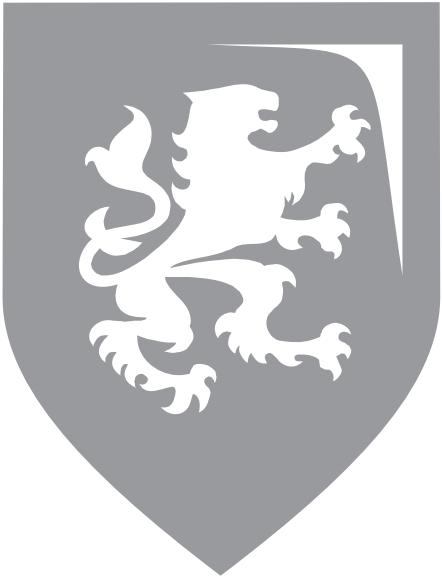


# LAKSON EQUITY FUND

Quarterly Report (September 30, 2015)





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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

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

### Bankers to the Fund

Allied Bank Limited  
Askari Bank Limited  
Bank Al-Falah Limited  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
JS Bank Limited  
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

**Distributors**

Metro Securities Pvt. Limited  
Ismail Iqbal Securities  
BMA Financial  
Amir Noorani  
Topline Securities (Pvt.) Limited  
Adam Securities  
Elixir Securities (Pvt.) Limited  
Vector Capital (Pvt.) Limited  
Pearl Securities Pvt. Limited  
Rabia Fida

**Rating by PACRA**

1 Year : 3-Star (Average)  
3 Year : 3-Star (Average)  
5 Year : 2-Star (Below average)  
AM2- : Asset Manager Rating

## **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 Equity Fund ("LEF") is pleased to submit its review report together with Condensed Interim Financial Information for the period ended September 30, 2015

### **Fund Objective**

The objective of the Fund is to provide long term capital appreciation by investing mainly in equity and related listed securities. Investments will be made in companies of substance, financial strength and demonstrably superior management skills with some exposure given to smaller capitalized value stocks.

### **Fund Profile**

LEF is an actively managed open end equity fund. LEF maintain an average exposure of 70% of Net Assets in listed equity securities. The asset allocation to different sectors and stocks is made on the basis of relative attractiveness of each sector and individual stocks in that particular sector. The allocations may change from time to time keeping in view the market conditions, opportunities, political and economic factors. LEF is allowed to borrow up to 15% of Net Assets to meet redemptions however LEF did not utilize this facility during the period under review.

### **Fund performance**

The LEF generated a return of -5.55% during 1QFY16 against the benchmark return of -10.59%. The Fund has outperformed the KSE 30 Index by 504 bps during this period. As of September 30, 2015, the LEF portfolio is invested 83% in equities and 16% in cash. The top 5 sector exposures for the Fund were Construction & Materials (22.5%), Chemicals (16.3%), Commercial Banks (14.47%), Oil & Gas (6.4%) and Electricity (5.3%). The fund size of the LEF as of September 30, 2015 was PKR 2,947 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 9MCY15. 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.

### **Equity Market Review**

The first quarter of FY16 was mired in turmoil due to the global rout in equities, political uncertainty and rumors of regulatory investigations against local brokerage houses. As a result the Index lost 10.6% in 1QFY16 compared to a 12.2% gain in 4QFY15. The index has lost 15.0% since its peak of 22,614 in February 2015 and 7.1% since December '14. In September alone, the KSE 30 index shed 9.1% making it the worst month since March 2015, when the index declined by 12.0%. In line with the trend in international markets, foreign investors were net sellers of USD 105.1 million in 1QFY16. Selling pressure has continued due to concerns over a slowdown in the Chinese economy, persisting weakness in commodities and uncertainty over a hike in U.S. interest rates. Average volumes for the quarter fell by 5%, decreasing from an average of 80 million per day to 76 million per day.

The Oil & Gas sector declined by 25.04% during the quarter as the outlook for global oil prices remained depressed. Commercial Banks lost 7.20% amid concerns over a reduction in spreads after yet another interest rate cut. Pharmaceuticals was the best performing sector with a gain of 24.83% while Electricity gained 7.10% as investors looked to gain from high dividend yield and low beta stocks.

The broader market currently trades at a 2016E earnings yield of 15.1% against the 12M T Bill yield of 6.5%. The spread between the market's earnings yield and the risk free rate has widened to 8.6%, far above the 5-year average of 2.9%. In addition, the discount to regional equity markets has now risen to 43% compared to its historical average of 33%. We believe that in the backdrop of improving fundamentals and a sharp decline in prices, the market provides an attractive level to begin accumulation. Strong quarterly earnings announcements should help in bringing back healthy volumes to the market which should generate positive price action in 2QFY16.

### **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**

	Note	September 30, 2015 (Unaudited)	June 30, 2015 (Audited)
<b>Assets</b>		<b>(Rupees)</b>	
Bank balances	6	<b>468,343,876</b>	183,326,672
Investments	7	<b>2,474,642,615</b>	3,114,774,372
Dividend and profit receivable		<b>28,274,944</b>	3,903,703
Advances and deposits		<b>2,775,770</b>	2,650,000
Receivable against sale of investments		<u><b>14,965,066</b></u>	<u>-</u>
<b>Total assets</b>		<b>2,989,002,271</b>	<b>3,304,654,747</b>
<b>Liabilities</b>			
Payable to the Management Company	8	<b>19,003,630</b>	16,362,249
Remuneration payable to the Trustee		<b>375,459</b>	339,251
Annual fee payable to Securities and Exchange Commission of Pakistan		<b>758,701</b>	1,877,050
Accrued expenses and other liabilities	9	<b>21,419,116</b>	25,533,304
Payable against purchase of marketable securities		<u>-</u>	<u>82,968,637</u>
<b>Total liabilities</b>		<b>41,556,906</b>	<b>127,080,491</b>
<b>Contingencies and commitments</b>	10		
<b>Net assets</b>		<u><b>2,947,445,365</b></u>	<u><b>3,177,574,256</b></u>
<b>Unit holders' fund (as per the statement attached)</b>		<u><b>2,947,445,365</b></u>	<u><b>3,177,574,256</b></u>
		<b>(Number of units)</b>	
<b>Number of units in issue (face value: Rs 100 per unit)</b>		<u><b>29,912,559</b></u>	<u><b>30,459,607</b></u>
		<b>(Rupees)</b>	
<b>Net assets value per unit</b>		<u><b>98.5353</b></u>	<u><b>104.3209</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 Income Statement (Unaudited)**  
**For the quarter ended September 30, 2015**

	Note	2015 (Rupees)	2014
<b>Income</b>			
Gain / (Loss) on sale of held for trading investments - net		26,681,639	(6,811,047)
Unrealised (loss) / gain on revaluation of held for trading investments - net	7.1	<u>(200,259,690)</u> <u>(173,578,051)</u>	<u>52,370,001</u> <u>45,558,954</u>
Dividend income on held for trading investment		26,797,721	5,009,700
Return / markup on:			
- bank balances		5,910,750	1,260,157
- Government securities (held for trading)		-	3,974,998
		5,910,750	5,235,155
Element of (loss) / income and capital (losses) / gains in prices of units sold less those in units redeemed - net		<u>(7,788,625)</u> <u>(148,658,205)</u>	<u>13,939,958</u> <u>69,743,767</u>
<b>Expenses</b>			
Remuneration of the Management Company		15,972,655	7,458,952
Sindh Sales Tax on remuneration of the Management Company		2,593,959	1,297,858
Federal Excise Duty on remuneration of the Management Company	8.1	2,555,625	1,193,432
Remuneration of the Trustee		1,196,999	492,582
Annual fee to the Securities and Exchange Commission of Pakistan		758,701	236,200
Auditors' remuneration		113,079	89,030
Fees and subscription		77,512	39,194
Printing charges		5,027	5,041
Brokerage expenses		3,177,524	1,269,962
Provision for workers' welfare fund	9.1	-	1,148,907
Amortisation of deferred formation cost		-	68,055
Settlement charges		307,293	140,284
Bank and other charges		7,508	7,826
		26,765,882	13,447,323
<b>Net (loss) / income for the period before taxation</b>		<u>(175,424,087)</u>	<u>56,296,444</u>
<b>Taxation</b>	11	-	-
<b>Net (loss) / income for the period after taxation</b>		<u>(175,424,087)</u>	<u>56,296,444</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 (loss) / income for the period	(175,424,087)	56,296,444
Other comprehensive income for the period	-	-
<b>Total comprehensive (loss) / income for the period</b>	<u>(175,424,087)</u>	<u>56,296,444</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)	
- Realised income at beginning of the period	164,194,643	27,308,168
- Unrealised (loss) / income at beginning of the period	(32,581,095)	22,237,691
<b>Undistributed income at beginning of the period</b>	<b>131,613,548</b>	49,545,859
Net (loss) / income for the period after taxation	(175,424,087)	56,296,444
Undistributed (loss) / income at end of the period	<b>(43,810,539)</b>	105,842,303
Represented by:		
- Realised income at end of the period	156,449,151	53,472,302
- Unrealised (loss) / income at end of the period	(200,259,690)	52,370,001
<b>Undistributed (loss) / income at end of the period</b>	<b>(43,810,539)</b>	105,842,303

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 as at beginning of the period</b>	<b>3,177,574,256</b>	959,731,113
Amount received on issuance of 369,277 (2014: 1,599,237) units	<b>38,353,815</b>	175,267,594
Amount paid on redemption of 916,325 (2014: 235,961) units	<b>(100,847,244)</b> <b>(62,493,429)</b>	(25,000,000) 150,267,594
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed - net	<b>7,788,625</b>	(13,939,958)
Total comprehensive (loss) / income for the period (net (loss) / income for the period after taxation)	<b>(175,424,087)</b> <b>(175,424,087)</b>	56,296,444 56,296,444
<b>Net assets as at end of the period</b>	<b>2,947,445,365</b>	1,152,355,193
<b>Net assets value per unit at beginning of the period</b>	<b>104.3209</b>	105.4434
<b>Net assets value per unit at end of the period</b>	<b>98.5353</b>	110.1138

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 FLOWS FROM OPERATING ACTIVITIES</b>		
Net (loss) / income for the period	(175,424,087)	56,296,444
<b>Adjustments for:</b>		
(Loss) / Gain on sale of held for trading investments - net	(26,681,639)	6,811,047
Amortisation of deferred formation cost	-	68,055
Unrealised loss / (gain) on revaluation of held for trading investments - net	200,259,690	(52,370,001)
Element of loss / (income) and capital losses / (gains) in prices of units sold less those in units redeemed - net	7,788,625	(13,939,958)
	5,942,589	(3,134,413)
<b>Decrease / (increase) in assets</b>		
Investments	466,553,706	(190,091,289)
Dividend and profit receivable	(24,371,241)	(2,514,579)
Receivable against sale of marketable securities	(14,965,066)	-
Advances and deposits	(125,770)	(779,918)
	427,091,629	(193,385,786)
<b>Increase / (decrease) in liabilities</b>		
Payable to the Management Company	2,641,381	1,774,232
Remuneration payable to the Trustee	36,208	2,857
Annual fee payable to Securities and Exchange Commission of Pakistan	(1,118,349)	(178,395)
Payable against purchase of marketable securities	(82,968,637)	(37,887,382)
Accrued expenses and other liabilities	(4,114,188)	527,243
	(85,523,585)	(35,761,445)
Net cash generated / (used in) from operating activities	347,510,633	(232,281,644)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of units	38,353,815	175,267,594
Payments on redemption of units	(100,847,244)	(25,000,000)
Net cash (used in) / generated from financing activities	(62,493,429)	150,267,594
<b>Net increase / (decrease) in cash and cash equivalents during the period</b>	285,017,204	(82,014,050)
Cash and cash equivalents at beginning of the period	183,326,672	130,138,359
<b>Cash and cash equivalents at end of the period</b>	468,343,876	48,124,309

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 Statements (Unaudited) For the quarter ended September 30, 2015**

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

**1.1** The Lakson Equity Fund (the "Fund") was established under the Trust Deed executed on September 2, 2009 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 on September 18, 2009 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.

**1.3** 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 are transferable and can be redeemed by surrendering them to the Fund.

The Fund is categorised as "Equity Scheme" as per the Circular 07 of 2009 issued by Securities and Exchange Commission of Pakistan (SECP) and it primarily invests in listed equity securities and other avenues of investment, which include cash or near cash instruments, cash in bank accounts (excluding TDR) and treasury bills not exceeding 90 days maturity and any other investment authorised by SECP.

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

**1.4** The Pakistan Credit Rating Agency Limited (PACRA) has assigned asset management quality rating of 'AM2-' to the Management Company of the Fund dated April 22, 2015.

On August 13, 2015, PACRA has assigned following rankings to the Fund based on the performance review for the period ended June 30, 2015 (trailing 12 months for 1Year ranking, trailing 36 months for 3 Year ranking, and trailing 60 months for 5 Year ranking.)

1 Year : 3-Star (Average)  
3 Year : 3-Star (Average)  
5 Year : 2-Star (Below average)

### **2. BASIS OF PREPARATION**

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

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

This condensed interim financial information comprises of condensed interim statement of assets and liabilities as at September 30, 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 period ended September 30, 2015.

This 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 June 30, 2015. However, selected explanatory notes are included to explain events and transactions that are significant.

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

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

## 2.2. Functional and presentation currency

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

## 3. SIGNIFICANT ACCOUNTING POLICIES

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

		<b>September 30, 2015 (Unaudited)</b>	<b>June 30, 2015 (Audited)</b>
		<b>(Rupees)</b>	
<b>6.</b>	<b>BANK BALANCES</b>	<b>Note</b>	
	<b>- Local Currency</b>		
	In profit and loss sharing accounts	6.1	<u>468,335,676</u>
			<u>183,326,672</u>
<b>6.1</b>	These accounts carry profit at the rates of 4.5% to 7.15% (2015: 4.5% to 7.05%) per annum.		
	<b>- Local Currency</b>		
	Current Account		<u>8,200</u>
			<u>-</u>
<b>7.</b>	<b>INVESTMENTS</b>		
	At fair value through profit or loss		
	- held for trading		
	Listed equity securities	7.1	<u>2,474,642,615</u>
	Government securities		<u>3,114,774,372</u>
			<u>-</u>
			<u>2,474,642,615</u>
			<u>3,114,774,372</u>





Name of investee company	Period ended September 30, 2015						Market value as percentage of net assets	
	Number of Shares			Rupees				
As at July 01, 2015	Purchased during the period	Bonus shares received during the period	Disposed during the period	As at September 30, 2015	Carrying value as of September 30, 2015	Market value as of September 30, 2015	Unrealised Appreciation / (diminution)	Market value as percentage of total investments
<b>Oil and Gas Exploration Companies</b>								
Mari Petroleum Company Limited (7.1.2)	57,160	99,300	-	60,000	96,460	43,220,306	(8,187,963)	1.42
Oil and Gas Development Company Limited (7.1.1)	851,600	88,800	-	542,200	398,200	67,196,209	49,643,594	2.01
Pakistan Oilfield Limited	416,100	172,100	-	398,700	189,500	72,401,372	(16,701,372)	2.25
Pakistan Petroleum Limited (7.1.1)	1,224,680	91,700	-	894,700	421,680	65,605,675	(15,386,720)	2.03
						<b>248,423,297</b>	<b>190,614,627</b>	<b>7.71</b>
<b>Oil and Gas Marketing Companies</b>								
Hascol Petroleum Limited	415,000	-	-	415,000	-	-	-	-
Shell Pakistan Limited	108,900	-	-	108,900	-	-	-	-
						-	-	-
						-	-	-
<b>Transport</b>								
Pakistan National Shipping Corporation	1,072,000	-	-	683,400	388,600	41,286,750	(6,135,994)	1.42
<b>Food &amp; Personal Care Products</b>								
Shezan International Limited	71,150	-	-	-	71,150	64,995,525	54,074,000	2.19
Engro Foods Limited	426,000	403,800	-	505,300	324,500	54,817,079	(6,998,759)	1.93
						<b>119,812,604</b>	<b>101,892,320</b>	<b>4.12</b>
<b>Automobile Assemblers</b>								
Pak Suzuki Motor Company Limited	169,500	51,800	-	47,300	174,000	76,093,093	(9,957,913)	2.91
Honda Atlas Cars (Pakistan) Limited	265,900	189,300	-	157,000	298,200	67,131,377	68,687,388	2.78
Milat Tractors	27,950	18,500	-	-	46,450	31,884,609	(2,868,223)	1.17
Al Ghazi Tractors	1,000	58,000	-	-	59,000	30,077,962	(5,129,222)	1.01
						<b>205,187,041</b>	<b>194,787,694</b>	<b>7.87</b>
<b>Engineering</b>								
Mughal Iron & Steel Industries Limited	619,700	-	-	389,500	230,200	12,946,448	14,956,094	0.60
International Steels Limited	-	77,500	-	77,500	-	2,052,235	(20,185)	0.08
						<b>14,998,683</b>	<b>16,988,144</b>	<b>0.68</b>
<b>Paper &amp; Board</b>								
Cherat Packaging Limited	-	138,300	-	-	138,300	32,239,624	(2,505,124)	1.20
<b>Total as at September 30, 2015</b>						<b>2,674,902,304</b>	<b>2,474,642,615</b>	<b>100</b>
Total as at June 30, 2015						3,147,355,467	3,114,774,372	98.04

- 7.1.1** These include 70,000, 230,000 and 275,000 shares of Oil and Gas Development Company Limited, Pakistan Petroleum Limited and United Bank Limited having market value amounting to Rs. 8.726 million, Rs. 27.402 million and Rs. 40.348 million respectively pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades.
- 7.1.2** Finance Act, 2014 had introduced tax on bonus shares issued by the Companies. Most Equity Funds including the Fund have challenged the applicability of withholding tax provision on bonus shares before Honourable High Court of Sindh ("the Court") on various legal grounds and have sought relief from the Court. The Court in its order dated November 25, 2014, have granted interim relief by passing the restraining order whereby the defendants, (issuers of the bonus shares) have been refrained from deducting and / or transferring 5% withholding tax on Bonus shares issued by them. In the Fund's case, during the year, the Fund received 20,200 bonus shares from Mari Petroleum Company Limited (Mari), out of which tax in the shape of 1,010 shares had been withheld by CDC. Market value of these 1,010 shares as at June 30, 2015 amounted to Rs. 0.473 million and are included in the Fund's investments in these financial statements.

	Note	September 30, 2015 (Unaudited) (Rupees)	June 30, 2015 (Audited)
<b>8. PAYABLE TO THE MANAGEMENT COMPANY</b>			
Remuneration payable to the Management Company		<b>4,947,647</b>	5,141,172
Sindh Sales Tax on Management Company's remuneration		<b>2,430,957</b>	2,151,675
Federal Excise Duty on Management Company's remuneration	8.1	<b>11,618,132</b>	9,062,508
Sales load payable to the Management Company		<b>6,894</b>	6,894
		<u><b>19,003,630</b></u>	<u>16,362,249</u>

- 8.1** As per the requirement of the Finance Act, 2013, the Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective from June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which doesn't appear to be the spirit of the law. A stay order against the collection have been granted by the Honourable High Court of Sindh on a petition filed by the Mutual Funds Association of Pakistan (MUFAP) on September 4, 2013.

In view of uncertainty regarding the applicability of FED on asset management services, the management, as a matter of abundant caution, has decided to maintain the provision for FED amounting to of Rs. 11.618 million as at September 30, 2015 (2015: Rs. 9.063 million). 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 0.39 (2015: 0.29).

Above FED would be paid to the management company for onwards payment to the Government, if so payable.

**9. ACCRUED EXPENSES AND OTHER LIABILITIES**

		September 30, 2015 (Unaudited)	June 30, 2015 (Audited)
	Note	(Rupees)	
Auditors' remuneration		<b>81,134</b>	209,475
Payable to workers' welfare fund	9.1	<b>19,867,065</b>	19,867,065
Brokerage payable		<b>1,291,453</b>	5,277,307
CDC fee payable		<b>82,718</b>	72,667
National Clearing Company of Pakistan fee payable		<b>36,437</b>	86,790
Other liabilities		<b>60,309</b>	20,000
		<b><u>21,419,116</u></b>	<b><u>25,533,304</u></b>

- 9.1 The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it 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 Honourable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending for adjudication.

During 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 judgement issued in August 2011. However, the Honourable Peshawar High Court on 29 May 2014 on a petition filed by certain aggrieved parties (other than the mutual funds) have adjudicated that the amendments introduced in the Workers Welfare Fund Ordinance, 1971 through the Finance Acts of 2006 and 2008 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 nil (2015: Rs. 19.867 million) in these financial statements.

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. 0.66 (2015: Re. 0.65)

	<b>September 30, 2015 (Unaudited)</b>	June 30, 2015 (Audited)
	<b>(Rupees)</b>	
Movement of provision for workers' welfare fund is as follows:		
At 01 July	<b>19,867,065</b>	7,810,465
Provision during the year	-	12,056,600
At 30 September	<b><u>19,867,065</u></b>	<u>19,867,065</u>

## 10. CONTINGENCIES AND COMMITMENTS

The fund had no contingency or commitment at the period end except as disclosed in note 7.1.2.

## 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 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, 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 also include entities having holding 10% or more in the units of the Fund as at September 30, 2015. It also includes staff retirement funds of the above related parties / connected persons.

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

		September 30, 2015 (Unaudited)	June 30, 2015 (Audited)
	Note	(Rupees)	
<b>12.1 Balance as at period / year ended</b>			
<b>Lakson Investments Limited - Management Company of the Fund</b>			
Remuneration payable (including the Sindh sales tax and federal excise duty amounting to Rs. 14.049 million (2015: Rs. 11.214 million)) *		<u>18,996,736</u>	<u>16,355,355</u>
Sales load payable		<u>6,894</u>	<u>6,894</u>
Units held as at the period end			
1,078,108 (2015: 976,461) units	12.3	<u>106,231,715</u>	<u>101,865,312</u>
*Sales tax and FED is paid / payable to the management company for onward payment to the Government.			
<b>Central Depository Company of Pakistan Limited - Trustee of the Fund</b>			
Remuneration payable		<u>375,459</u>	<u>339,251</u>
Security deposit		<u>100,000</u>	<u>100,000</u>
Settlement charges payable		<u>82,718</u>	<u>72,667</u>
<b>Directors, Chief Executive, their Spouses and Minor Children</b>			
Units held as at the period end			
10,645,849 (2015: 10,645,849) units	12.3	<u>1,048,991,893</u>	<u>1,110,584,515</u>
<b>Key management personnel, employees and connected persons of the Management Company</b>			
Units held as at the period end			
11,432 (2015: 15,893) units	12.3	<u>1,126,496</u>	<u>1,658,021</u>
<b>Associated Companies / Undertakings of the Management Company</b>			
<b>Siza (Private) Limited</b>			
Units held as at the period end			
341,328 (2015: 341,328) units	12.3	<u>33,632,853</u>	<u>35,607,640</u>
<b>Century Insurance Company Limited</b>			
Units held as at the period end			
5,439,023 (2015: 6,347,272) units	12.3	<u>535,935,785</u>	<u>662,153,122</u>
<b>Siza Service (Private) Limited</b>			
Units held as at the period end			
2,886,575 (2015: 2,886,574) units	12.3	<u>284,429,521</u>	<u>301,130,088</u>
<b>Premier Fashions (Private) Limited</b>			
Units held as at the period end			
558,758 (2015: 558,758) units	12.3	<u>55,057,434</u>	<u>58,290,187</u>
<b>Siza Commodities (Private) Limited</b>			
Units held as at the period end			
900,460 (2015: 900,460) units	12.3	<u>88,727,136</u>	<u>93,936,840</u>

	September 30,	
	2015	2014
	(Rupees)	
	(Unaudited)	
<b>12.2 Transactions during the period</b>		
<b>Lakson Investments Limited - Management Company of the Fund</b>		
Issue: 101,647 (2014: Nil) units	<u>10,000,000</u>	<u>-</u>
Redemption: (2014: Nil) units	<u>-</u>	<u>-</u>
Bonus: Nil (2014: Nil) units	<u>-</u>	<u>-</u>
Remuneration to the Management Company	<u>15,972,655</u>	<u>7,458,952</u>
Sindh sales tax on remuneration of Management Company *	<u>2,593,959</u>	<u>1,297,858</u>
Federal Excise Duty on Remuneration of Management Company *	<u>2,555,625</u>	<u>1,193,432</u>
*Sales tax and FED is paid / payable to the management company for onward payment to the Government.		
<b>Central Depository Company of Pakistan Limited - Trustee of the Fund</b>		
Remuneration for the period	<u>1,196,999</u>	<u>492,582</u>
Settlement charges	<u>142,582</u>	<u>78,878</u>
<b>Discretionary Portfolio</b>		
Sale of equity securities 7,000 shares (2014: Nil)	<u>620,900</u>	<u>-</u>
<b>Key management personnel and Employees of the Management Company</b>		
Issue: Nil (2014: 2,369) units	<u>-</u>	<u>237,591</u>
Redemption: 4,461 (2014: Nil) units	<u>456,810</u>	<u>-</u>
<b>Associated Companies / Undertaking of the Management Company</b>		
<b>Century Insurance Company Limited</b>		
Issue: Nil (2014: 1,361,818) units	<u>-</u>	<u>150,000,000</u>
Redemption: 908,249 (2014: Nil) units	<u>100,000,000</u>	<u>-</u>
<b>Others - Connected Person due to holding more than 10% outstanding units</b>		
Profit on bank deposits	<u>-</u>	<u>759,854</u>
Bank charges	<u>-</u>	<u>2,775</u>
Issue of units: Nil (2014: 234,760) units	<u>-</u>	<u>25,000,000</u>
Redemption of units: Nil (2014: 235,961) units	<u>-</u>	<u>25,000,000</u>

- 12.3** This reflects the position of related party / connected person status that existed as at September 30, 2015.
- 12.4** Remuneration payable to the Management Company and the Trustee has been determined in accordance with the provisions of NBFC Regulations and the Trust Deed respectively.
- 12.5** Purchase and redemption of the Fund's unit by related parties / connected persons are recorded at the applicable net asset value per unit. Other transactions are at agreed rates.
- 13. GENERAL**

These 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)**

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**Chief Executive Officer**

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**Director**



A Lakson Group Company

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