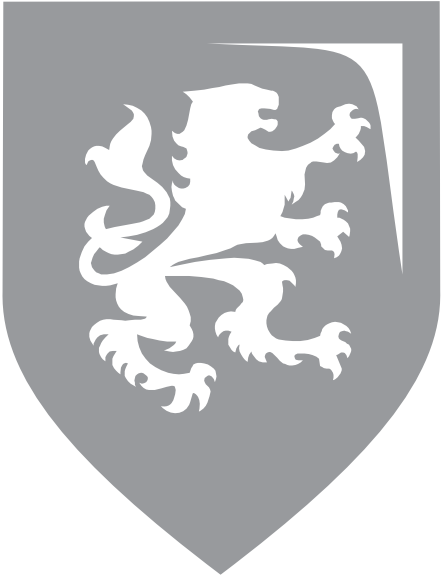


LAKSON ASSET ALLOCATION EMERGING MARKETS FUND
Quarterly Report (March 31, 2016)



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Fund's Information

Management Company	Lakson Investments Limited Head Office Lakson Square, Building No.2, Sarwar Shaheed Road, Karachi-74200, Pakistan. Phone: (9221) 3569.8000 Fax: (9221) 3568.1653 Web site: www.li.com.pk E-mail: info@li.com.pk
Board of Directors of the Management Company	Mr. Iqbal Ali Lakhani - Chairman Mr. Babar Ali Lakhani - Chief Executive Officer Mr. A. Aziz H. Ebrahim Mr. Mahomed J. Jaffer Mr. Amin Mohammed Lakhani Mr. Jacques John Visser Mr. Daniel Scott Smaller Mr. Zahid Zakiuddin
Chief Financial Officer & Company Secretary of the Management Company	Ms. Sana Quadri
Audit Committee	Mr. Zahid Zakiuddin - Chairman Mr. A. Aziz H. Ebrahim Mr. Iqbal Ali Lakhani
Human Resource and Remuneration Committee	Mr. Iqbal Ali Lakhani - Chairman Mr. Babar Ali Lakhani Mr. Daniel Scott Smaller
Trustee	Central Depository Company of Pakistan Limited CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahra-e-Faisal, Karachi, Pakistan.
Auditors	BDO Ebrahim & Co. Chartered Accountants 2nd Floor, Block C, Lakson Square, Building No. 1, Sarwar Shaheed Road, Karachi - 74200.
Bankers to the Fund	Allied Bank Limited Bank Alfalah Limited Faysal Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited Habib Bank AG Zurich 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
Rating	1-Star (Normal): Fund Performance Ranking (JCR-VIS) AM2- : Asset Manager Rating by PACRA

Review Report of the Directors' of the Management Company For the nine months period ended March 31, 2016

The Board of Directors of Lakson Investments Limited, the Management Company of the Lakson Asset Allocation Emerging Markets Fund ("LAAEMF") is pleased to submit its review report together with Condensed Interim Financial Statements for the period ended March 31, 2016.

Fund Objective

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

Fund Profile

LAAEMF 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 Emerging Markets securities based on the outlook of the Investments Team of the performance of the Emerging Markets. The Scheme may overweight or underweight countries relative to its benchmark for Emerging Markets investments, the MSCI Emerging Markets Index. Exposure of the Scheme in the fixed income securities is managed through duration and yield curve management by shifting between different maturities of the Government Securities.

Fund performance

During 9MFY16 and 3QFY16 the LAAEMF has provided a return of 3.34% and 1.20% respectively. During the same period the Benchmark returned -0.68% and 2.14% respectively. The Fund has outperformed the Benchmark by 402 bps over 9MFY16. As of March 31, 2016, the LAAEMF is invested 53% in T-Bills, 25% in PIBs and 22% in cash. The LAAEMF has PKR 100 million in assets under management.

Earning per Unit (EPU)

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

Economic Review

Pakistan's macro environment continued to remain favorable in the outgoing quarter with most of the indicators moving in the right direction. With oil prices remaining on the lower side, the economy continued to benefit from a lower import bill. Import of LNG supplies will help bridge the energy demand-supply gap. Manufacturing sector showed improvement with large scale manufacturing (LSM) growing by 4.12% during 7MFY16. Although the macro situation has improved, tough structural reforms needed to sustain this momentum such as direct tax collection growth, restructuring of loss making public sector entities and energy sector reforms, have so far met headwinds. On the fiscal front, the government has made a net collection of PKR 2,103 bn during 9MFY16 showing healthy growth of 19.7% YoY. The federal government announced additional tax measures during the second quarter which has helped the government in realizing its revenue targets.

CPI for the month of Mar-16 clocked in at 3.94% YoY. While on QoQ basis, the inflationary reading has witnessed an uptick due to low base effect, 9MFY16 CPI is still much lower at 2.6% compared to 5.1% in the corresponding period last year. With monthly inflationary numbers showing a gradual rise, the newly formulated independent monetary policy committee decided to keep the discount rate and policy rate unchanged at 6.5% and 6.0% respectively, in its Jan-16 meeting. Highlighting pickup in private sector credit, along with improving security situation and strengthening of investor and consumer confidence, the central bank expects real GDP to maintain the previous year's growth momentum. After a series of discount rate cuts in FY15, 9MFY16 has only witnessed a single cut of 50bps.

External account outlook has also improved in FY16 with total foreign exchange reserves rising to USD20.4bn in Mar-16 compared to USD18.7bn in Jun-15. The Rupee Dollar parity remained largely

flat during the quarter, with a devaluation of 2.9% during 9MFY16. Current Account deficit during 8MFY16 stood at USD 1.86bn, down by 5% YoY from USD 1.96bn during the same period last year. This, however, has not dropped in-line with the decline in oil imports which have declined by 37% (down USD3.5bn). We believe that an overvalued currency, energy issues, and lower level of skill/productivity are the key hurdles in exports performance while slowdown in Chinese and EU markets has also impacted the textile industry.

Fixed Income Market Review

Despite the SBP maintaining status quo in the Jan'16 monetary policy review, yields in auctions have declined considerably over the past quarter. T-bill yields in auctions have declined by 16.7bps, 18.25bps and 18.35bps for 3mth, 6mth and 12mth papers. However, longer term PIBs witnessed a sharper decline in Jan'16 and Feb'16 on expectations of further monetary easing where 3yr, 5yr and 10yr auction cut-off yields stand at 6.32% (down 70bps QoQ), 7.00% (down 100bps QoQ) and 8.23% (down 87bps QoQ) respectively. That said, CPI inflation recorded at 3.94%YoY in Mar'16 (1QCY16 avg. at 3.76%YoY) has fizzled out anticipations for another policy rate cut. SBP injected Pkr17tn into the banking system through OMOs at an avg. rate of 6.05% compared to Pkr18tn in the previous quarter.

Outlook

Going forward, higher than expected rise in food inflation witnessed in March, is firming up the inflationary pressures for 4QFY16 which is likely to lower the chances of any rate cut. Share of investment is set to rise in the medium term due to projects under the China Pakistan Economic Corridor, which is expected to augment GDP growth. Private sector credit has now finally started to rise which is healthy sign for the economy. The government has recently also announced a Strategic Trade Policy framework under which exports are targeted to rise to USD35bn, though it seems an uphill task under the current circumstances.

Emerging Markets Review

CY16 kicked off with Emerging Markets following last year's downtrend and the MSCI EM Index losing 6.5% in Jan'16. However, with a turnaround in global equities, Emerging markets also surprised with gains over the past month (+13%) to take 1QCY16 returns to 5.4%. The rally was supported by an improved commodity outlook (TRJ up 4.5% in Mar'16) particularly led by gains in Oil (Brent/WTI up 7.7%/13.6%). Moreover, a dovish outlook by the US FOMC in its Mar'16 monetary policy review furthered the positive momentum, as a weak USD (DXY down 3.7% MoM) benefitted foreign flow dynamics as well as EM currencies. Brazil's IBrX index marked swift recovery with quarter returns standing at 13.9%. However, sustainability of the trend remains uncertain where concerns remain in place regarding: 1) any further devaluation of the CNY and 2) failure of OPEC to reach a consensus over production levels in the upcoming meeting.

Acknowledgment

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

For and on Behalf of the Board

Babar Ali Lakhani
Chief Executive Officer

Dated: April 22, 2016

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

	Note	March 31, 2016 (Unaudited)	June 30, 2015 (Audited)
		(Rupees)	
ASSETS			
Bank balances	5	24,127,799	78,450,960
Investments	6	77,957,975	24,018,526
Dividend and Mark-up receivable		539,807	1,331,836
Prepayment		99,386	37,259
Deferred formation cost		265,899	644,767
TOTAL ASSETS		102,990,866	104,483,348
LIABILITIES			
Payable to the Management Company	7	1,319,656	1,189,848
Payable to the Trustee		67,593	57,538
Annual fee payable to Securities and Exchange Commission of Pakistan		71,911	114,364
Accrued expenses and other liabilities	8	1,127,769	1,147,248
TOTAL LIABILITIES		2,586,929	2,508,998
NET ASSETS		100,403,937	101,974,350
UNIT HOLDERS' FUND (as per statement of movement in Unit holders' Fund)		100,403,937	101,974,350
CONTINGENCIES AND COMMITMENTS	9		
		(Number of units)	
Number of units in issue		887,319	931,303
		(Rupees)	
Net assets value per unit		113.1542	109.4964

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

For Lakson Investments Limited
(Management Company)

Director

Chief Executive Officer

Condensed Interim Income Statement (Unaudited) For the nine months and quarter ended March 31, 2016

	Note	Nine months ended March 31,		Quarter ended March 31,	
		2016	2015	2016	2015
----- (Rupees) -----					
INCOME					
Income from Government securities		4,391,794	5,035,404	1,455,282	1,347,110
Capital gain on sale of investments - net		4,200	885,442	-	-
Exchange gain on foreign currency deposits		65,144	213,387	2,903	505,884
Mark-up income		631,654	1,070,643	33,463	224,251
		<u>5,092,792</u>	<u>7,204,876</u>	<u>1,491,648</u>	<u>2,077,245</u>
Unrealised appreciation in the fair value of investments classified as 'held for trading' - net		794,531	2,193,728	503,642	997,130
		<u>5,887,323</u>	<u>9,398,604</u>	<u>1,995,290</u>	<u>3,074,375</u>
EXPENSES					
Remuneration to the Management Company		750,697	1,620,147	237,178	303,697
Sales tax on remuneration to the Management Company		121,913	281,906	38,518	52,844
Federal excise duty on remuneration to the Management Company	7.2	120,112	259,224	37,949	48,592
Remuneration to the Trustee		599,591	525,480	198,410	172,603
Annual fee to Securities and Exchange Commission of Pakistan		71,910	90,063	23,665	24,037
Brokerage, custody, settlement and bank charges		10,456	238,910	1,145	7,384
Amortization of deferred formation cost		378,868	378,526	125,371	124,334
Auditors' remuneration		242,643	231,077	63,146	58,120
Rating fee		141,161	-	39,034	-
Fees and subscription		63,113	105,370	20,885	46,849
Printing charges		30,227	18,262	15,172	4,931
Workers' Welfare Fund	8.1	33,778	27,106	-	27,106
		<u>2,564,469</u>	<u>3,776,071</u>	<u>800,473</u>	<u>870,497</u>
Net income from operating activities		<u>3,322,854</u>	<u>5,622,533</u>	<u>1,194,817</u>	<u>2,203,878</u>
Element of loss and capital losses included in the prices of units issued less those of units redeemed - net		(494,900)	(4,294,318)	(21,985)	(4,171)
Net income for the period before taxation		<u>2,827,954</u>	<u>1,328,215</u>	<u>1,172,832</u>	<u>2,199,707</u>
Taxation	10	-	-	-	-
Net income for the period after taxation		<u>2,827,954</u>	<u>1,328,215</u>	<u>1,172,832</u>	<u>2,199,707</u>

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

For Lakson Investments Limited
(Management Company)

Director

Chief Executive Officer

**Condensed Interim Statement of Comprehensive Income (Unaudited)
For the nine months and quarter ended March 31, 2016**

	Nine months ended March 31,		Quarter ended March 31,	
	2016	2015	2016	2015
	------(Rupees)-----			
Net income for the period after taxation	2,827,954	1,328,215	1,172,832	2,199,707
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>2,827,954</u>	<u>1,328,215</u>	<u>1,172,832</u>	<u>2,199,707</u>

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

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

Director

Chief Executive Officer

Condensed Interim Distribution Statement (Unaudited) For the nine months and quarter ended March 31, 2016

	Nine months ended March 31,		Quarter ended March 31,	
	2016	2015	2016	2015
	----- (Rupees) -----			
Undistributed income at the beginning of the period - realised	6,901,668	1,152,791	10,208,332	4,870,745
Undistributed income at the beginning of the period - unrealised	1,942,431	5,786,044	290,889	1,196,598
Undistributed income at the beginning of the period	8,844,099	6,938,835	10,499,221	6,067,343
Total comprehensive income for the period	2,827,954	1,328,215	1,172,832	2,199,707
Undistributed income at the end of the period	11,672,053	8,267,050	11,672,053	8,267,050
Undistributed income at the end of the period - realised	10,877,522	6,073,322	10,877,522	6,073,322
Undistributed income at the end of the period - unrealised	794,531	2,193,728	794,531	2,193,728
Undistributed income at the end of the period	11,672,053	8,267,050	11,672,053	8,267,050

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

For Lakson Investments Limited
(Management Company)

Director

Chief Executive Officer

**Condensed Interim Statement of Movement in Unit Holders' Fund (Unaudited)
For the nine months and quarter ended March 31, 2016**

	Nine months ended March 31,		Quarter ended March 31,	
	2016	2015	2016	2015
	------(Rupees)-----			
Net assets at the beginning of the period	101,974,350	167,459,138	99,390,030	101,185,412
Amount received on issue of 8,901 (2015: 568,495) units and 8,901 (2015: nil) units for the nine months and quarter respectively	1,000,000	60,000,000	1,000,000	-
Amount paid on redemption of 52,885 (2015: 1,222,985) units and 10,490 (2015: 468) units for the nine months and quarter respectively	(5,893,267)	(129,743,367)	(1,180,910)	(50,986)
	(4,893,267)	(69,743,367)	(180,910)	(50,986)
Element of loss and capital losses in prices of units sold less those of units redeemed - net	494,900	4,294,318	21,985	4,171
Total comprehensive income for the period	2,827,954	1,328,215	1,172,832	2,199,707
Net assets at the end of the period	<u>100,403,937</u>	<u>103,338,304</u>	<u>100,403,937</u>	<u>103,338,304</u>
Net assets value per unit at the beginning of the period	<u>109.4964</u>	<u>104.3227</u>	<u>111.8113</u>	<u>106.3787</u>
Net assets value per unit at the end of the period	<u>113.1542</u>	<u>108.6956</u>	<u>113.1542</u>	<u>108.6956</u>

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

For Lakson Investments Limited
(Management Company)

Director

Chief Executive Officer

Condensed Interim Cash Flow Statement (Unaudited) For the nine months and quarter ended March 31, 2016

	Nine months ended March 31,		Quarter ended March 31,	
	2016	2015	2016	2015
----- (Rupees) -----				
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period before taxation	2,827,954	1,328,215	1,172,832	2,199,707
Adjustments for non-cash charges and other items:				
Capital (gain) on sale of investments - net	(4,200)	(885,442)	-	-
Unrealised (appreciation) in the fair value of investments classified as 'held for trading' - net	(794,531)	(2,193,728)	(503,642)	(997,130)
Amortisation of deferred formation cost	378,868	378,526	125,371	124,334
Element of loss and capital losses included in the prices of units issued less those of units redeemed - net	494,900	4,294,318	21,985	4,171
	2,902,991	2,921,889	816,546	1,331,082
(Increase) / decrease in assets				
Investments - net	(53,140,718)	(6,272,265)	(829,067)	(8,354,443)
Mark-up receivable	792,029	46,994	640,960	712,765
Prepayment	(62,127)	(84,631)	59,919	(69,754)
	(52,410,816)	(6,309,902)	(128,188)	(7,711,432)
(Decrease) / increase in liabilities				
Payable to the Management Company	129,808	74,667	19,529	62,730
Payable to the Trustee	10,055	1,919	-	-
Annual fee payable to Securities and Exchange Commission of Pakistan	(42,453)	(94,789)	23,666	24,037
Payable against redemption of units	-	(10,000,000)	-	-
Accrued expenses and other liabilities	(19,479)	(107,743)	2,318	(24,903)
	77,931	(10,125,946)	45,513	61,864
Net cash (used in) / generated from operating activities	(49,429,894)	(13,513,959)	733,871	(6,318,486)
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash received from issuance of units	1,000,000	60,000,000	1,000,000	-
Cash paid on redemption of units	(5,893,267)	(129,743,367)	(1,180,910)	(50,986)
Net cash used in financing activities	(4,893,267)	(69,743,367)	(180,910)	(50,986)
Net (decrease) / increase in cash and cash equivalents	(54,323,161)	(83,257,326)	552,961	(6,369,472)
Cash and cash equivalents at the beginning of the period	78,450,960	120,430,883	23,574,838	43,543,029
Cash and cash equivalents at the end of the period	24,127,799	37,173,557	24,127,799	37,173,557

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

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

Director

Chief Executive Officer

**Notes to and forming part of the Condensed Interim
Financial Information (Unaudited)
For the nine months and quarter ended March 31, 2016**

1. LEGAL STATUS AND NATURE OF BUSINESS

Lakson Asset Allocation Emerging 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 07, 2011 by the Securities and Exchange Commission of Pakistan (SECP) in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations). 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 (NBFC Rules). 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 the Pakistan Stock Exchange Limited (previously Lahore Stock Exchange Limited). Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

The Fund is 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 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 emerging markets, index tracker funds tracking different emerging markets, actively managed emerging markets funds, equities and debt securities of companies with exposure in emerging markets, foreign currency deposits etc.

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

The JCR - VIS Credit Rating Company Limited has assigned 1-Star ranking to the Fund and the Pakistan Credit Rating Agency Limited (PACRA) has upgraded 'AM2-' (Management Company Quality Rating) to the management Company of the Fund dated 22 April 2015.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial information have been prepared in accordance with applicable 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, Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case the requirements differ, the requirements of the Rules, the Regulations and the directives issued by the SECP shall prevail.

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 2015. 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 these condensed interim financial information gives a true and fair view of the 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, 2015.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in preparing the financial statements as at and for the year ended 30 June 2015.

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, 2015.

	Note	March 31, 2016 (Unaudited)	June 30, 2015 (Audited)
		(Rupees)	
5. BANK BALANCES			
In local currency			
PLS savings accounts	5.1	2,081,227	78,412,094
Current account		8,062	-
In foreign currency			
Current account [USD\$: 210,381.87 (June 30, 2015: 381.87)]	5.2	22,038,510	38,866
		<u>24,127,799</u>	<u>78,450,960</u>

5.1 These carry mark-up at rates ranging from 4.00% to 7.40% (June 30, 2015: 4.50% to 7.05%) per annum.

5.2 This represents USD denominated current account.

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

	Note	March 31, 2016 (Unaudited)	June 30, 2015 (Audited)
(Rupees)			
In local currency			
Government securities - Market Treasury Bills	6.1	53,103,315	-
Government securities - Pakistan Investment Bonds	6.2	24,854,660	24,018,526
		<u>77,957,975</u>	<u>24,018,526</u>

6.1 Government Securities - Treasury Bill

Note	Number of holdings				Balance as at March 31, 2016			Market value as a percentage of net assets of the Fund	Market value as a percentage of total investments
	As at July 01, 2015	Purchased during the period	Sold / matured during the period	As at March 31, 2016	Carrying Value	Market value	Unrealized (diminution) / appreciation		
Treasury Bills: 3-months (face value of Rs. 100,000 each)	-	750	750	-	-	-	-	-	-
Treasury Bills: 12-months (face value of Rs. 100,000 each)	6.1.1	-	550	550	53,115,177	53,103,315	(11,862)	52.89%	68.12%
Total - March 31, 2016					53,115,177	53,103,315	(11,862)	52.89%	68.12%
Total - June 30, 2015					-	-	-	-	-

6.1.1 These represent a 12 months Government Treasury bill carrying an effective yield of 6.3098% per annum and will mature on October 27, 2016, the face value of this Treasury Bill held as at March 31, 2016 amounted to Rs. 50 million (June 30, 2015: Nil) and a 12 months Government Treasury bill carrying an effective yield of 6.43% per annum and will mature on November 10, 2016, the face value of this Treasury Bill held as at March 31, 2016 amounted to Rs. 5 million. (June 30, 2015: Nil)

6.2 Government securities - Pakistan Investment Bonds

Note	Number of holdings				Balance as at March 31, 2016			Market value as a percentage of net assets of the Fund	Market value as a percentage of total investments
	As at July 01, 2015	Purchased during the period	Sold / matured during the period	As at March 31, 2016	Carrying Value	Market value	Unrealized appreciation / (diminution)		
3 years Pakistan Investment Bonds (face value of Rs. 100,000 each)	6.2.1	100	-	100	10,809,036	10,614,530	(194,506)	10.57%	13.62%
5 years Pakistan Investment Bonds (face value of Rs. 100,000 each)	6.2.2	60	-	60	6,547,369	6,854,274	306,905	6.83%	8.79%
10 years Pakistan Investment Bonds (face value of Rs. 100,000 each)	6.2.3	60	-	60	6,691,863	7,385,856	693,993	7.36%	9.47%
Total - March 31, 2016					24,048,267	24,854,660	806,393	24.75%	31.88%
Total - June 30, 2015					22,076,094	24,018,526	1,942,432	23.55%	100.00%
Total investment - March 31, 2016					77,163,444	77,957,975	794,531	77.64%	100.00%
Total investment - June 30, 2015					22,076,094	24,018,526	1,942,432	23.55%	100.00%

6.2.1 This represents investment in 3 years Pakistan Investment Bonds carrying effective profit rate of 11.25% (June 30, 2015: 11.25%) per annum having maturity on July 17, 2017. The face value of Pakistan Investment Bonds as at March 31, 2016 amounted to Rs. 10 million (June 30, 2015: Rs. 10 million).

6.2.2 This represents investment in 5 years Pakistan Investment Bonds carrying effective profit rate of 11.50% (June 30, 2015: 11.50%) per annum having maturity on July 17, 2019. The face value of Pakistan Investment Bonds as at March 31, 2016 amounted to Rs. 6 million (June 30, 2015: Rs. 6 million).

- 6.2.3 This represents investment in 10 years Pakistan Investment Bonds carrying effective profit rate of 12.00% (June 30, 2015: 12.00%) per annum having maturity on July 17, 2024. The face value of Pakistan Investment Bonds as at March 31, 2016 amounted to Rs. 6 million (June 30, 2015: Rs. 6 million).

	Note	March 31, 2016 (Unaudited)	June 30, 2015 (Audited)
		(Rupees)	
7. PAYABLE TO THE MANAGEMENT COMPANY			
Payable to the Management Company	7.1	68,877	74,468
Sindh Sales Tax payable on Management remuneration		175,587	160,299
Federal Excise Duty payable on remuneration to the Management Company	7.2	1,070,823	950,712
Sales load payable		4,369	4,369
		1,319,656	1,189,848

- 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 3% per annum of the average annual net assets of the Fund during first five years of the Fund's existence and thereafter an amount not exceeding 2% per annum of such net assets of the Fund. However, the rate of fee is temporarily reduced to 10% of the gross earnings of the scheme, calculated on a daily basis. The fee is subject to a minimum of 0.75% and maximum of 2% of the average annual net assets of the Fund after the approval from SECP since December 2014.
- 7.2 The Finance Act, 2013 has enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from June 13, 2013. As the asset management services rendered by the Management Company of the Fund are already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund, the Management Company is of the view that further levy of FED is not justified.

On September 04, 2013, a constitutional Petition has been filed in Honorable Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustee, challenging the levy of FED. In this respect, the Honorable SHC has issued a stay order against recovery proceedings. The hearing of the petition is in progress.

In view of the pending decision, as a matter of abundant caution, the Management Company of the Fund has made a provision for FED in the books of account of the Fund with effect from June 13, 2013, aggregating to Rs. 1.071 million (June 30, 2015: Rs. 0.951 million).

	Note	March 31, 2016 (Unaudited)	June 30, 2015 (Audited)
		(Rupees)	
8. ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration		157,244	204,751
Workers' Welfare Fund	8.1	955,499	921,721
Others		15,026	20,776
		1,127,769	1,147,248

8.1 Workers' Welfare Fund

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

During the year 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. This clarification was forwarded by Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) to its members for necessary action. Based on this clarification, the FBR also withdrew notice of demand which it had earlier issued to one of the mutual funds for collection of WWF. Notices of demand have also been issued to several other mutual funds and the matter has been taken up by the respective mutual funds with the FBR for their withdrawal on the basis of the above referred clarification of the Ministry.

During the year 2011, a single bench of the Lahore High Court (LHC) in a constitutional petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, has declared the said amendments as unlawful and unconstitutional and struck them down. However, in the month of March 2013, a larger bench of the Sindh High Court (SHC) in various constitutional petitions declared that amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, do not suffer from any constitutional or legal infirmity and overruled a single-member LHC bench judgment issued in August 2011.

However, the Honorable Peshawar High Court on May 29, 2014 on a petition filed by certain aggrieved parties (other than the mutual funds) have adjudicated that the amendments introduced in the Workers Welfare Fund Ordinance, 1971 through the Finance Acts of 1996 and 2009 lacks the essential mandate to be introduced and passed through the money bill under the Constitution of Pakistan and hence have been declared as ultra vires the Constitution.

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

Furthermore, vide the Finance Act, 2015, the mutual funds have been excluded from the levy of WWF. Workers' Welfare Fund Ordinance, 1971, Accordingly, the management is of the view that this change is applicable from 01 July 2015. However, the matter regarding previous years would either need to be clarified by FBR or would be resolved through courts.

Had the above recognition not been made, the net assets value per unit of the Fund would be higher by Re. 1.077 / 1.077% (June 30, 2015: 0.99 / 0.99%).

9. CONTINGENCIES AND COMMITMENTS

The Fund had no contingency or commitment as at March 31, 2016.

10. TAXATION

The Fund is exempt from taxation under clause 99 of the Part I of the Second Schedule of the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units

shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The management intends to distribute at least 90% of the income earned during the year by the Fund to the unit holders.

11. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

The related parties comprise of 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 and other funds being managed by the Management Company, staff retirement benefits of related parties and other entities having more than 10% holding in the units of the Fund as at March 31, 2016.

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:

	March 31, 2016 (Unaudited)	June 30, 2015 (Audited)
	(Rupees)	
11.1 Balance as at period / year end		
Lakson Investments Limited - Management Company of the Fund		
Payable to Management Company	<u>1,315,287</u>	<u>1,185,479</u>
Sales load payable	<u>4,369</u>	<u>4,369</u>
Central Depository Company of Pakistan Limited - Trustee of the Fund		
Remuneration payable	<u>67,593</u>	<u>57,538</u>
Habib Bank AG Zurich - Custodian		
Bank deposits	<u>22,038,510</u>	<u>38,866</u>

11.2 Unit Holders' Fund

Un-audited										
Nine months ended March 31, 2016										
Number of Units					Rupees					Balance at the end of the period (Investment at current NAV)
Number of Units as at July 01, 2015	Units issued during the period	Bonus units issued during the period	Units redeemed during the period	Number of holdings at the end of the period	As at July 01, 2015	Units issued during the period	Bonus units issued during the period	Units redeemed during the period		
82,404	-	-	-	82,404	9,022,899	-	-	-	9,324,343	
					5,490	-	-	5,642	-	
50	-	-	50	-						
Associated companies / undertakings of the Management Company										
Directors, Chief Executive, their spouse and minors key management personnel, employees and connected persons of the Management Company										
Lakson Business Solutions Limited - Employees										
4458	-	-	-	4,458	488,100	-	-	-	504,441	
Princeton Travels (Private) Limited - Employees										
4,572	-	4,572	-	-	500,615	-	-	503,804	-	
Lakson Investments Limited - Employees										
2,400	-	-	-	2,400	262,823	-	-	-	271,570	
Tetley Clover (Private) Limited - Employees										
8,001	-	-	8,001	-	876,077	-	-	889,211	-	
9,715	-	-	-	9,715	1,063,808	-	-	-	1,099,293	
Century Insurance Company Limited - Employees										
13,716	-	-	13,716	-	1,501,846	-	-	1,517,275	-	
GAM Corporation (Private) Limited - Employees										
36,576	-	-	-	36,576	4,004,923	-	-	-	4,138,728	
SIZA Foods (Private) Limited - Employees										
21,717	-	-	-	21,717	2,377,923	-	-	-	2,457,370	
Colgate Palmolive (Pakistan) Limited - Employees										
248,030	-	248,030	-	-	27,158,383	-	-	-	28,065,636	
93,726	-	93,726	-	-	10,262,615	-	-	-	10,605,491	
SIZA Services (Private) Limited - Employees										
10,287	-	-	10,287	-	1,126,385	-	-	1,157,910	-	
Cyber Internet Services (Private) Limited - Employees										
50,292	-	-	-	50,292	5,506,769	-	-	-	5,690,751	
Sybird (Private) Limited - Employees										
16,002	-	16,002	-	-	1,752,154	-	-	1,790,563	-	
Accuray Surgical Limited - Employees										
40,005	-	-	-	40,005	4,380,384	-	-	-	4,526,734	
Merit Packaging Limited - Employees										
52,578	-	-	52,578	-	5,757,077	-	-	-	5,949,422	
20,574	-	-	-	20,574	2,252,769	-	-	-	2,328,035	
Century Paper & Board Mills Limited - Employees										
138,342	-	-	138,342	-	15,147,900	-	-	-	15,653,978	
74,674	-	-	-	74,674	8,176,521	-	-	-	8,449,677	

Un-audited									
Nine months ended March 31, 2015									
Number of Units					Rupees				
Number of Units as at July 01, 2014	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	As at July 01, 2014	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)
90,463	-	-	6,329	84,134	9,437,330	-	-	-	9,144,945
50	-	-	-	50	5,231	-	-	-	5,450
4458	-	-	-	4,458	465,037	-	-	-	484,530
4,572	-	-	-	4,572	476,961	-	-	-	496,954
2,400	-	-	-	2,400	250,405	-	-	-	260,901
8,001	-	-	-	8,001	834,682	-	-	-	869,670
9,715	-	-	-	9,715	1,013,543	-	-	-	1,056,027
13,716	-	-	-	13,716	1,430,884	-	-	-	1,490,862
36,576	-	-	-	36,576	3,815,690	-	-	-	3,975,633
21,717	-	-	-	21,717	2,265,566	-	-	-	2,360,532
6,858	-	-	-	6,858	715,442	-	-	-	745,431
248,030	-	-	-	248,030	25,875,150	-	-	-	26,959,760
93,726	-	-	-	93,726	9,777,707	-	-	-	10,187,550
10,287	-	-	-	10,287	1,073,163	-	-	-	1,118,147
50,292	-	-	-	50,292	5,246,574	-	-	-	5,466,495
16,002	-	-	-	16,002	1,669,365	-	-	-	1,739,339
40,005	-	-	-	40,005	4,173,411	-	-	-	4,348,348
52,578	-	-	-	52,578	5,485,055	-	-	-	5,714,972
20,574	-	-	-	20,574	2,146,326	-	-	-	2,236,294
43,065	95,386	-	-	138,451	4,482,632	10,000,000	-	-	15,048,987
74,733	-	-	-	74,733	7,796,331	-	-	-	8,123,130
550,411	-	-	518,535	11,876	55,333,863	-	-	55,334,142	1,250,794

Directors, Chief Executive and their spouse and minors
Key Management personnel, employees and connected
persons of the Management Company

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

Lakson Business Solutions Limited - Employees
Contributory Provident Fund Trust
Princeton Travels (Private) Limited - Employees
Contributory Provident Fund Trust
Lakson Investments Limited - Employees
Tatley Clover (Private) Limited - Employees
Clover (Pakistan) Limited - Employees
Century Insurance Company Limited - Employees
Contributory Provident Fund Trust
GAM Corporation (Private) Limited - Employees
Contributory Provident Fund Trust
SIZA Foods (Private) Limited - Employees
Contributory Provident Fund Trust
Hasanali Karabhai Foundation - Employees
Contributory Provident Fund Trust
Colgate Palmolive (Pakistan) Limited - Employees
Contributory Provident Fund Trust
Colgate Palmolive (Pakistan) Limited - Employees
SIZA Services (Private) Limited - Employees
Contributory Provident Fund Trust
Cyber Internet Services (Private) Limited - Employees
Contributory Provident Fund Trust
Sybri (Private) Limited - Employees
Accury Surgicals Limited - Employees
Merit Packaging Limited - Employees
Merit Packaging Limited - Employees
Merit Packaging Limited - Employees
Century Paper & Board Mills Limited - Employees
Contributory Provident Fund Trust
Century Paper & Board Mills Limited - Employees
Contributory Provident Fund Trust

*Nil (June 30, 2014; 6,329) units held in joint account with spouse Mrs. Zil Lakhani and 1,730 (June 30, 2014; 1,730) units are held by minor son Mr. Hassan Ali Lakhani.

11.3 Transaction during the period

	Nine months ended March 31,		Quarter ended March 31,	
	2016	2015	2016	2015
	----- (Unaudited) ----- ----- (Rupees) -----			
Lakson Investments Limited - Management Company of the Fund				
Remuneration to the Management Company	750,697	1,620,147	237,178	303,697
Sindh sales tax on remuneration of Management Company	121,913	281,906	38,518	52,844
Federal Excise Duty on Remuneration of Management Company	120,112	259,224	37,949	48,592
	992,722	2,161,277	313,645	405,133
Central Depository Company of Pakistan Limited - Trustee of the Fund				
Remuneration for the period	599,591	525,480	198,410	172,603

	Nine months ended March 31,	
	2016	2015
	----- (Unaudited) ----- ----- (Rupees) -----	
Habib Bank AG Zurich - Custodian		
Brokerage and Settlement charges	-	157,470
Custody charges	-	27,031
Bank Charges	-	29,895

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

International Financial Reporting Standard (IFRS) 13, "Fair Value Measurement" requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

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

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

As at March 31, 2016			
----- Un-audited -----			
Level 1	Level 2	Level 3	Total
----- Rupees -----			

Assets

Financial assets at fair value
through profit or loss

-	77,957,975	-	77,957,975
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As at June 30, 2015			
----- Audited -----			
Level 1	Level 2	Level 3	Total
----- Rupees -----			

Assets

Financial assets at fair value
through profit or loss

-	24,018,526	-	24,018,526
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13. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on April 22, 2016 by the Board of Directors of the Management Company.

14. GENERAL

Figures have been rounded off to the nearest rupee.

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

Director

Chief Executive Officer



A Lakson Group Company

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