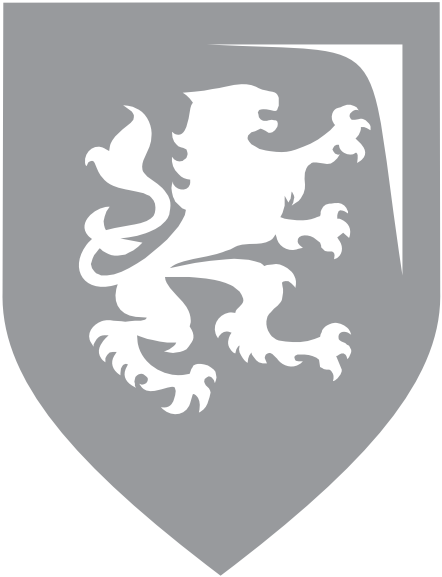


LAKSON ASSET ALLOCATION GLOBAL COMMODITIES FUND  
Quarterly Report (September 30, 2015)



## CONTENTS

Fund's Information	1
Review Report of the Directors of the Management Company	2
Condensed Interim Statement of Assets and Liabilities	4
Condensed Interim Income Statement	5
Condensed Interim Statement of Comprehensive Income	6
Condensed Interim Distribution Statement	7
Condensed Interim Statement of Movement in Unit Holders' Fund	8
Condensed Interim Cash Flow Statement	9
Notes to and forming part of the Condensed Interim Financial Statements	10

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## Fund's Information

**Management Company**

Lakson Investments Limited  
Head Office  
Lakson Square, Building No.2,  
Sarwar Shaheed Road,  
Karachi-74200, Pakistan.  
Phone: (9221) 3569.8000  
Fax: (9221) 3568.1653  
Web site: www.li.com.pk  
E-mail: info@li.com.pk

**Board of Directors of  
the Management Company**

Mr. Iqbal Ali Lakhani - Chairman  
Mr. Babar Ali Lakhani - Chief Executive Officer  
Mr. A. Aziz H. Ebrahim  
Mr. Mahomed J. Jaffer  
Mr. Amin Mohammed Lakhani  
Mr. Sher Afgan Malik  
Mr. Daniel Scott Smaller  
Mr. Zahid Zakiuddin

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

Ms. Sana Quadri

**Audit Committee**

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

**Human Resource and Remuneration Committee**

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

**Trustee**

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

**Auditors**

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

**Bankers to the Fund**

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

**Legal Adviser**

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

**Registrar**

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

**Distributor**

Rabia Fida

**Rating**

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 quarter ended September 30, 2015**

The Board of Directors of Lakson Investments Limited, the Management Company of the Lakson Asset Allocation Global Commodities Fund ("LAAGCF") is pleased to submit its review report together with Condensed Interim Financial Information for the period ended September 30, 2015.

### **Fund Objective**

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

### **Fund Profile**

LAAGCF is an open end asset allocation scheme. The Scheme shall be 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 shall switch exposure between the domestic Government Securities and the commodities based on the outlook of the Investments Team of the performance of the commodities. The Scheme may overweight or underweight commodities relative to its benchmark for commodities investments, the DBIQ Optimum Yield Diversified Commodity Index Excess Return. 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 Government Securities.

### **Fund performance**

The LAAGCF generated an absolute return of 2.15% in 1QFY16 compared to the Benchmark (30:70 combination of the DBLC - OY Balanced Index and 6 month T bills) return of -1.3%. The LAAGCF outperformed the benchmark by 345 bps. As of September 30, 2015, the LAAGCF portfolio is invested 66% in T-Bills, 33% in PIBs, and 1% in cash. The fund size of the LAAGCF as of September 30, 2015 was PKR 189 million.

### **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**

In September, the State Bank of Pakistan decreased the discount and target rates by 50bps each to 6.5% and 6.0% respectively, the lowest levels on record, bringing the total reduction in interest rates to 350 bps over the last year. This decision was made on the back low inflation, high real interest rates and a comfortable external account position. CPI for September clocked in at 1.3%, a multiyear low as food and energy prices continued to drop. Similarly both measures of Core Inflation (NFNE and Trimmed) recorded a year on year increase of just 3.4% and 2.8% respectively. Average CPI for the quarter was recorded at just 1.64% against 7.52% in 1QFY15. With headline inflation forecast to be under 5.0% in FY16 and FX reserves climbing to all time highs (USD 20+ billion), the possibility of another interest rate cut during 2QFY16 cannot be ruled out. Policy makers will hope that easy monetary conditions will give a much needed boost to private sector credit off-take and industrial activity.

The collapse in commodity prices and continuing strength in worker remittances has helped to narrow the current account deficit for 2MFY16 to just USD 394 million against USD 1,456 million (?72.9%) in 2MFY15. Pakistan successfully issued a 10-year Eurobond worth USD 500 million with a coupon of 8.25% in September. Along with the approval of another USD 502 million IMF tranche and receipt of Coalition Support Funds, the buildup in foreign reserves is continuing smoothly. From USD 15.3 billion in December 2014 and USD 18.7 billion in June 2015, FX reserves have now increased to USD 20.1 billion, a jump of 31.5% and 7.3% respectively. For this reason despite a 6.7% appreciation in the USD Index, the PKR has depreciated by just 3.9% during 9MCMY15. While concerns over lackluster exports (?6.9% YoY during 2MFY16) will remain due to a weak regional growth outlook, Pakistan remains a net beneficiary of the prevailing global economic environment.

With most macroeconomic indicators continuing to show improvement, Pakistan received for the first time, a Long-Term Foreign and Local Currency Issuer Default Rating (IDR) of 'B' with a Stable Outlook from Fitch. The agency also assigned a Short-Term Foreign-Currency rating of 'B' and a Country Ceiling of 'B'. This rating is based on an increase in the country's foreign reserves which have improved liquidity and reduced the risk of default. Moreover, the China-Pakistan Economic Corridor (CPEC) and the implementation of structural reforms in energy and fiscal management are expected to generate growth of 5.0%+ in FY16 and beyond. With the privatization of Pakistan International Airlines, Pakistan Steel Mills and State Life Insurance expected during 2HFY16, the government should be able to create the necessary fiscal space to reduce the budget deficit to 4.3% in FY16. This could lead to further rating upgrades from Fitch and Moody's in the near future.

### **Global Commodity Markets Review**

The commodities market continued to be battered in 1QFY16 as fears of a supply glut loomed. An unexpected decision by the Chinese government to devalue the Yuan in August precipitated a decline in commodity prices. In September, uncertainty revolved around the Fed's decision to lift interest rates and the commodities markets remained in panic. A liftoff in US interest rates would strengthen the dollar further and create pressure on commodity prices. The Fed, however, decided to delay the hike in interest rates which gave commodities some relief. However, weaker than expected industrial data in China reaffirmed concerns of a slowdown in China's economy which plunged prices of commodities further and triggered a selloff in leading commodity trading firms. Investors fear a further decline in commodity prices in the near future.

Global oil prices continued to remain under pressure, as fears of a supply glut loomed, pushing WTI and Brent to decline by 25% and 11% respectively. Slowing demand of coal in China and Brazil propelled a staggering decline of 7.8% in coal's price to reach USD 49.65/MT.

Gold performed relatively better as the Federal Reserve decided to hold interest rates which prompted investors to move towards the safe haven metal. Gold saw a decline of 5% as its price went down from USD 1,172/oz to USD 1,115 /oz.

### **Future Outlook**

The ability to widen the tax net, execute privatization plans and reduce subsidies through tariff rationalization will be key factors in meeting the FY16 budget deficit target of 4.3%. With the outlook for commodity prices persistently weak, the current account deficit could potentially turn into a surplus in FY16. Consequently import cover should continue to improve while PKR parity against the USD can be carefully managed by the SBP. Inflows and projects related to the China - Pakistan Economic Corridor (CPEC) would give a significant boost to construction activities and GDP growth. A high growth and low inflation trajectory would be a heady cocktail for investors looking to capitalize on the favorable economic environment.

### **Acknowledgement**

The Board is thankful to its valued investors, the Securities and Exchange Commission of Pakistan, the State Bank of Pakistan, the Trustee of the Fund- Central Depository Company of Pakistan Limited and the management of the Lahore Stock Exchange 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: October 20, 2015**

**Condensed Interim Statement of Assets and Liabilities  
As at September 30, 2015**

		September 30, 2015 (Unaudited)	June 30, 2015 (Audited)
	Note	(Rupees)	
<b>ASSETS</b>			
Bank balances	6	2,589,235	36,231,618
Investments	7	187,315,970	149,469,359
Mark-up receivable		1,371,663	3,031,040
Deferred formation cost		507,746	631,981
Prepayments		70,372	37,260
<b>TOTAL ASSETS</b>		<b>191,854,986</b>	<b>189,401,258</b>
<b>LIABILITIES</b>			
Payable to the Management Company	8	1,711,097	1,593,761
Payable to the Trustee		65,410	57,536
Annual fee payable to the Securities and Exchange Commission of Pakistan		44,867	199,673
Accrued expenses and other liabilities	9	1,401,005	1,435,625
<b>TOTAL LIABILITIES</b>		<b>3,222,379</b>	<b>3,286,595</b>
<b>NET ASSETS</b>		<b>188,632,607</b>	<b>186,114,663</b>
<b>UNITHOLDERS' FUND (as per statement of movement in unit holders' fund)</b>		<b>188,632,607</b>	<b>186,114,663</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	10		
		(Number of units)	
<b>Number of units in issue</b>		<b>1,776,058</b>	<b>1,790,056</b>
		(Rupees)	
<b>Net assets value per unit</b>		<b>106.2086</b>	<b>103.9714</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

\_\_\_\_\_  
Director

**Condensed Interim Income Statement (Unaudited)  
For the quarter ended September 30, 2015**

INCOME	Note	2015	2014
		(Rupees)	
Income from Government securities		4,039,169	3,793,119
Mark-up income		264,886	455,156
Exchange gain on foreign currency deposits		1,044	1,835,451
		<u>4,305,099</u>	<u>6,083,726</u>
Unrealised appreciation / (diminution) in the fair value of investments classified as 'held for trading' - net		<u>1,000,341</u>	<u>(37,075)</u>
		<b>5,305,440</b>	<b>6,046,651</b>
<b>EXPENSES</b>			
Remuneration of the Management Company		520,331	692,011
Sales tax on remuneration to the Management Company		84,502	120,267
Federal excise duty on remuneration to the Management Company	8.2	83,253	110,722
Remuneration of the Trustee		200,590	176,439
Annual fee to the Securities and Exchange Commission of Pakistan		44,868	52,593
Auditors' remuneration		96,754	91,128
Fees and subscription		63,956	7,561
Printing charges		5,027	5,041
Brokerage and bank charges		5,055	31,742
Amortisation of deferred formation cost		124,235	124,575
Workers' Welfare Fund	9.1	79,955	86,971
		<u>1,308,526</u>	<u>1,499,050</u>
Net income from operating activities		<b>3,996,914</b>	<b>4,547,601</b>
Element of loss and capital loss included in the prices of units issued less those in units redeemed - net		<u>(79,121)</u>	<u>(286,009)</u>
<b>Net income for the period</b>		<u><b>3,917,793</b></u>	<u><b>4,261,592</b></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

\_\_\_\_\_  
Director

**Condensed Interim Statement of Comprehensive Income (Unaudited)  
For the quarter ended September 30, 2015**

	2015	2014
	(Rupees)	
Net income for the period	3,917,793	4,261,592
Other comprehensive income	-	-
<b>Total comprehensive income for the period</b>	<u><u>3,917,793</u></u>	<u><u>4,261,592</u></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

\_\_\_\_\_  
Director



**Condensed Interim Distribution Statement (Unaudited)  
For the quarter ended September 30, 2015**

	2015	2014
	(Rupees)	
Undistributed income at the beginning of the period - Realised	1,521,214	701,322
Undistributed income at the beginning of the period - Unrealised	5,587,881	-
<b>Undistributed income at the beginning of the period</b>	<u>7,109,095</u>	<u>701,322</u>
Total comprehensive income for the period	3,917,793	4,261,592
<b>Undistributed income at the end of the period</b>	<u>11,026,888</u>	<u>4,962,914</u>
Undistributed income at the end of the period - Realised	10,026,547	4,999,989
Undistributed income / accumulated (loss) at the end of the period - Unrealised	1,000,341	(37,075)
<b>Undistributed income at the end of the period</b>	<u>11,026,888</u>	<u>4,962,914</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

\_\_\_\_\_  
Director

**Condensed Interim Statement of Movement in Unit Holders' Fund (Unaudited)  
For the quarter ended September 30, 2015**

	2015	2014
	(Rupees)	
<b>Net assets at the beginning of the period</b>	<b>186,114,663</b>	353,564,604
Cash received on issue of Nil (2014: Nil) units	-	-
Cash paid on redemption of 13,998 (2014: 1,371,285) units	<b>(1,478,970)</b>	(137,414,546)
	<b>(1,478,970)</b>	(137,414,546)
Element of loss and capital loss included in the prices of units issued less those in units redeemed - net	<b>79,121</b>	286,009
Total comprehensive income for the period	<b>3,917,793</b>	4,261,592
<b>Net assets at the end of the period</b>	<u><b>188,632,607</b></u>	<u>220,697,659</u>
<b>Net assets value per unit at the beginning of the period</b>	<u><b>103.9714</b></u>	<u>100.1987</u>
<b>Net assets value per unit at the end of the period</b>	<u><b>106.2086</b></u>	<u>102.3004</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

\_\_\_\_\_  
Director

**Condensed Interim Cash Flow Statement (Unaudited)  
For the quarter ended September 30, 2015**

	2015	2014
	(Rupees)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net income for the period	3,917,793	4,261,592
Adjustments for non-cash charges and other items:		
Amortisation of deferred formation cost	124,235	124,575
Unrealised (appreciation) / diminution in the fair value of investments classified as held for trading' - net	(1,000,341)	37,075
Element of loss and capital loss included in the prices of units issued less those in units redeemed - net	79,121	286,009
	<u>3,120,808</u>	<u>4,709,251</u>
<b>(Increase) / decrease in assets</b>		
Investments - net	(36,846,270)	(161,214,972)
Mark-up receivable	1,659,377	178,537
Prepayments	(33,112)	(22,439)
	<u>(35,220,005)</u>	<u>(161,058,874)</u>
<b>Increase / (decrease) in liabilities</b>		
Payable to the Management Company	117,336	(65,472)
Payable to the Trustee	7,874	(4,931)
Annual fee payable to the Securities and Exchange Commission of Pakistan	(154,806)	(320,031)
Accrued expenses and other liabilities	(34,620)	(8,808)
	<u>(64,216)</u>	<u>(399,242)</u>
Net cash used in from operating activities	<u>(32,163,413)</u>	<u>(156,748,865)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Cash received from issue of units	-	-
Cash paid on redemption of units	(1,478,970)	(137,414,546)
Net cash used in from financing activities	<u>(1,478,970)</u>	<u>(137,414,546)</u>
Net decrease in cash and cash equivalent	<u>(33,642,383)</u>	<u>(294,163,411)</u>
Cash and cash equivalent at the beginning of the period	<u>36,231,618</u>	<u>354,858,716</u>
<b>Cash and cash equivalent at the end of the period</b>	<u><u>2,589,235</u></u>	<u><u>60,695,305</u></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

\_\_\_\_\_  
Director

## **Notes to the Condensed Interim Financial Information (Unaudited) For the quarter ended September 30, 2015**

### **1 LEGAL STATUS AND NATURE OF BUSINESS**

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

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

The Fund is authorized to invest in Government securities, deposits and foreign currency deposits with local or foreign banks and future contracts of different commodities 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 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.

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 maintained 1-Star ranking to the Fund.

The Pakistan Credit Rating Agency Limited (PACRA) has upgraded the asset manager rating of the Management Company. to 'AM2-'.

### **2 BASIS OF PREPARATION**

#### **2.1 Statement of compliance**

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

This condensed interim financial information comprises of condensed interim statement of assets and liabilities as at September 30, 2015 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of cash flows, condensed interim statement of movement in Unit Holder's Fund, and notes thereto, for the quarter ended September 30, 2015.

The condensed interim financial statements does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the latest financial statements of the Fund as at and for the year ended June 30, 2015.

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

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

## 2.2 Functional And Presentation Currency

This condensed interim financial statements is presented in Pak Rupees which is the functional and presentation currency of the Fund. Figures have been rounded off to the nearest rupees.

## 3 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of this condensed interim financial information are the same as those applied in the preparation of the published financial statements as at and for the year ended June 30, 2015.

## 4 ACCOUNTING ESTIMATES

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

The significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied to financial statements as at and for the year ended June 30, 2015.

## 5 FINANCIAL RISK MANAGEMENT

The Fund financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements for the year ended June 30, 2015.

	Note	September 30, 2015 (Unaudited)	June 30, 2015 (Audited)
		(Rupees)	
<b>6 BANK BALANCES</b>			
<b>In local currency</b>			
In profit and loss sharing accounts	6.1	2,549,331	36,192,757
<b>In foreign currency</b>			
In current account [USD\$ 382 (2015: USD\$ 382)]	6.2	<u>39,904</u> <u>2,589,235</u>	<u>38,861</u> <u>36,231,618</u>
6.1		These carry mark-up rates ranging from 4.50% to 6.00% (2015: from 4.50% to 7.05%) per annum.	
6.2		This represents USD denominated current account maintained in foreign country.	

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

	Note	September 30, 2015 (Unaudited)	June 30, 2015 (Audited)
		(Rupees)	
<b>In local currency</b>			
<b>Government securities</b>			
- Market Treasury Bills	7.1	124,303,520	87,914,025
- Pakistan Investments Bonds	7.2	63,012,450	61,555,334
		<u>187,315,970</u>	<u>149,469,359</u>

**7.1 Market Treasury Bills**

Note	Number of treasury bills				Balance as at September 30, 2015			Market value as a percentage of netassets of the Fund	Market value as a percentage of total investments
	Number of holdings at the beginning of the period	Acquired during the period	Disposed / matured during the period	Number of holdings at the end of the period	Coast	Market value	Unrealized appreciation		
					Rupees				
Treasury Bills - 3 months (face value of Rs. 100,000 each)	7.1.1	-	350	-	350	34,816,833	34,825,805	8,972	18.46%
Treasury Bills - 12 months (face value of Rs. 100,000 each)	7.1.2	900	-	-	900	89,958,624	89,477,715	(480,909)	47.43%
<b>Total - September 30, 2015</b>						<u>124,775,457</u>	<u>124,303,520</u>	<u>(471,937)</u>	<u>65.90%</u>
Total - June 30, 2015						87,147,747	87,914,025	766,278	47.24%
						87,147,747	87,914,025	766,278	58.82%

7.1.1 These represent 3 months Government Treasury bills carrying effective yield of 6.93% per annum (June 30, 2015: Nil) and maturity on October 29, 2015. The face value of Treasury Bills held as at September 30, 2015 amounted to Rs. 35 million (June 30, 2015: Nil).

7.1.2 These represent 12 months Government Treasury bills carrying effective yield ranging from 9.4711% to 9.9900% per annum (June 30, 2015: 9.4711% to 9.9900%) and maturity from October 29, 2015 to November 26, 2015. The face value of Treasury Bills held as at September 30, 2015 amounted to Rs. 90 million (June 30, 2015: 90 million).

**7.2 Pakistan Investment Bonds**

Note	Number of units				Balance as at September 30, 2015			Market value as a percentage of netassets of the Fund	Market value as a percentage of total investments
	Number of holdings at the beginning of the period	Acquired during the period	Disposed / matured during the period	Number of holdings at the end of the period	Carrying value	Market value	Unrealized appreciation		
					Rupees				
3 years Pakistan Investment Bond (face value of Rs. 100,000 each)	7.2.1	120	-	-	120	12,921,412	12,890,004	(31,408)	6.83%
5 years Pakistan Investment Bond (face value of Rs. 100,000 each)	7.2.2	220	-	-	220	24,062,718	24,690,534	627,816	13.09%
10 years Pakistan Investment Bond (face value of Rs. 100,000 each)	7.2.3	220	-	-	220	24,556,042	25,431,912	875,870	13.48%
<b>Total - September 30, 2015</b>						<u>61,540,172</u>	<u>63,012,450</u>	<u>1,472,278</u>	<u>33.40%</u>
Total - June 30, 2015						56,733,732	61,555,334	4,821,602	33.07%
<b>Total investment - September 30, 2015</b>						<u>186,315,629</u>	<u>187,315,970</u>	<u>1,000,341</u>	<u>99.30%</u>
Total investment - June 30, 2015						143,881,479	149,469,359	5,587,880	80.31%

7.2.1 This represents investment in 3 years Pakistan Investment Bonds carrying effective profit rates of 11.25% (June 30, 2015: Nil) per annum having maturity on July 17, 2017. The face value of Pakistan Investment Bonds as at September 30, 2015 amounted to Rs. 12 million (June 30, 2015: 12 million).

7.2.2 This represents investment in 5 years Pakistan Investment Bonds carrying effective profit rates of 11.50% (June 30, 2015: Nil) per annum having maturity on July 17, 2019. The face value of Pakistan Investment Bonds as at September 30, 2015 amounted to Rs. 22 million (June 30, 2015: 22 million).

7.2.3 This represents investment in 10 years Pakistan Investment Bonds carrying effective profit rates of 12.00% (June 2015: Nil) per annum having maturity on July 17, 2024. The face value of Pakistan Investment Bonds as at September 30, 2015 amounted to Rs. 22 million (June 30, 2015: 22 million).

**8 PAYABLE TO THE MANAGEMENT COMPANY**

		September 30, 2015 (Unaudited)	June 30, 2015 (Audited)
	Note	(Rupees)	
Remuneration payable to the Management Company	8.1	168,402	147,435
Sales tax payable on remuneration to the Management Company		227,825	214,709
Federal excise duty payable on remuneration to the Management Company	8.2	1,312,390	1,229,137
Sales load payable		2,480	2,480
		<u>1,711,097</u>	<u>1,593,761</u>

8.1 The Management Company is entitled to remuneration for services rendered to the Fund under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, of an amount not exceeding 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.

8.2 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 4, 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 and 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. 1.312 million (June 30, 2015: Rs. 1.229 millions). Had the said provision of FED not been recorded in the books of account of the Fund, the net asset value per unit of the Fund would have been higher by Re. 0.74 / 0.74%. (June 2015: Re. 0.69 / 0.69%).

		September 30, 2015 (Unaudited)	June 30, 2015 (Audited)
	Note	(Rupees)	
<b>9 ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Auditors' remuneration		82,453	204,748
Workers' Welfare Fund	9.1	1,290,458	1,210,503
Brokerage Payable		-	374
Others		28,094	20,000
		<u>1,401,005</u>	<u>1,435,625</u>

**9.1 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 / mutual funds (CISs) 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 adjudication.

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

As the matter relating to levy of WWF is currently pending in the Court, the Management Company, as a matter of prudence and abundant caution, has provided for WWF amounting to Rs. 1.290 million up to September 30, 2015.

The Finance Act 2015 made an amendment in the Workers Welfare Fund Ordinance, 1971, whereby the mutual funds are no longer required to provide for WWF. However, Sindh parliament in June 2015 has passed "The Sindh Workers Welfare Fund Act 2014". Based on our understanding of the Act, and as a matter of abundant precaution we are recording provision of WWF on the income of our funds under the Act.

Had the above recognition not been made, the net assets value per unit of the Fund would be higher by Re. 0.73 / 0.73% (June 2015: Re. 0.68 / 0.68%) per unit.

## **10 CONTINGENCIES AND COMMITMENTS**

There are no contingencies and commitments as at the balance sheet date.

## **11 TAXATION**

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

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

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



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

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

	September 30, 2015 (Unaudited)	June 30, 2015 (Audited)
12.1 Balance as at year end	Note	(Rupees)
<b>Lakson Investments Limited - Management Company</b>		
Payable to Management Company	8	<u>1,708,617</u>
Sales load payable		<u>2,480</u>
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable		<u>65,410</u>
<b>Habib Bank AG Zurich - Custodian</b>		
Bank deposits		<u>39,904</u>

**12.2 Unit Holders' Fund**

	Period ended September 30, 2015						Rupees			
	Number of Units as at July 01, 2015	Units issued during the period	Bonus units issued during the period	Units redeemed during the period	Number of units as at September 30, 2015	Balance as at July 01, 2015	Units issued during the period	Bonus units issued during the period	Units redeemed during the period	Balance as at September 30, 2015
Lakson Investments Limited - Management Company	1,003,359	-	-	-	1,003,359	104,320,653	-	-	-	106,565,856
<b>Associated companies / undertakings of the Management Company</b>										
Lakson Business Solutions Limited	4,431	-	-	-	4,431	460,695	-	-	-	470,613
Employees Tribucon Provident Fund Trust	4,544	-	-	-	4,544	477,469	-	-	-	482,614
Priceton Travel (Private) Limited	2,386	-	-	-	2,386	248,048	-	-	-	253,415
Lakson Investments Limited	7,952	-	-	-	7,952	826,819	-	-	-	844,575
Tetley Clover (Private) Limited	13,633	-	-	13,633	-	1,417,405	-	1,440,503	-	-
Employees Contributory Provident Fund Trust	36,354	-	-	-	36,354	3,779,783	-	-	-	3,861,126
EMP Insurance Company Limited	21,585	-	-	-	21,585	2,244,225	-	-	-	2,292,523
GAM Corporation (Private) Limited	246,524	-	-	-	246,524	25,631,407	-	-	-	26,183,092
SIZA Foods (Private) Limited	93,156	-	-	-	93,156	9,685,601	-	-	-	9,894,015
Employees Gratuity Fund	10,327	-	-	-	10,327	1,073,756	-	-	-	1,096,821
Employees Contributory Provident Fund Trust	49,986	-	-	-	49,986	5,197,152	-	-	-	5,308,968
Other Internet Services (Private) Limited	52,258	-	-	-	52,258	5,433,386	-	-	-	5,550,275
Merit Packaging Limited	20,449	-	-	-	20,449	2,126,107	-	-	-	2,171,870
Merit Packaging Limited	144,657	-	-	-	144,657	15,040,200	-	-	-	15,363,890
Employees Gratuity Fund	77,816	-	-	-	77,816	8,090,590	-	-	-	8,264,767
Century Paper & Board Mills Limited										
Employees Contributory Provident Fund Trust										
Century Paper & Board Mills Limited										
Employees Gratuity Fund										

	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 units as at September 30, 2014	Balance as at July 01, 2014	Units issued during the period	Bonus units issued during the period	Units redeemed during the period	Balance as at September 30, 2014
Directors, Chief Executive and their spouse and minors	1,048,212	-	-	-	1,048,212	105,029,493	-	-	-	107,232,507
Associated companies / undertakings of the Management Company	-	-	-	-	-	-	-	-	-	-
Lakson Business Solutions Limited Employees Contributory Provident Fund Trust	4,431	-	-	-	4,431	443,978	-	-	-	453,293
Princeton Travels (Private) Limited Employees Contributory Provident Fund Trust	4,544	-	-	-	4,544	455,325	-	-	-	464,853
Lakson Investments Limited Employees Contributory Provident Fund Trust	2,386	-	-	-	2,386	239,048	-	-	-	244,089
Tetley Clover (Private) Limited Employees Contributory Provident Fund Trust	7,952	-	-	-	7,952	796,817	-	-	-	813,493
Century Insurance Company Limited Employees Contributory Provident Fund Trust	13,633	-	-	-	13,633	1,365,974	-	-	-	1,394,661
GAM Corporation (Private) Limited Employees Contributory Provident Fund Trust	36,354	-	-	-	36,354	3,642,630	-	-	-	3,719,029
SIZA Foods (Private) Limited Employees Contributory Provident Fund Trust	21,585	-	-	-	21,585	2,162,791	-	-	-	2,208,154
Hasanali Karabahal Foundation - Employees Contributory Provident Fund Trust	7,229	-	-	-	7,229	724,356	-	-	-	739,530
Colgate Palmolive (Pakistan) Limited Employees Contributory Provident Fund Trust	246,524	-	-	-	246,524	24,701,348	-	-	-	25,219,504
Colgate Palmolive (Pakistan) Limited Employees Gratuity Fund	93,156	-	-	-	93,156	9,334,150	-	-	-	9,529,896
SIZA Services (Private) Limited Employees Contributory Provident Fund Trust	10,327	-	-	-	10,327	1,034,794	-	-	-	1,056,456
Cyber Internet Services (Private) Limited Employees Contributory Provident Fund Trust	49,986	-	-	-	49,986	5,008,568	-	-	-	5,113,588
Accury Surgical Limited Employees Contributory Provident Fund Trust	39,762	-	-	-	39,762	3,984,091	-	-	-	4,067,669
Merit Packaging Limited Employees Contributory Provident Fund Trust	52,258	-	-	-	52,258	5,236,230	-	-	-	5,346,014
Merit Packaging Limited Employees Gratuity Fund	20,449	-	-	-	20,449	2,048,959	-	-	-	2,091,941
Century Paper & Board Mills Limited Employees Contributory Provident Fund Trust	144,706	-	-	-	144,706	14,499,305	-	-	-	14,803,482
Century Paper & Board Mills Limited - Employees Gratuity Fund	77,842	-	-	-	77,842	7,799,626	-	-	-	7,963,268
Others - Connected person due to holding more than 10% in units of the Fund	-	-	-	79,706	218,570	-	-	-	8,000,000	22,359,764

	September 30, 2015	2014
	(Unaudited) (Rupees)	
<b>12.3 Transaction during the period</b>		
<b>Lakson Investments Limited - Management Company</b>		
Remuneration during the period	<u>520,331</u>	<u>692,011</u>
Sindh Sales Tax on Remuneration	<u>84,502</u>	<u>120,267</u>
Federal Excise Duty on Remuneration	<u>83,253</u>	<u>110,722</u>
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration to the Trustee	<u>200,590</u>	<u>176,439</u>
<b>Habib Bank AG Zurich - Custodian</b>		
Bank Charges	<u>-</u>	<u>18,113</u>
<b>Other - connected person due to holding more than 10% outstanding units</b>		
Markup on PLS accounts	<u>-</u>	<u>129,151</u>
Bank charges	<u>-</u>	<u>1,858</u>

**13 GENERAL**

This condensed interim financial statements were authorized for issue by Board of Directors of the Management Company on October 20, 2015.

For Lakson Investments Limited  
(Management Company)

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

\_\_\_\_\_  
Director



A Lakson Group Company

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