

LAKSON ISLAMIC TACTICAL 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

Habib Bank AG Zurich  
Habib Metropolitan Islamic Bank Limited  
Bank Islami Pakistan Limited  
Al Baraka Bank (Pakistan) Limited  
Dubai Islamic Bank Pakistan Limited



**Legal Adviser**

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

**Shari'ah Adviser**

Meezan Bank Limited

**Registrar**

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

**Rating**

1 Year ranking : 3-Star  
3 Year ranking : 2-Star  
5 Year ranking : 1-Star  
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 Islamic Tactical Fund ("LITF") 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 Islamic Tactical Fund is to provide long-term capital appreciation by exclusively investing in Shari'ah Compliant avenues including equities, fixed income instruments and emerging market securities.

### **Fund Profile**

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

### **Fund performance**

The LITF provided a return of -6.5% in 1QFY18 vs 0.4% YoY. The corresponding benchmark return for 1QFY18 was -5.6% recording an underperformance of 90bps. The underperformance was due to the slowdown in the equity market which generated a return of -10% (KSE 30 total return).

### **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, with the exception of 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%

#### Equity Market Review

The KSE30 total return index posted a negative return of 5.75% in 1QFY18 amidst political uncertainty, deteriorating fiscal indicators and foreign selling of USD90m. In terms of average volumes traded the index saw a decrease of 21% QoQ as the volumes averaged 54.16m shares in 1QFY18 against average volumes of 68.39m in 4QFY17. Value traded clocked in at PKR5,86b in 1QFY18 as against value traded of 8.88b in 4QFY17 registering a QoQ decline of 34%. PPL, POL and PSO were the top performers for



the period under review with returns of 21%, 20% and 20% respectively whereas HCAR, HBL and LUCK were the major losers with negative returns of 35%, 29% and 29% respectively.

Participant wise, insurance companies were the net buyers with a net buy of USD 49.4m followed by banks with a net buy of USD 33.6m. Mutual funds offloaded their holdings and were the net sellers of USD 37.6m. Sector wise, Food was the best performing sector followed by Beverages with returns of 10% and 7% respectively. Household Goods and Construction & Materials were the worst performing sectors with negative returns of 29% and 27% respectively due to unimpressive results and fear of breakdown in the pricing arrangement in the cement sector.

### **Emerging Markets**

Emerging market major equities index remained bullish with Brazil, Russia, and Thailand benchmark indexes rising by 17%/10%/6% during the 1QFY18. Furthermore, MSCI Emerging Markets Index also grew by 6% in the said period.

Chinese composite index revved-up by 5% as IMF reported improved outlook for the country, with GDP growth forecast revised from 6.0% to 6.4% (2017 - 2020).

Pakistan and Qatar were one of the worst performing Emerging Markets which negative returns of 9% and 8% respectively in their benchmark indexes. Pakistan's weak performance was mainly due to uncertainty over political front, and decline in corporate profitability during 4QFY18/2QCY17. Qatar equity bourse was also a laggard after their boycott from neighboring countries.

### **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.

Visualizing 5 years earnings CAGR of more than 10% and an attractive trading multiple, Pakistan stock market should deliver decent return in the near term, in our view. Key triggers include China Pakistan Economic Corridor (CPEC) related activity and growth in consumer spending. Moreover, liquidity is expected to remain high due to low interest rates, possible amnesty schemes and expected foreign inflows after Pakistan's upgrade to Emerging Market. LEF will maintain a cautious stance in the upcoming quarter, looking for short term downturn to cherry pick in sectors that are trading at a discount to their fundamental valuations. The fund will allocate its portfolio prudently in line with the themes that will be dominant in FY18.

### **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 اسلامک ٹیکنیکل فنڈ 30 ستمبر 2017ء کو ختم ہونے والی مدت کے لیے بینجمنٹ کمپنی کے ڈائریکٹرز کی جائزہ رپورٹ

لیکسن انویسٹمنٹس لمیٹڈ کے بورڈ آف ڈائریکٹرز، لیکسن اسلامک ٹیکنیکل فنڈ ("LITF") کی بینجمنٹ 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 اسلامک ٹیکنیکل فنڈ کی سرمایہ کاری کا مقصد، خاص طور پر شریعہ سے مطابقت رکھنے والی ایکویٹیز، بلسڈ آف انڈسٹریز، بلسڈ آف انڈسٹریز اور ایمریٹنگ مارکیٹس سیکورٹیز میں سرمایہ کاری کرتے ہوئے سرمائے کی قدر میں طویل مدتی اضافہ کرنا ہے۔

### فنڈ پروفائل

LITF ایک ایسیٹ لیڈیشن فنڈ ہے جو، متعلقہ اثاثوں کی کلاسز کے متوقع منافع جات اور بینجمنٹ کمپنی کی صوابدیدی بنیاد پر شریعہ سے مطابقت رکھنے والے بلسڈ آف انڈسٹریز، بلسڈ آف انڈسٹریز اور ایمریٹنگ مارکیٹس سیکورٹیز کے درمیان سرمایہ کاری کرنے کا مجاز ہے۔ اس صوابدیدی کا اطلاق اقتصادی ماحول کے تجربے کے بعد کیا جائے گا جس میں افراط زر، کرنسی کی قدر میں کمی، شرح سود، GDP کی نمو، حکومتی پالیسی، عالمی اقتصادی ڈیٹا، کموڈیٹیز کی قیمتیں اور رسد/طلب کا تحریک شامل ہے، مگر یہ ان تک محدود نہیں۔ بلسڈ آف انڈسٹریز میں ایکسٹیم کی سرمایہ کاری کا انتظام و انصرام شریعہ سے مطابقت رکھنے والی حکومتی سیکورٹیز کی مختلف میچورٹیز کے درمیان سرمایہ کاری کے فیصلے ذریعے، دورانیے اور yield curve بینجمنٹ کو مدنظر رکھ کر کیا جائے گا۔ ایکویٹی میں سرمایہ کاری کا انتظام و انصرام ان بنیادی اقدار کے تعین کے لیے مجموعی تجزیے کے ذریعے کیا جائے گا، جو فنڈ کو پرکشش منافع کمانے کے قابل بنائیں۔

### فنڈ کی کارکردگی

LITF نے مالی سال 2018ء کی پہلی سہ ماہی کے دوران سال بہ سال منافع 0.4% کے مقابلے میں 6.5% منافع فراہم کیا۔ مالی سال 2018ء کی پہلی سہ ماہی کے لیے متعلقہ شیئ مارک منافع 5.6% تھا، لہذا 90 بنیادی پوائنٹس کی کم تر کارکردگی ریکارڈ کرائی گئی۔ یہ ناقص کارکردگی ایکویٹی مارکیٹ میں مندی کا نتیجہ تھی جس نے 10% منافع پیدا کیا (KSE 30 مجموعی منافع)۔

### فی شیئر آمدنی (EPU)

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

### معاشی جائزہ

CPI افراط زر مالی سال 2018ء کی پہلی سہ ماہی میں صرف 3.39% رہا جو مالی سال 2017ء کی آخری سہ ماہی کے لیے 4.58% اور مالی سال 2017ء کی پہلی سہ ماہی کے لیے 3.85% کے مقابلے میں کافی کم ہے۔ کم افراط زر جزوی طور پر مدت کے لیے پیٹرو کی اوسط مقامی قیمتوں میں گراوٹ 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% گراوٹ آئی۔ مزید برآں، SBP کے مالیاتی پالیسی بیان کے مطابق غذائی ایشیا کی وافر سپلائی نے افراط زر 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 کنٹرول میں رکھا گیا تھا، جب کہ شرح مبادلہ مالی سال 2018 کی چوتھی سہ ماہی میں فی امریکی ڈالر 104.75 روپے کے مقابلے میں اس سہ ماہی میں فی امریکی ڈالر 105.35 روپے رہی، جب کہ درآمداتی افراط زر کا CPI پر کوئی نمایاں اثر نہیں ہوا۔

کرنٹ 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 چھپ 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 ترسیلات زر میں بھی اضافہ ہوا تاہم وہ درآمدات میں اضافہ کو کور کرنے سے قاصر رہے۔

کرنٹ اکاؤنٹ کے خسارے میں اضافے کے نتیجے میں سہ ماہی 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 سہ ماہی 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 سہ ماہی میں 104.75 روپے کے مقابلے میں اس سہ ماہی میں امریکی ڈالر اور وسطیٰ 105.35 روپے پر رہا۔ اسی دوران حکومت نے مالی سال 2018 کی پہلی سہ ماہی میں بہتر مالیاتی نظم و ضبط کا مظاہرہ کیا اور صرف 0.9% مالیاتی خسارہ دکھایا جو دو 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 کوٹیشن 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 ایڈسٹریٹجی 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 ہدف کے حوالے سے خوش امید کی نشان دہی کی گئی، وہیں کمزور بیرونی صورت حال پر (مالی سال 2017 کی دوسری سہ ماہی میں GDP کا CAD 0.9%)۔ ان عوامل کے باوجود افراط زر کے دباؤ کو پیش نظر رکھتے ہوئے، 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 کوٹو کی شرح میں 4 ووٹوں کے مقابلے میں گنگ بھنگ 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**

فونٹس	کوئی تبدیلی نہیں	25bps کٹوتی	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 چھکا ڈو بارہ مختصر مدتی ٹی بلز کی طرف ہورہا 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 کرسٹل بینکس 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 مسترد کر دی 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 الیکشن کے سال میں داخل ہورہا ہے، اس لیے ممکن ہے کہ حکومت پاکستان کی قرضوں کے حصول کی ضروریات بڑھے، خاص طور پر اگر عوام کا دل جیتنے کے لیے فیصلے کیے جائیں۔

**موزوں اوسط یافت (آمدنی)**

PIB			T-Bills			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

### ایکوئیٹی مارکیٹ کا جائزہ

KSE30 کے مجموعی ریٹرن انڈیکس نے مئی 2018 سال کی پہلی سہ ماہی میں سیاسی غیر یقینی، غیر متوازن اور خراب مالیاتی اشاروں اور 90 ملین امریکی ڈالر کی بیرون ملک فروخت کی وجہ سے 5.75% کا منفی منافع جمع کر لیا۔ لیکن دین کے اوسط حجم کے حوالے سے انڈیکس میں سہ ماہی بہ سہ ماہی 21% کمی دیکھی گئی جیسے کہ مئی 2017 کی چوتھی سہ ماہی میں 68.39 ملین کے مقابلے میں مئی 2018 کی پہلی سہ ماہی میں 54.16 ملین کے اوسط حجم شہر کیے۔ مئی 2018 سال کی پہلی سہ ماہی میں لیٹن دن کا حجم 5.86 ملین روپے رہا جو کہ مئی 2017 کی چوتھی سہ ماہی میں 8.88 ملین روپے تھا۔ یعنی سہ ماہی بہ سہ ماہی 34% کمی رجسٹر ہوئی اور POL، PPL اور PSO کی کارکردگی زیر جائزہ مدت کے دوران بالترتیب 21%، 20% اور 20% منافع کے ساتھ سب سے نمایاں رہی جبکہ HBL، HCAR اور LUCK نے بالترتیب 35%، 29% اور 29% منفی منافع کے ساتھ سب سے زیادہ نقصان ظاہر کیا۔

شراکت کے اعتبار سے انشورنس کمپنیز 49.4 ملین امریکی ڈالر کی مجموعی خریداری کے ساتھ خالص خریداری ہیں، اس کے بعد بینکس 33.6 ملین امریکی ڈالر کے خالص خریدار ٹھہرے۔ میوچل فنڈ زاپنی ہولڈنگز میں کمی کے ذریعے 37.6 ملین امریکی ڈالر کے خالص فروخت کنندہ رہے۔ سیکٹر کے لحاظ سے فوڈ نے سب سے اچھی کارکردگی کا مظاہرہ کیا اور اس کے بعد پورٹ فولیو سیکٹر رہا جس نے بالترتیب 10% اور 7% منافع ظاہر کیا۔ گھریلو مصنوعات اور تعمیرات و میٹلز کی کارکردگی انتہائی مایوس کن رہی، جس نے غیر متاثر کن نتائج اور سینٹ سیکٹر میں قیمتی متعین کرنے کے نظام میں خرابی کی وجہ سے بالترتیب 29% اور 27% کا منفی منافع ظاہر کیا۔

### ایمرجنگ مارکیٹس

مئی 2018 سال کی پہلی سہ ماہی کے دوران برازیل، روس اور تھائی لینڈ کے شیئر مارک انڈیکس میں بالترتیب 17%، 10% اور 6% اضافے کے ساتھ ایمرجنگ مارکیٹ کے بڑے ایکویٹی انڈیکس میں تیزی برقرار رہی۔ مزید برآں مذکورہ مدت میں MSCI ایمرجنگ مارکیٹس انڈیکس میں بھی 6% اضافہ دیکھا گیا۔ IMF کی جانب سے چین کے لیے بہتر اندازہ اور نقطہ نظر پیش کیا جس میں GDP میں اضافے کا نظریہ ثانی شدہ اندازہ 6.0% سے 6.4% (2017-2020) تک لگایا گیا، جس کے نتیجے میں چائیز کمپوزٹ انڈیکس میں 5% تیزی دیکھنے میں آئی۔

پاکستان اور قطر اپنے اپنے شیئر مارک انڈیکس میں بالترتیب 9% اور 8% منفی منافع کے ساتھ ایمرجنگ مارکیٹس میں انتہائی مایوس کن کارکردگی کا مظاہرہ کیا۔ پاکستان کی مایوس کن کارکردگی کی اہم وجہ سیاسی غیر یقینی اور مئی 2017 کی دوسری اور چوتھی سہ ماہی کے دوران کارپوریٹ سیکٹر کے منافع میں کمی کارخانہ ہے۔ قطر کے ایکویٹی ٹھوس پڑوسی ممالک کے بائیکاٹ کی وجہ سے سست روی کا شکار ہے۔

### مستقبل کا منظر نامہ

ریئل سیکٹر میں متاثر کن ترقی اور زرعی شعبے میں مستحکم اضافے سے پاکستان GDP مئی 2018 سال 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 کوٹھڑی آٹھویں ڈرامہ کو محدود و دوا برداشت سے جڑی مرعات کے حجم اور اس کوپ میں اضافہ کیا جا رہا ہے۔ اس اقدام سے خسارے میں 3 ملین سے 4 ملین امریکی ڈالر تک کمی متوقع ہے۔ افریقہ کی شرح مئی 2017 کی پہلی سہ ماہی میں 3.9% کے مقابلے میں مئی 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 دباؤ برقرار 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 بنیادی وجہ ٹیکس وصولی میں اضافہ اور وفاقی حکومت کے اخراجات میں معمولی کمی ہے۔

پانچ سال کی 10% سے زائد آمدنی کے ساتھ مرکب سالانہ شرح نمو (CAGR) اور پرکشش تجارتی ماحول کو ذہن میں رکھتے ہوئے، ہماری رائے میں پاکستان اسٹاک ایکسچینج کو مستقبل قریب میں شان دار منافع جات مہیا کرنے چاہئیں۔ اہم محرکات میں چائنا پاکستان اسٹاک کارڈیور (CPEC) سے متعلق سرگرمیاں اور صارفین کی طرف سے خریداری میں اضافہ شامل ہے۔ مزید برآں کم شرح سود، ممکنہ ائمنسٹی اسکیمز اور پاکستان کی ایمر جنگ مارکیٹ تک ترقی کے بعد غیر ملکی سرمایے کی متوقع آمد کے نتیجے میں ایکویٹی بلنڈرہنے کی توقع ہے۔ LEF آئندہ سہ ماہی میں متناظر لائحہ عمل برقرار رکھے گا اور ایسے سیکٹرز میں مختصر مدتی سرمایہ کاری کر کے موقع سے فائدہ اٹھانے کی جستجو میں رہے گا جن کی بنیادی قدر و قیمت کے مقابلے میں رعایتی دام پر فروخت ہو رہی ہو۔ فنڈ مالی سال 2018 میں غالب رجحانات کے مطابق اپنا پورٹ فولیو دانش مندی سے مختص کرے گا۔

### اظہار تشکر

یہ بورڈ اپنے قابل قدر انویسٹرز، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان، فنڈ کے ٹرسٹی، سینٹرل ڈیپازٹری کمیٹی آف پاکستان لمیٹڈ اور پاکستان اسٹاک ایکسچینج کا، ان کے تعاون اور مدد پر شکریہ ادا ہے۔ ہم اس موقع کا فائدہ اٹھاتے ہوئے انجی ٹیم کی محنت اور کاوشوں 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 (Unaudited)  
As at September 30, 2017**

		September 30, 2017 (Unaudited)	June 30, 2017 (Audited)
	Note	(Rupees)	
<b>ASSETS</b>			
Bank balances	5	55,053,074	103,166,988
Investments	6	111,113,112	96,411,523
Dividend and other receivables		3,515,477	3,448,738
Receivable against sale of Marketable Securities		205,425	-
Prepayment		23,340	-
<b>TOTAL ASSETS</b>		<u>169,910,428</u>	<u>203,027,249</u>
<b>LIABILITIES</b>			
Payable to the Management Company	7	1,509,813	1,497,017
Payable to the Trustee		72,748	72,747
Annual fee payable to Securities and Exchange Commission of Pakistan		41,182	126,267
Accrued expenses and other liabilities	8	1,964,356	1,834,460
Payable against purchase of Marketable Securities		159,300	21,855,121
<b>TOTAL LIABILITIES</b>		<u>3,747,399</u>	<u>25,385,612</u>
<b>NET ASSETS</b>		<u>166,163,030</u>	<u>177,641,637</u>
<b>UNIT HOLDERS' FUND (as per statement of movement in unit holders' fund)</b>		<u>166,163,030</u>	<u>177,641,637</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	9	(Number of units)	
Number of units in issue		<u>1,748,980</u>	<u>1,748,981</u>
		(Rupees)	
Net assets value per unit		<u>95.0056</u>	<u>101.5686</u>

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

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

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

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

\_\_\_\_\_  
Director



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

	2017	2016
INCOME	Note	(Rupees)
Income from Government securities		447,220
Exchange loss on foreign currency deposits		(7,395)
Dividend income		-
Mark-up income		822,891
		<u>1,262,716</u>
Capital loss on sale of Equity securities - net		(123,284)
Unrealised loss in the fair value of investments classified as 'held for trading' - net"	6	-
		<u>(123,284)</u>
		<u>1,139,432</u>
<b>EXPENSES</b>		
Remuneration to the Management Company	7	210,727
Sindh Sales tax on remuneration to the Management Company		27,395
Remuneration to the Trustee		199,376
Annual fee to Securities and Exchange Commission of Pakistan		23,916
Shariah Advisor Fee		-
Brokerage, custody, settlement and bank charges		7,604
Amortization of deferred formation cost		127,096
Auditors' remuneration		82,814
Rating fee		39,463
Fees and subscription		28,158
Printing charges		5,041
		<u>751,590</u>
<b>Net (loss) / income from operating activities</b>		<b>387,842</b>
Element of loss and capital losses included in the prices of units issued less those of units redeemed - net		(1,804,929)
		<u>(1,417,087)</u>
<b>Net loss for the period before taxation</b>		<b>(1,417,087)</b>
Taxation		-
<b>Net loss for the period after taxation</b>		<b>(1,417,087)</b>
<b>Sep 30, 2017</b>		
<b>Allocation of Net Income for the period:</b>		
Income already paid on units redeemed		52,758
Accounting income available for distribution-carried to Distribution account:		
Relating to capital gains / (loss)		(11,893,829)
Excluding capital gains		415,224
<b>Accounting income available for distribution</b>		<b>(11,478,605)</b>

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

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

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

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

\_\_\_\_\_  
Director



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

	2017	2016
	(Rupees)	
Net loss for the period	<b>(11,531,363)</b>	(1,417,087)
Other comprehensive income	-	-
<b>Total comprehensive (loss) for the period</b>	<b><u>(11,531,363)</u></b>	<b><u>(1,417,087)</u></b>

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

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

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

\_\_\_\_\_  
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)	
Net assets at the beginning of the period	177,641,637	100,803,075
Cash received on issue of 10,845 (2016: 648,954) units	1,100,663	64,948,915
Cash paid on redemption of 10,845 (2016: 563,281) units	(1,047,907)	(64,716,624)
	52,756	232,291
Element of loss and capital losses included in the prices of units issued less those of units redeemed - net	-	1,804,929
Less: Interim distribution		
Cash distribution (Rs. 2.8984 per unit)	-	(1,026,211)
Total comprehensive (loss) for the period	<b>(11,531,363)</b>	(1,417,087)
<b>Net assets at the end of the period</b>	<b><u>166,163,030</u></b>	<b><u>100,396,997</u></b>
<b>Net assets value per unit at the beginning of the period</b>	<b><u>101.5686</u></b>	<b><u>102.5835</u></b>
<b>Net assets value per unit at the end of the period</b>	<b><u>95.0056</u></b>	<b><u>100.0951</u></b>
<b>Distribution during for the period:</b>		
<b>Undistributed income brought forward comprises of:</b>		
- Realised Gain	5,206,187	1,402,361
- Unrealised Gain	(2,462,586)	1,136,354
	<u>2,743,601</u>	<u>2,538,715</u>
<b>Accounting income available for distribution:</b>		
-Relating to capital gains	(11,893,829)	-
-Excluding capital gains	415,224	-
	<u>(11,478,605)</u>	<u>-</u>
Total comprehensive income for the period	-	(1,417,087)
Distributions during the period:	-	(1,026,211)
Undistributed (loss) / income carried forward	<u>(8,735,004)</u>	<u>95,417</u>
<b>Undistributed income carried forward comprises of:</b>		
- Realised Gain	3,064,343	95,417
- Unrealised Gain	(11,799,347)	-
	<u>(8,735,004)</u>	<u>95,417</u>

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

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

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

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

\_\_\_\_\_  
Director



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

	2017	2016
	(Rupees)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss for the period	(11,531,363)	(1,417,087)
<b>Adjustments for non-cash charges and other items:</b>		
Capital loss on sale of investments - net	149,148	123,284
Unrealised loss in the fair value of investments classified as 'held for trading' - net	11,799,347	-
Amortisation of deferred formation cost	-	127,096
Element of loss and capital losses included in the prices of units issued less those of units redeemed - net	-	1,804,929
	417,132	638,222
<b>(Increase) / Decrease in assets</b>		
Investments - net	(26,650,085)	20,748,315
Mark-up receivable	(66,739)	1,531,175
Prepayment	(23,340)	14,727
Payable against Settlement	(205,425)	-
	(26,945,589)	22,294,217
<b>(Decrease) / Increase in liabilities</b>		
Payable to the Management Company	12,796	(180,624)
Payable to the Trustee	1	41,129
Annual fee payable to Securities and Exchange Commission of Pakistan"	(85,085)	(87,841)
Accrued expenses and other liabilities	129,896	92,306
Payable against Settlement	(21,638,213)	-
	(21,638,213)	(135,030)
<b>Net cash (used in) / generated from operating activities</b>	(48,166,670)	22,797,409
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash received from issuance of units	1,100,663	64,948,915
Cash paid on redemption of units	(1,047,907)	(64,716,624)
Cash dividend paid	-	(1,026,211)
Net cash generated / (used in) financing activities	52,756	(793,920)
<b>Net (decrease) / increase in cash and cash equivalents during the period</b>	(48,113,914)	22,003,489
Cash and cash equivalents at the beginning of the period	103,166,988	80,278,623
<b>Cash and cash equivalents at the end of the period</b>	55,053,074	102,282,112

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

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

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

\_\_\_\_\_  
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**

- 1.1** The Lakson Islamic Tactical Fund (formerly Lakson Asset Allocation Emerging Markets Fund) (the "Fund") was established under the Trust Deed executed on 30 May 2011 between the Lakson Investments Limited as its Management Company and the Central Depository Company of Pakistan Limited (CDC) as its Trustee. The Fund has been registered as a Notified Entity by the Securities and Exchange Commission of Pakistan (SECP) in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations).
- 1.2** The Management Company of the Fund has been licensed by SECP to undertake Asset Management and Investment Advisory Services as a Non-Banking Finance Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The registered office of the Management Company is located at 14 - Ali Block, New Garden Town, Lahore, while the head office is in the Lakson Square Building No. 2, Karachi.
- 1.3** The Fund is an open end mutual fund and is listed on the Pakistan Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

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

The Fund was converted into Lakson Islamic Tactical Fund with effect from 20 September 2016 in accordance with the approval of the Board of Directors in their meeting held on 20 October 2015 and the approval of Securities and Exchange Commission of Pakistan (SECP) vide its letter dated 24 May 2016. The Management Company appointed Meezan Bank Limited (MBL) as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.

Further, as allowed by SECP and the State Bank of Pakistan, the Fund can invest abroad up to 30% of the aggregated funds mobilized (including foreign currency funds) subject to a maximum limit of USD 15 million. The investments authorized outside Pakistan include exchange traded funds based on equities / debt with exposure in the commodities, index tracker funds tracking different commodities indices, actively managed commodities based funds, equities and debt securities of companies with exposure in commodities, future contracts of different commodities and foreign currency deposits etc.

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

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

- 1.4** 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).

On 20 April 2017, JCR-VIS assigned following rankings to the Fund based on the performance review for the period ended 31 December 2016:



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

## **2. BASIS OF PREPARATION**

### **2.1 Statement of compliance**

These condensed interim financial informations have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and 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) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case the requirements differ, the requirements of the Rules, the Regulations and the directives issued by the SECP shall prevail.

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

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

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

### **2.3 Basis of measurement**

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

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

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

This condensed interim financial information is presented in Pak Rupees, which is the Fund's functional and presentation currency. All financial information presented in Pak Rupees has been rounded off to the nearest of rupees.

### **2.5 Significant judgements and estimates**

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

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

The Fund financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements for the year ended June 30, 2017.

	Note	September 30, 2017 (Unaudited)	June 30, 2017 (Audited)
		(Rupees)	
<b>5. BANK BALANCES</b>			
In local currency			
PLS savings accounts	5.1	54,974,538	103,086,285
In foreign currency			
Current account		78,536	80,703
		<u>55,053,074</u>	<u>103,166,988</u>
<b>5.1</b>			
These carry mark-up at rates ranging from 3.28% to 5.60% (June 30, 2017: 3.28% to 5.60%) per annum.			
<b>6. INVESTMENTS - financial assets at fair value through profit or loss - held for trading</b>			
Listed equity securities	6.1	111,113,112	96,411,523
		<u>111,113,112</u>	<u>96,411,523</u>



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

Name of the Investee Company	Holding as at July 01, 2017	Purchased during the year	* Bonus shares / letter of right received during the year	Disposed during the year	Holding as at September 30, 2017	Carrying value before revaluation September 30, 2017	Market value as of 30 September 2017 (after revaluation)	Unrealised gain / (loss) - net	Market value as percentage of total investments	Market value as percentage of net assets	Par value of shares held as a percentage of total paid up capital of the investee company
<b>Commercial Banks</b>											
Meezan Bank Limited	52,953	15,680	3,929	-	72,562	5,335,439	5,186,914	(148,525)	4.67	3.12	0.0100
<b>Chemicals</b>											
ICI Pakistan Limited	2,208	1,030	-	-	3,238	3,426,928	2,958,302	(468,626)	2.66	1.78	0.0040
Archroma Pakistan Limited	3,267	1,220	-	-	4,487	3,168,803	2,947,959	(220,844)	2.65	1.77	0.0100
<b>Fertilizers</b>											
Engro Fertilizers Limited	-	-	-	-	-	-	-	-	-	-	-
Engro Corporation Limited (6.1.1)	21,128	1,800	-	-	22,928	7,448,866	6,949,248	(499,618)	6.25	4.18	0.0030
<b>Pharma &amp; Bio Tech</b>											
The Searl Company Limited	5	-	-	-	5	2,560	2,020	(540)	0.00	0.00	0.0000
<b>Textile Composite</b>											
Nishat Mills Limited (6.1.1)	31,339	14,150	-	-	45,489	7,088,642	6,600,454	(488,188)	5.94	3.97	0.0100
Khinbor textile Mills Limited	9,314	8,600	1,075	-	18,989	1,813,094	1,609,226	(203,868)	1.45	0.97	0.0100
<b>Cement</b>											
D.C.K. Cement Company Limited (6.1.1)	27,162	3,200	-	3,200	27,162	5,743,955	3,989,011	(1,754,944)	3.59	2.40	0.0100
Wafar Cement Company Limited	12,754	-	-	386	12,368	2,835,488	1,854,705	(980,783)	1.67	1.12	0.0100
Lucky Cement Company Limited (6.1.1)	9,347	700	-	210	9,837	8,198,011	5,559,676	(2,638,335)	5.00	3.35	0.0050
Pioneer Cement Company Limited	20,582	700	-	100	21,182	2,739,268	1,905,109	(834,159)	1.71	1.15	0.0100
Maple Leaf Cement Limited	11,400	2,400	1,725	-	15,525	1,486,810	1,189,526	(297,284)	1.07	0.72	0.0050
<b>Power Generation &amp; Distribution</b>											
K-Electric Limited (Face value Rs. 3.5/- each)	389,452	-	-	170,095	219,357	1,513,563	1,544,273	30,710	1.39	0.93	0.0030
Hub Power Company Limited	42,155	34,700	-	-	76,855	8,878,216	8,593,158	(285,058)	7.73	5.17	0.0040
<b>Oil and Gas Exploration Companies</b>											
Marif Petroleum Company Limited	3,228	1,550	-	-	4,778	7,190,069	7,190,938	(279,131)	6.47	4.33	0.0030
Pakistan Oilfield Limited (6.1.1)	3,506	2,250	-	-	5,756	2,638,452	3,062,422	423,970	2.76	1.84	0.0020
Pakistan Petroleum Limited (6.1.1)	17,350	18,200	-	-	35,550	5,687,571	6,210,230	522,659	5.59	3.74	0.0050
Oil and Gas Development Company Limited	36,105	18,100	-	-	54,205	7,685,076	8,057,031	371,955	7.25	4.85	0.0060
						<b>23,481,168</b>	<b>24,520,621</b>	<b>1,039,453</b>	<b>22.07</b>	<b>14.76</b>	



Name of the investee company	Holding as at July 01, 2017	Purchased during the year	* Bonus shares / letter of right received during the year	Disposed during the year	Holding as at September 30, 2017	Carrying value before revaluation as of September 30, 2017	Market value as of 30 September 2017 (after revaluation)	Unrealised gain / (loss) net	Market value as percentage of total investments	Market value as percentage of net assets	Par value of shares held as a total paid up capital of the investee company
	Number of Shares					(Rupees)	(Rupees)	(%)	(%)	(%)	
<b>Oil and Gas Marketing Companies</b>											
Attock Petroleum Limited	2,286	750	-	-	3,036	1,807,735	1,899,716	(8,019)	1.71	1.14	0.0040
Pakistan State Oil Company Limited	13,299	600	-	1,610	12,289	4,750,547	5,428,789	678,242	4.89	3.27	0.0020
Sul Northern Gas Pipeline Limited	38,561	11,580	-	3,600	46,541	6,808,943	6,229,978	(578,965)	5.61	3.75	0.0100
						<b>13,467,225</b>	<b>13,558,483</b>	<b>91,258</b>	<b>12.20</b>	<b>8.16</b>	
<b>Food &amp; Personal Care Products</b>											
Al-Shaheer Corporation Limited	28,018	7,100	-	9,000	26,118	1,039,867	825,851	(214,016)	0.74	0.50	0.0200
						<b>1,039,867</b>	<b>825,851</b>	<b>(214,016)</b>	<b>0.74</b>	<b>0.50</b>	
<b>Automobile Assemblies</b>											
Millat Tractors Limited	1,884	840	-	-	2,724	3,658,725	3,400,342	(258,383)	3.06	2.05	0.0040
Indus Motors Company Limited	1,596	-	-	-	1,596	2,862,586	2,746,429	(116,157)	2.47	1.65	0.0030
Pak Suzuki Company Limited	3,497	300	-	-	3,797	2,953,352	1,737,773	(1,215,579)	1.56	1.05	0.0060
						<b>9,474,663</b>	<b>7,884,544</b>	<b>(1,590,119)</b>	<b>7.10</b>	<b>4.75</b>	
<b>Engineering</b>											
Crescent Steel & Allied Products Limited	-	9,842	-	-	9,842	1,807,421	1,556,906	(250,515)	1.40	0.94	-
Mughal Iron & Steel Limited	14,807	8,150	-	-	22,957	1,770,737	1,313,600	(457,137)	1.18	0.79	0.0100
International Industries Limited	3,600	2,775	-	-	6,375	2,222,208	1,850,025	(372,183)	1.66	1.11	0.0040
International Steels Limited	23,000	10,150	-	710	32,440	4,117,676	3,929,479	(188,197)	3.54	2.36	0.0100
						<b>9,918,042</b>	<b>8,650,010</b>	<b>(1,268,032)</b>	<b>7.78</b>	<b>5.21</b>	
<b>Technology &amp; Communication</b>											
Systems Limited	23,359	6,500	-	-	29,859	2,288,126	2,315,267	27,141	2.08	1.39	0.0200
						<b>2,288,126</b>	<b>2,315,267</b>	<b>27,141</b>	<b>2.08</b>	<b>1.39</b>	
<b>Calc and Electronic Goods</b>											
Pak Electron Limited	30,105	5,800	-	3,400	32,505	3,563,764	2,468,755	(1,095,009)	2.22	1.49	0.0100
						<b>3,563,764</b>	<b>2,468,755</b>	<b>(1,095,009)</b>	<b>2.22</b>	<b>1.49</b>	
<b>Total as at 30 September 2017</b>						<b>122,917,458</b>	<b>111,113,112</b>	<b>(11,799,346)</b>	<b>100.00</b>	<b>66.87</b>	
<b>Total cost as at 30 September 2017</b>						<b>124,931,969</b>					
Total as at 30 June 2017						98,874,109	96,411,523	(2,462,586)	100.00	54.27	
Total cost as at 30 June 2017						98,874,110					



**6.1.1** Following shares have been pledged with National Clearing Company of Pakistan Limited:

	<b>30 Sep 2017</b>	<b>30 Jun 2017</b>	<b>30 Sep 2017</b>	<b>30 Jun 2017</b>
	----- <b>(Number of shares)</b> -----		----- <b>(Rupees)</b> -----	
D.G Khan Cement Company limited	<b>3,000</b>	3,000	<b>440,580</b>	639,480
Engro Corporation Limited	<b>2,000</b>	2,000	<b>606,180</b>	651,820
Lucky Cement Company Limited	<b>2,500</b>	2,500	<b>1,412,950</b>	2,090,650
Nishat Mills Limited	<b>10,000</b>	10,000	<b>1,451,000</b>	1,586,800
Pakistan Oilfield Limited	<b>1,500</b>	1,500	<b>798,060</b>	687,225
Pakistan Petroleum Limited	<b>300</b>	300	<b>52,407</b>	44,442
	<b>19,300</b>	19,300	<b>4,761,177</b>	5,700,417

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

		<b>September 30, 2017 (Unaudited)</b>	<b>June 30, 2017 (Audited)</b>
	<b>Note</b>	<b>(Rupees)</b>	
<b>7. PAYABLE TO MANAGEMENT COMPANY</b>			
Remuneration payable to the Management Company	7.1	<b>182,319</b>	170,996
Sindh Sales tax payable on remuneration to the Management Company	7.3	<b>190,561</b>	189,088
Federal excise duty payable on remuneration to the Management Company	7.4	<b>1,132,564</b>	1,132,564
Sales load payable		<b>4,369</b>	4,369
		<b>1,509,813</b>	1,497,017

**7.1** The Management Company is entitled to remuneration for services rendered to the Fund under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, of an amount not exceeding 2% per annum of the average annual net assets of the Fund. However, the Management Company is currently charging a fee at 10% of the gross earnings of the scheme for the year ended 30 June 2017. The fee is subject to a minimum of 1% and a maximum of 2% of the average annual net assets of the Fund. Currently the effective rate of Management Company remuneration for the year ended 30 September 2017 is 1.33% of the average net assets. Remuneration is paid to the Management company in arrears on a monthly basis.

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

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

**7.3** The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (2016: 14%) on Management Company's remuneration. Above liability includes Rs. 166,859 (2017: Rs. 166,859) accrued on Federal Excise Duty (FED) on the management remuneration as more fully explained in note 7.4 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 0.10 (30 June 2017: 0.10) per unit.





7.4 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 June 2016 aggregating to Rs. 1.132 million. Had the provision not been made, NAV per unit of the Fund as at 30 September 2017 would have been higher by Re. 0.65 (30 June 2017: Re. 0.65) per unit.

	September 30, 2017 (Unaudited)	June 30, 2017 (Audited)
Note	(Rupees)	
<b>8. ACCRUED EXPENSES AND OTHER LIABILITIES</b>		
Charity Payable	1,202,741	1,202,741
Auditors' remuneration	311,544	227,467
Payable to Sindh workers' welfare fund	8.1 158,219	158,219
Brokerage charges payable	119,842	80,299
Withholding tax payable on dividends (subsequently paid)	-	68,488
Fee payable to Shariah Advisor	84,648	42,622
Fee payable to National Clearing Company of Pakistan	16,429	32,658
Other liabilities	69,281	20,000
Fee payable to Central Depository Company	1,650	1,966
	<u>1,964,354</u>	<u>1,834,460</u>

8.1 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.

However, due to the conversion of the Fund to Shariah Compliant Category (as more fully explained in note 1) income resulting from the above reversal is required to be transferred to charity payable as this expense relates to the income which is not compliant with Shariah Islamic principles. Therefore, Rs. 0.882 million representing the provision for the above mentioned Federal WWF has been transferred to charity payable (net of SWWF as explained above). This practice has been concurred by the Fund's Shariah advisor.

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.

Total provision for SWWF till 30 September 2017 is Rs. 0.158 million. Had the provision not been made, Net Asset Value per unit of the Fund as at 30 September 2017 would have been higher by Re. 0.09 per unit.

## **9. CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments as at September 30, 2017 except as disclosed in note 6.1.1.

## **10. TAXATION**

The Fund's income is exempt from Income Tax as per clause 99 of Part I of the Second Schedule to 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 this condensed interim financial statement.

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

Connected persons / related parties include Lakson Investments Limited being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the trustee, Habib Bank AG Zurich Switzerland being the Custodian, Siza Services (Private) Limited being holding company of the Management Company, associated companies of the Management Company and the holding company, key management personnel, other funds being managed by the Management Company and entities having holding 10% or more in the units of the Fund as at 30 September 2017. It also includes staff retirement funds of the above related parties / connected persons.

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



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

	<b>September 30, 2017 (Unaudited)</b>	<b>June 30, 2017 (Audited)</b>
	<b>Note</b>	<b>(Rupees)</b>
<b>11.1 Balance as at period / year ended</b>		
<b>Lakson Investments Limited - Management Company of the Fund</b>		
Payable to Management company (including Sindh Sales tax)	<b>1,505,444</b>	1,492,648
Sales load payable	<b>4,369</b>	4,369
<b>Central Depository Company of Pakistan Limited - Trustee of the Fund</b>		
Remuneration payable	<u><b>72,748</b></u>	<u>72,747</u>



**11.2 Unit Holders' Fund**

Period ended September 30, 2017							
Number of Units			Rupees				
Number of Units as at July 01, 2017	Units issued during the period	Units redeemed during the period	Number of units as at September 30, 2017	Balance as at July 01, 2017	Units issued during the period	Units redeemed during the period	
517,823	-	-	517,823	52,594,523	-	-	49,196,053
99,573	-	-	99,573	10,113,538	-	-	9,460,037
5,348	-	-	5,348	543,237	-	-	508,135
2,791	-	-	2,791	283,455	-	-	265,139
43,966	-	-	43,966	4,465,525	-	-	4,176,978
25,403	-	-	25,403	2,580,153	-	-	2,413,433
302,877	-	-	302,877	30,762,830	-	-	28,775,045
168,373	-	-	168,373	17,101,460	-	-	15,996,424
53,802	-	-	53,802	5,464,626	-	-	5,111,521
48,851	-	-	48,851	4,961,717	-	-	4,641,109
63,507	-	-	63,507	6,450,273	-	-	6,033,479
33,219	-	-	33,219	3,374,039	-	-	3,156,021
138,342	-	-	138,342	14,051,203	-	-	13,443,265
241,893	-	-	241,893	24,566,735	-	-	22,981,191

Lakson Investments Limited

Directors, Chief Executive, their spouse and minors

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

- Lakson Business Solutions Limited Employees
- Contributory Provident Fund Trust
- Lakson Investments Limited Employees Contributory Provident Fund Trust
- GAM Corporation (Private) Limited Employees
- Contributory Provident Fund Trust
- SIZA Foods (Private) Limited Employees Contributory Provident Fund Trust
- Colgate Palmolive (Pakistan) Limited Employees
- Contributory Provident Fund Trust
- Colgate Palmolive (Pakistan) Limited Employees Gratuity Fund
- Cyber Internet Services (Private) Limited Employees
- Contributory Provident Fund Trust
- Accuray Surgicals Limited Employees Contributory Provident Fund Trust
- Merit Packaging Limited Employees Contributory Provident Fund Trust
- Merit Packaging Limited Employees Gratuity Fund
- Century Paper & Board Mills Limited Employees
- Contributory Provident Fund Trust
- Century Paper & Board Mills Limited Employees Gratuity Fund



Period ended September 30, 2016							
Number of Units			Rupees				
Number of Units as at July 01, 2016	Units issued during the period	Units redeemed during the period	Number of units as at September 30, 2016	Balance as at July 01, 2016	Units issued during the period	Units redeemed during the period	Balance as at September 30, 2016
90,899	93,582	90,899	93,582	9,324,826	9,365,872	9,358,658	9,367,060
4,967	5,127	4,967	5,127	509,532	513,086	511,393	513,143
2,675	-	-	2,675	274,411	-	-	267,754
40,755	42,189	40,755	42,189	4,180,791	4,222,414	4,196,043	4,222,900
24,199	25,070	24,199	25,070	2,482,418	2,509,031	2,491,400	2,509,392
276,373	285,928	276,373	285,927	28,351,310	28,616,318	28,454,414	28,619,932
84,942	84,942	-	84,942	8,713,648	-	-	8,502,278
50,292	-	-	50,292	5,159,129	-	-	5,033,983
44,576	45,973	44,576	45,973	4,572,762	4,601,122	4,589,422	4,601,674
58,586	60,468	58,586	60,468	6,009,957	6,051,782	6,031,811	6,052,548
22,925	23,661	22,925	23,661	2,351,727	2,368,089	2,360,274	2,368,393
138,342	-	-	138,342	14,191,607	-	-	13,847,356
74,674	74,674	-	74,674	7,660,320	-	-	7,474,501
65,301	66,957	65,301	66,956	6,698,805	6,701,200	6,723,209	6,702,005

Directors, Chief Executive, their spouse and minors  
Key management personnel, employees and connected

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

- Lakson Business Solutions Limited Employees Contributory
- Provident Fund Trust
- Lakson Investments Limited Employees Contributory
- Provident Fund Trust
- GAM Corporation (Private) Limited Employees Contributory
- Provident Fund Trust
- SIZA Foods (Private) Limited Employees Contributory
- Provident Fund Trust
- Colgate Palmolive (Pakistan) Limited Employees Contributory
- Provident Fund Trust
- Colgate Palmolive (Pakistan) Limited Employees Contributory
- Provident Fund Trust
- Cyber Internet Services (Private) Limited Employees Contributory
- Provident Fund Trust
- Accury Surgicals Limited Employees Contributory
- Provident Fund Trust
- Merit Packaging Limited Employees Contributory
- Provident Fund Trust
- Merit Packaging Limited Employees Contributory
- Century Paper & Board Mills Limited Employees Contributory
- Provident Fund Trust
- Century Paper & Board Mills Limited Employees Contributory
- Lakson Investments Limited



September 30,  
2017                      2016  
(Unaudited)  
(Rupees)

**11.3 Transactions during the period**

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

Remuneration for the period including Sindh sales tax on remuneration	<b>649,464</b>	238,122
Central Depository Company of Pakistan Limited- Trustee		
Remuneration for the period	<b>199,376</b>	199,376

**12 TOTAL EXPENSE RATIO**

In the current period, Securities and Exchange Commission of Pakistan (SECP) vide directive no.SCD/PRDD/Direction/18/2016 dated 20 July 2016, required that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS / the Fund. TER of the Fund for the year ended 30 September 2017 is 2.82% which includes 0.36% representing government levies (comprising of Workers Welfare Fund and SECP fee, etc.). As per NBFC Regulation the total expense ratio of the Asset Allocation Scheme shall be capped up to 4%.

**13 DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial statements were authorized for issue by Board of Directors of the Management Company on October 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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**Lakson Investments Limited**

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