4,184,410</b>	4,184,410
Sales load payable		<b>2,959</b>	2,959
		<u><b>5,164,742</b></u>	<u>5,142,687</u>

- 8.1 The Management Company is entitled to remuneration for services rendered to the Fund under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, of an amount not exceeding 2% per annum of the average annual net assets of the Fund. However, the Management Company is currently charging fee at 15% of the gross earnings of the scheme for the year ended 30 Sep 2017. The fee is subject to a minimum of 1.25% and maximum of 2% of the average annual net assets of the Fund. The effective management fee rate for the year ended 30 Sep 2017 is 1.58% of the average net assets. Remuneration is paid to the Management company in arrears on a monthly basis.
- 8.2 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (till 30 June 2017: 13%) on Management Company's remuneration. Above liability includes Rs. 638,891 (30 June 2017: Rs. 638,891) accrued on Federal Excise Duty (FED) on the management remuneration as more fully explained in note 8.3 below. Had the provision relating to FED not been made, Net Asset Value per unit of the Fund as at 30 September 2017 would have been higher by Re. 0.33 (30 June 2017: Re. 0.33) per unit.
- 8.3 As per the requirements of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Management Company has been applied effective 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 does not appear to be the spirit of the law, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan with the Sindh High Court (SHC) on 4 September 2013.

While disposing the above petition through order dated 16 July 2016, the SHC declared the said provisions to be ultra vires and as a result no FED is payable with effect from 01 July 2016. However, the tax authorities subsequently filed appeal against the decision of the SHC in the Supreme Court of Pakistan, which is pending for the decision.

Furthermore, the Finance Act 2016 also introduced an amendment to the Federal Excise Act, 2005 whereby FED was withdrawn on services of different industries including Non-Banking Financial Institutions, which are already subject to provisional sales tax.

However, since the appeal is pending in the Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from 13 June 2013 to 30 Sep 2017 aggregating to Rs. 4.184 million. Had the provision not been made, NAV per unit of the Fund as at 30 September 2017 would have been higher by Re. 2.19 (30 June 2017: Re. 2.19) per unit.



		September 30, 2017 (Unaudited)	June 30, 2017 (Audited)
	Note	(Rupees)	
<b>9. ACCRUED AND OTHER LIABILITIES</b>			
Sindh Workers' Welfare Fund	9.1	633,211	540,503
Withholding income tax payable		469,312	359,865
Auditors' remuneration		316,331	230,611
Custody fee payable		64,722	28,293
Printing charges payable		25,538	20,498
Others		16,383	
		<u>1,525,497</u>	<u>1,179,770</u>

- 9.1 Provision for Sindh Workers' Welfare Fund is being made on a daily basis going forward pursuant to MUFAP's recommendation to all its members on 12 January 2017 against the backdrop of the Sindh Revenue Board (SRB) letter to mutual funds in January 2016 whereby SRB directed the mutual funds to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after 31 December 2013. This is on the premise that mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001 hence WWF is payable by them. Though MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs /mutual funds excluded from the applicability of SWWF, but as a matter of abundant caution management has recorded SWWF with effect from the date of the applicability of the SWWF Act, 2014 (i.e. with effect from 01 July 2014).

Furthermore on 10 November 2016, Honourable Supreme Court of Pakistan (SCP) 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 with the SCP against the said judgment, which is pending hearing. While the petitions filed by the Collective Investment Schemes (CISs) on the matter are still pending before the Sindh High Court (SHC), the Mutual Funds Association of Pakistan (MUFAP) (collectively on behalf of the asset management companies and their CISs) have taken legal and tax opinions on the impact of the SCP's judgement on the CISs petition before the SHC. Both the legal and tax advisors consulted were of the view that the SCP's 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.

Pursuant to above MUFAP recommended that the entire provision of Rs. 2.659 million against WWF held by the CISs till 30 June 2015, to be reversed on 12 January 2017.

Above decisions regarding the reversal and the recognition of WWF and SWWF were communicated to the SECP and the Pakistan Stock Exchange Limited on 12 January 2017 and SECP vide its letter dated 1 February 2017 has advised MUFAP that the adjustments relating to the above should be prospective. Accordingly, the Fund has recorded these adjustments in its books on 12 January 2017.

The total provision for SWWF till 30 Sep 2017 is Rs. 0.633 million. Had the provision not been made, Net Asset Value per unit of the Fund as at 30 Sep 2017 would have been higher by Re. 0.33 per unit. (2017: 0.28 per unit)

## 10. CONTINGENCIES AND COMMITMENTS

There were no other contingencies and commitments as at September 30, 2017.



## 11. TAXATION

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

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

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

Related parties include Lakson Investments Limited being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the Trustee, Habib Bank AG Zurich being the Custodian, SIZA Services (Private) Limited being the holding company of the Management Company, associated companies of the Management Company, key management personnel, other funds being managed by the Management Company and unit holders holding more than 10% in the units of the Funds as at September 30, 2017.

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

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

	September 30, 2017 (Unaudited)	June 30, 2017 (Audited)
	(Rupees)	
<b>12.1 Balance as at period / year end</b>		
<b>Lakson Investments Limited - Management Company</b>		
Payable to Management Company	5,161,783	5,139,728
Sales load payable	<u>2,959</u>	<u>2,959</u>
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	<u>65,015</u>	<u>132,195</u>
<b>Habib Bank AG Zurich - Custodian</b>		
Bank deposits	<u>1,690,036</u>	<u>1,464,821</u>
Custody fee payable	<u>64,722</u>	<u>28,293</u>





		Quarter ended September 30, 2017						Rupees			
		Number of Units			Number of Units			Rupees			
		Number of Units as at July 01, 2017	Units issued during the period	Bonus units issued during the period	Units redeemed during the period	Number of holdings at the end of the period	Balance as at July 01, 2017	Units issued during the period	Bonus units issued during the period	Units redeemed during the period	Balance at the end of the period (Investment at current NAV)
	Directors, Chief Executive and their spouse and minors	626,987	-	-	-	626,987	74,582,862	-	-	-	76,073,210
	Other key management personnel	-	-	-	-	-	-	-	-	-	-
	<b>Associated companies / undertakings of the Management Company</b>										
	Lakson Business Solutions Limited - Employees										
	Contributory Provident Fund Trust	5,385	-	-	-	5,385	640,569	-	-	-	653,370
	Princeton Travels (Private) Limited - Employees										
	Contributory Provident Fund Trust	-	-	-	-	-	-	-	-	-	-
	Lakson Investments Limited - Employees										
	Contributory Provident Fund Trust	2,900	-	-	-	2,900	344,968	-	-	-	351,861
	GAM Corporation (Private) Limited - Employees										
	Contributory Provident Fund Trust	44,343	-	-	-	44,343	5,274,795	-	-	-	5,380,198
	SIZA Foods (Private) Limited - Employees										
	Contributory Provident Fund Trust	25,936	-	-	-	25,936	3,085,201	-	-	-	3,146,851
	Colgate Palmolive (Pakistan) Limited - Employees										
	Contributory Provident Fund Trust	301,196	-	-	-	301,196	35,828,589	-	-	-	36,544,532
	Colgate Palmolive (Pakistan) Limited - Employees										
	Gratuity Fund	102,917	-	-	-	102,917	12,242,430	-	-	-	12,487,064
	Cyber Internet Services (Private) Limited - Employees										
	Contributory Provident Fund Trust	55,224	-	-	-	55,224	6,569,138	-	-	-	6,700,405
	Accury Surgical's Limited - Employees										
	Contributory Provident Fund Trust	50,199	-	-	-	50,199	5,971,392	-	-	-	6,090,715
	Merit Packaging Limited - Employees										
	Contributory Provident Fund Trust	63,586	-	-	-	63,586	7,563,834	-	-	-	7,714,978
	Merit Packaging Limited - Employees										
	Gratuity Fund	25,100	-	-	-	25,100	2,985,755	-	-	-	3,045,418
	Century Paper & Board Mills Limited - Employees										
	Contributory Provident Fund Trust	272,857	-	-	-	272,857	32,457,541	-	-	-	33,106,122
	Century Paper & Board Mills Limited - Employees										
	Gratuity Fund	147,068	-	-	-	147,068	17,494,386	-	-	-	17,843,966

**12.2 Unit Holders' Fund**



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



	September 30, 2017	2016 (Unaudited) (Rupees)
<b>12.3 Other transactions during the period</b>		
<b>Lakson Investments Limited - Management Company of the Fund</b>		
Remuneration to the Management Company	<u>904,338</u>	<u>1,137,826</u>
Sindh sales tax on remuneration to Management Company	<u>117,564</u>	<u>147,917</u>
<b>Central Depository Company of Pakistan Limited - Trustee of the Fund</b>		
Remuneration for the period	<u>199,376</u>	<u>199,376</u>
<b>Habib Bank AG Zurich - Custodian</b>		
Brokerage and settlement charges	<u>-</u>	<u>-</u>
Custody charges	<u>36,429</u>	<u>40,694</u>

**13. Total Expense Ratio (TER)**

As per the SECP circular vide direction no. 23 dated July 20, 2016 and as referred in Regulations 60(5) the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the "Regulations"), total Expense Ratio (TER) calculated inclusive of Sindh Sales Tax and SECP fee is 2.69% as of September 30, 2017 and this includes 0.51% representing Government Levies and and SECP fee.

**14. Date of Authorization for Issue**

This condensed interim financial statements were authorized for issue by Board of Directors of the Management Company on October 16, 2017

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

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director



A Lakson Group Company

**Lakson Investments Limited**

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