# LAKSON ISLAMIC TACTICAL FUND

## Quarterly Report (September 30, 2022)

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

# CONTENTS

# Fund's Information

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| **Management Company** | Lakson Investments Limited<br>Head Office<br>Lakson Square, Building No.2,<br>Sarwar Shaheed Road,<br>Karachi-74200, Pakistan.<br>Phone: (9221) 3840.0000<br>Fax: (9221) 3568.1653<br>Web site: www.li.com.pk<br>E-mail: info@li.com.pk |
| **Board of Directors of the Management Company** | Mr. Iqbal Ali Lakhani - Chairman<br>Mr. Babar Ali Lakhani - Chief Executive Officer<br>Mr. Jamil Ahmed Mughal<br>Mr. Amin Mohammed Lakhani<br>Mr. Jacques John Visser<br>Ms. Roxanne Davies |
| **Chief Financial Officer & Company Secretary of the Management Company** | Mr. Junaid Arshad |
| **Audit Committee** | Mr. Jacques John Visser - Chairman<br>Mr. Amin Mohammed Lakhani<br>Mr. Iqbal Ali Lakhani<br>Mr. Jamil Ahmed Mughal |
| **Human Resource and Remuneration Committee** | Mr. Babar Ali Lakhani<br>Mr. Iqbal Ali Lakhani |
| **Trustee** | Central Depository Company of Pakistan Limited<br>CDC House, 99-B, Block-B, S.M.C.H.S,<br>Main Shahra-e-Faisal,<br>Karachi, Pakistan. |
| **Auditors** | BDO Ebrahim & Co.<br>Chartered Accountants<br>2nd Floor, Block C,<br>Lakson Square, Building No. 1,<br>Sarwar Shaheed Road,<br>Karachi - 74200. |
| **Bankers to the Fund** | Habib Bank AG Zurich<br>Habib Metropolitan Islamic Bank Limited<br>Bank Islami Pakistan Limited<br>Al Baraka Bank (Pakistan) Limited<br>Dubai Islamic Bank Pakistan Limited |
| **Legal Adviser** | Fazleghani Advocates<br>F-72/I, Block 8, KDA-5,<br>Kehkashan, Clifton,<br>Karachi, Pakistan. |

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| **Shari'ah Adviser** | Al Hilal Shariah Advisors |
| **Registrar** | Lakson Investments Limited<br>Lakson Square Building No.2,<br>Sarwar Shaheed Road,<br>Karachi-74200, Pakistan |
| **Distributor** | Rabia Fida<br>BMA Capital Management Limited |
| **Rating** | 1 Year ranking : 2-Star<br>3 Year ranking : 3-Star<br>5 Year ranking : 3-Star<br>AM2+ : Asset Manager Rating by PACRA |

# Review Report of the Directors of the Management Company
# For the quarter ended September 30, 2022

The Board of Directors of Lakson Investments Limited, the Management Company of the Lakson Islamic Tactical Fund ("LITF") is pleased to submit its review report together with Condensed Interim Financial Information for the period ended September 30, 2022

**Fund Objective**
The investment objective of the LITF is to provide long-term capital appreciation by exclusively investing in Shari'ah Compliant avenues including equities, fixed income instruments and emerging market securities.

**Principal activities**
LITF is an open-end asset allocation fund and is listed on Pakistan Stock Exchange Limited. The Fund 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 Fund switches exposure between equities and fixed income based on the outlook of the investments team. Exposure of the Scheme in fixed income securities is managed through duration and yield curve management.

**Fund performance**
Lakson Islamic Tactical Fund provided a return of -0.42% for 1QFY23 against the Benchmark return of -0.60%. The fund has outperformed the benchmark by 0.18% during the period. As of September 30, 2022, the Fund had 40.1% exposure in equities, 39.2% in cash, and 20.7% in others on a total asset basis.

**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**
The fiscal year 2023 started on a challenging note as macroeconomic concerns remain heightened with Pakistan rupee depreciating by 11.5% QoQ to close at 228.5 against the greenback. This was despite the successful staff level agreement with the IMF, which paved the way for disbursement of around USD 1.2 billion, however increased political noise post Punjab by-elections, devastation of land and crops from flooding and highest ever oil import bill dampened investor sentiment and put pressure on the interbank currency market. Resultantly our FX reserves dropped to USD 8.8 billion, enough for just 6 weeks of imports.

The recent floods have caused considerable damage to the infrastructure along with loss of life and injuries. Latest estimates suggest damages of more than $30 billion; this is more than 10% of Pakistan's GDP. Damage to cotton and rice crops in particular will negatively impact our trade deficit, while the loss of perishable crops has led to higher food inflation.

CPI based inflation jumped to 27.3% in August, the highest monthly reading since May 1975 before settling in at 23.2% at the end of the quarter. The decrease in inflation was primarily driven by a reduction in electricity prices due to an administrative intervention, while both core and food inflation picked up further. Looking ahead, the supply-shock to food prices from the floods is expected to put additional pressure on headline inflation in the coming months. We expect FY23 inflation to average at 26.3%, with inflation peaking in the next couple of months.

On the external front, during the first quarter of FY23, imports have declined by 12.7% YoY to $16.3 billion while exports have grown by 1.8% to $7 billion. Resultantly the current account deficit shrank for the second consecutive month in August to only $0.7 billion almost half the level in July. It is however important to consider that this improvement in the CAD has been artificially driven by squeezing imports through extreme care in issuance of LCs and negotiations. Moreover, oil imports were lower due to build up of inventory in the previous quarter. We foresee import curbs to continue till December, till such time imports will be low and the feel good factor will be stretched for a few months. Whenever this opens, we expect pent up demand to wash away all the gains on the current account balance and as such we expect CAD balance for FY23 to come in at USD 14bn. A decline in oil prices on account of global recessionary concerns may however, provide respite and will materially change our estimates.

On the fiscal end, during the first quarter, FBR tax collection rose to Rs 1.635 trillion, surpassing the target by Rs 27 billion. Looking forward, with continued curbs placed on imports and the devastation caused by the floods, fiscal consolidation will be challenging for the government and addition foreign inflows will be needed to prevent any fiscal slippages.

**Fixed Income Market Review**

In 1QFY23, the State Bank of Pakistan kept the benchmark policy rate unchanged at 15.0%. The current stance was taken in lieu of a continued deceleration in economic activity as well as a decline in headline inflation and current account deficit. During the quarter, Kibor rates inched up by c.60bps QoQ to 15.77%, 15.91% and 16.21% for 3M, 6M and 12M rates. T-bill yields also increased by c.1% QoQ with 3M/6M/12M rates clocking in at 15.97%/15.95%/15.98%. On the flip side, PIB yields saw a decrease for the 3 Year and 10 Year tenor.

**Equity Market Review**

The outgoing quarter, remained sluggish for equity markets, even though Pakistan received the much-awaited foreign inflow of US $1.16 billion from International Monetary Fund (IMF). Amidst thin trading volumes reflecting lack of investors' interest, the benchmark KSE-100 index fell by 412 points (down 1%) on a quarter on quarter basis. This decline was primarily driven by economic uncertainty compounded by the ongoing impact assessment of floods. Average daily traded value decreased to US$23.83mn in 1QFY23, from US$26.99mn in 4QFY22 exhibiting a decrease of 11.73%. Foreign selling however, saw a reversal as investors bought equities worth US$16.7mn, largely concentrated in Tech and Oil and Gas Exploration sectors.

**Emerging Market Review**

The MSCI Emerging market index declined by 12.5% QoQ, bringing the cumulative index decline to 27.5% in CYTD.

**Future Outlook**

The SBP has raised its Policy Rate to 13.75% in 2HFY22 and raised it by a further 125 bps in July. The Policy Rate currently stands at 15.0%. This has been a response to rising inflation (which has reached 25%) and the worsening current account deficit.

Pakistan finally received Board approval from the IMF for its 7th and 8th review of the Extended Fund Facility. IMF program continuity and implementation of structural measures & performance criteria remains an ongoing issue due to heightened political uncertainty. General elections are expected to be held in June 2023 however the opposition continues to hold nationwide rallies and demand for early elections.

Floods have devastated large parts of Baluchistan & Sindh and displaced 30 million people. Initial estimates of the losses have risen threefold from USD 10 BN to USD 30 BN as the scale of devastation has become apparent in recent weeks. The floods have damaged vast areas of agricultural land and damaged harvests of cotton, fruits, onions, tomatoes and other crops.

Going forward, the outlook is contingent on the direction of politics, the timing of elections and maintaining the IMF program through this turbulent time. Pakistan's Eurobonds continue to trade at distressed yields. Commodity prices remain high; while the Bloomberg Commodity index has dropped 20% recently, it remains 50% above its pre-pandemic level. Continued high commodity prices can derail any expected stabilization in the external account.

Globally, monetary tightening has kicked off. The US Federal Reserve is set to raise the Federal Funds Rate by 75 basis points to a range of 3% - 3.25%. These are the highest rates in 2 decades as inflation is at a 4-decade high. Domestic political instability has risen globally, due to high inflation. Geopolitical tensions have risen as China, US & Russia carve out their own spheres of influence. Historically, globalization has been counted upon as a force for deflation; however the tides have turned in favor of de-globalization, resource nationalization and populist regimes. The outlook for the global economy depends greatly on how these forces interact and the pace of global inflation and monetary tightening.

**Acknowledgement**

The Board is thankful to its valued investors, the Securities & 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**

**Director** **Chief Executive Officer**

**Dated: October 31, 2022**

## لیکسن اسلامک ٹیکٹیکل فنڈ
## 30 ستمبر 2022 کو ختم ہونے والی سہ ماہی کے لیے
## مینجمنٹ کمپنی کے ڈائریکٹرز کی جائزہ رپورٹ

لیکسن اسلامک ٹیکٹیکل فنڈ ("LITF") کی مینجمنٹ کمپنی، لیکسن انویسٹمنٹس لمیٹڈ کے بورڈ آف ڈائریکٹرز کیلئے 30 ستمبر 2022 کو ختم ہونے والی سہ ماہی کے لیے اپنی جائزہ رپورٹ مع مختصر عبوری مالیاتی گوشوارے پیش کرنا باعث مسرت ہے۔

فنڈ کا مقصد

لیکسن اسلامک ٹیکٹیکل فنڈ کی سرمایہ کاری کا مقصد، خاص طور پر شریعہ سے مطابقت رکھنے والے ذرائع بشمول ایکویٹیز، فکسڈ انکم انسٹرومنٹس اور ایمرجنگ مارکیٹ سیکیورٹیز میں سرمایہ کاری کرتے ہوئے سرمائے کی قدر میں طویل مدتی اضافہ کرنا ہے۔

نمایاں سرگرمیاں

LITF ایک اوپن اینڈ ایسیٹ ایلوکیشن اسکیم ہے اور پاکستان اسٹاک ایکسچینج لمیٹڈ میں لسٹڈ ہے۔ اس اسکیم کا انتظام وانصرام ایک ایکٹیو انویسٹمنٹ مینجمنٹ کا طریقہ کار استعمال کرتے ہوئے کیا جاتا ہے جو بڑے اقتصادی عوامل کے تجزیے پر توجہ مرکوز رکھتا ہے مثلاً حکومتی پالیسیز، عالمی اقتصادی ڈیٹا، کموڈیٹیز کی قیمتیں اور رسد/طلب کا تحرک۔ اسکیم انویسٹمنٹ ٹیم کی توقعات کی بنیاد پر ایکویٹیز اور فکسڈ انکم میں سرمایہ کاری کا تبادلہ کرتی ہے۔ فکسڈ انکم سیکورٹیز میں اسکیم کی سرمایہ کاری کا انتظام وانصرام دورانیے اور yield curve مینجمنٹ کے ذریعے کیا جاتا ہے۔

فنڈ کی کارکردگی

لیکسن اسلامی ٹیکٹیکل فنڈ نے بینچ مارک منافع -0.60% کے مقابلے میں مالی سال 2023 کی پہلی سہ ماہی کیلئے -0.42% منافع فراہم کیا۔ فنڈ نے سہ ماہی کے دوران بینچ مارک کے مقابلے میں 0.18% بہتر کارکردگی کا مظاہرہ کیا۔ 30 ستمبر 2022 کے مطابق فنڈ نے مجموعی اثاثہ جات کی بنیاد پر ایکویٹیز میں 40.1%، کیش میں 39.2% اور دیگر میں 20.7% سرمایہ کاری کی۔

فی شیئر آمدنی (EPU)

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

معاشی جائزہ

مالی سال 2023 کا آغاز مشکل صورتحال سے ہوا کیونکہ میکرو اکنامک معاملات بدستور تشویشناک تھے، ڈالر کے مقابلے میں روپے کی شرح مبادلہ سہ ماہی بہ

سہ ماہی %11.5 کمی کے ساتھ 228.5 پر بند ہوئی تھی۔ آئی ایم ایف کے ساتھ اسٹاف لیول معاہدہ، جس کے نتیجے میں 1.2 ارب ڈالر ملنے کی راہ ہموار ہوئی، کامیابی سے طے پا جانے کے باوجود ایسا ہوا۔ پنجاب میں ضمنی انتخابات کے بعد سیاسی شور شرابہ میں اضافے، سیلاب سے اراضی اور فصلوں کی تباہی اور اب تک کے سب سے زیادہ آئل امپورٹ بل سے سرمایہ کاری کی حوصلہ شکنی ہوئی اور انٹر بینک کرنسی مارکیٹ پر دباؤ آیا۔ اس کے نتیجے میں ہمارے زرمبادلہ ذخائر 8.8 ارب ڈالر کے رہ گئے، جو محض 6 ہفتوں کی درآمدات کیلئے کافی تھے۔

حالیہ سیلاب سے جہاں اموات ہوئیں اور لوگ زخمی ہوئے، وہاں بنیادی ڈھانچے کو بھی کافی نقصان پہنچا۔ تازہ ترین تخمینوں میں نقصانات کا اندازہ 30 ارب ڈالر سے زائد لگایا گیا ہے جو کہ پاکستان کی جی ڈی پی کے %10 سے زیادہ ہے۔ بالخصوص کپاس اور چاول کی فصلوں کو پہنچنے والا نقصان ہمارے تجارتی خسارے پر منفی اثر ڈالے گا جبکہ سبزیوں اور پھلوں کی پیداوار متاثر ہونے کے باعث اشیائے خوراک کی قیمتیں بڑھ گئیں۔

سی پی آئی بیسڈ افراط زر کی شرح اگست میں بڑھ کر %27.3 تک جا پہنچی، جو مئی 1975 کے بعد کسی ایک مہینے میں ریکارڈ کی جانے والی سب سے اونچی شرح تھی، سہ ماہی کے اختتام پر یہ شرح 23.2 پر آ گئی۔ افراط زر کی شرح نیچے آنے کی وجہ بنیادی طور پر انتظامی مداخلت کے نتیجے میں بجلی کے نرخوں میں ہونے والی کمی تھی جبکہ کور اور فوڈ افراط زر میں مزید اضافہ ہوا۔ سیلاب کے باعث رسد متاثر ہونے سے اشیائے خوراک کی قیمتیں بڑھنے کے نتیجے میں آنے والے مہینوں میں ہیڈ لائن افراط زر پر اضافی دباؤ کا خدشہ ہے۔ ہم مالی سال 2023 میں افراط زر کی اوسط شرح %26.3 رہنے کی توقع کرتے ہیں، آنے والے مہینوں میں افراط زر کی شرح سب سے زیادہ رہنے کا امکان ہے۔

بیرونی محاذ پر، مالی سال 2023 کی پہلی سہ ماہی کے دوران، درآمدات سال بہ سال %12.7 کمی کے ساتھ 16.3 ارب ڈالر رہیں جبکہ برآمدات %1.8 اضافے کے ساتھ 7 ارب ڈالر ہو گئیں۔ نتیجے کے طور پر کرنٹ اکاؤنٹ خسارہ اگست میں مسلسل دوسرے ماہ کمی کے ساتھ جولائی کے مقابلے میں تقریباً نصف محض 0.7 ارب ڈالر رہ گیا۔ تاہم یہ بات مدنظر رکھنا بھی اہم ہے کہ کرنٹ اکاؤنٹ خسارے میں یہ بہتری مذاکرات اور ایل سی کے اجرا میں انتہائی احتیاط برتنے کے نتیجے میں درآمدات کم کر کے مصنوعی طور پر لائی گئی تھی۔ مزید برآں گزشتہ سہ ماہی کے دوران ذخائر بڑھ جانے کی وجہ سے تیل کی درآمدات کم رہیں۔ ہم پیش گوئی کر سکتے ہیں کہ درآمدات پر پابندیاں دسمبر تک جاری رہیں گی، اس وقت تک درآمدات کم رہیں گی اور طمانیت کا احساس اگلے چند مہینوں تک برقرار رہے گا۔ جب یہ ختم ہوگا تو خدشہ ہے کہ طلب میں اضافہ کرنٹ اکاؤنٹ بیلنس کے حوالے سے تمام کامیابیاں بہا لے جائے گا اور یوں امکان ہے کہ مالی سال 2023 میں کرنٹ اکاؤنٹ خسارہ بیلنس 14 ارب ڈالر تک جا پہنچے گا۔ تاہم عالمی کساد بازاری سے متعلق خدشات کے باعث تیل کی قیمتوں میں کمی سے کچھ فائدہ ہو سکتا ہے اور ہمارے تخمینوں میں واقعتاً تبدیلی آ سکتی ہے۔

مالیاتی نقطہ نگاہ سے، پہلی سہ ماہی کے دوران، ایف بی آر کے جمع کردہ محصولات 1.635 ٹریلین روپے تک پہنچ گئے، جو ہدف سے 27 ارب روپے زائد تھے۔ آگے چل کر درآمدات پر مسلسل پابندیوں اور سیلاب سے ہونے والی تباہی کے تناظر میں حکومت کے لیے مالیاتی استحکام کا حصول مشکل ہوگا اور کسی بھی قسم کے مالی مسائل سے بچنے کے لیے بیرون ملک سے اضافی وسائل درکار ہوں گے۔

### فکسڈ انکم مارکیٹ کا جائزہ

مالی سال 2023 کی پہلی سہ ماہی میں، اسٹیٹ بینک آف پاکستان نے شرح سود کسی تبدیلی کے بغیر %15 پر برقرار رکھی۔ یہ اقدام معاشی سرگرمی میں مسلسل سست روی کے ساتھ ساتھ ہیڈ لائن افراط زر میں کمی اور کرنٹ اکاؤنٹ خسارے کے پیش نظر کیا گیا۔ سہ ماہی کے دوران، 3 ماہ، 6 ماہ اور 12 ماہ کی میعاد کے لیے Kibor کی سہ ماہی بہ سہ ماہی شرح c.60bps بڑھ کر بالترتیب %15.77، %15.91 اور %16.21 ہو گئی۔ T-bill منافع جات میں بھی سہ ماہی بہ سہ ماہی %c.1 اضافہ ہوا اور 3 ماہ، 6 ماہ اور 12 ماہ کی میعاد کے لیے شرح بالترتیب %15.97، %15.95 اور %15.98 ہو گئی۔

اس کے برعکس، 3 سالہ اور 10 سالہ میعاد کے لیے PIB کے منافع جات میں کمی واقع ہوئی۔

ایکویٹی مارکیٹ کا جائزہ

اختتام پذیر ہونے والی سہ ماہی میں ایکویٹی مارکیٹس سست روی کا شکار رہیں حالانکہ پاکستان کو آئی ایم ایف سے 1.16 ارب ڈالر کا وہ بیرونی سرمایہ بھی مل گیا، جس کا بڑی شدت سے انتظار تھا۔ مختصر کاروباری حجم، جو سرمایہ کاروں کی دلچسپی میں کمی کا مظہر تھا، کے ساتھ ہی بینچ مارک کے ایس ای۔100 انڈیکس میں سہ ماہی بہ سہ ماہی بنیادوں پر 412 پوائنٹس (1%) کی کمی آئی۔ یہ کمی بنیادی طور پر معاشی بے یقینی بشمول سیلاب سے ہونے والے نقصانات کے جاری تخمینے کے باعث آئی۔ اوسط یومیہ کاروباری حجم میں 11.73% کی کمی واقع ہوئی، جو مالی سال 2022 کی چوتھی سہ ماہی کے حجم 26.99 ملین ڈالر کے مقابلے میں مالی سال 2023 کی پہلی سہ ماہی میں گھٹ کر 23.83 ملین ڈالر رہ گیا۔ تاہم غیر ملکی فروخت میں اس کے برعکس رجحان دیکھا گیا، سرمایہ کاروں نے 16.7 ملین ڈالر مالیت کے حصص کی خریداری کی، جن میں سے زیادہ تر کا تعلق ٹیکنالوجی اور آئل اینڈ گیس ایکسپلوریشن سیکٹرز سے تھا۔

ایمرجنگ مارکیٹ کا جائزہ

MSCI ایمرجنگ مارکیٹ انڈیکس میں سہ ماہی بہ سہ ماہی بنیادوں پر 12.5% کمی واقع ہوئی۔ جس سے موجودہ سال تا حال انڈیکس میں مجموعی گراوٹ 27.5% تک جا پہنچی۔

مستقبل کی توقعات

اسٹیٹ بینک نے مالی سال 2022 کی دوسری ششماہی میں اپنی شرح سود بڑھا کر 13.75% کردی اور جولائی میں اس میں مزید 125bps کا اضافہ کردیا۔ اس وقت شرح سود 15.0% ہے۔ یہ افراط زر کی بڑھتی ہوئی شرح (جو 25% تک جا پہنچی ہے) اور کرنٹ اکاؤنٹ خسارے کی بگڑتی ہوئی صورتحال کا جواب تھا۔

پاکستان نے بالآخر توسیعی فنڈ فیسیلٹی کے 7 ویں اور 8 ویں جائزے کے لیے آئی ایم ایف بورڈ کی منظوری حاصل کرلی۔ سیاسی بے یقینی میں اضافے کی وجہ سے آئی ایم ایف پروگرام کا تسلسل اور اسٹرکچرل اقدامات و معیار کارکردگی کا نفاذ بدستور مسئلہ بنے ہوئے ہیں۔ عام انتخابات کا انعقاد جون 2023 میں متوقع ہے، تاہم حزب اختلاف کے ملک گیر جلسے جاری ہیں اور وہ قبل از وقت انتخابات کا مطالبہ کر رہی ہے۔

سیلاب نے بلوچستان اور سندھ کے وسیع حصے میں تباہی مچائی اور اس کی وجہ سے تین کروڑ افراد نقل مکانی پر مجبور ہوگئے۔ حالیہ ہفتوں کے دوران تباہی کی وسعت سامنے آنے کے بعد نقصانات کے ابتدائی تخمینے تین گنا بڑھ کر 10 ارب ڈالر سے 30 ارب ڈالر تک جا پہنچے۔ سیلاب سے زرعی اراضی کو بھی بڑے پیمانے پر نقصان پہنچا۔ کپاس، پھلوں، پیاز، ٹماٹر اور دیگر اجناس کی فصلیں متاثر ہوئی ہیں۔

آگے چل کر، مستقبل کی توقعات کا انحصار سیاست کی سمت، انتخابات کے وقت اور اس مشکل صورتحال میں آئی ایم ایف پروگرام کو جاری رکھنے پر ہوگا۔

پاکستان کے یورو بانڈز کے سودے بدستور کم منافع پر ہو رہے ہیں۔ اشیائے تجارت کی قیمتیں بدستور زیادہ ہیں؛ اگرچہ بلوم برگ کموڈیٹی انڈیکس میں حال ہی میں 20% کمی آئی ہے، پھر بھی یہ کووڈ کی وبا سے پہلی والی سطح سے 50% اوپر ہے۔ اشیائے تجارت کی جاری مہنگائی بیرونی اکاؤنٹ میں استحکام کے کسی بھی امکان کو متاثر کرسکتی ہے۔

عالمی سطح پر مالیاتی امور میں سخت گیری کا آغاز ہو چکا ہے۔ امریکی فیڈرل ریزرو 75 بیس پوائنٹس کے اضافے سے شرح سود کو 3.25%-3% تک کی رینج میں لے جانے والا ہے۔ یہ 2 دہائیوں میں سب سے زیادہ شرح ہے جبکہ افراط زر کی شرح 4 دہائیوں میں بلندترین سطح پر ہے۔ افراط زر کی بلند شرح کے باعث دنیا بھر میں سیاسی عدم استحکام بڑھ گیا ہے۔ چین، روس اور امریکا اپنا اثر ونفوذ بڑھا رہے ہیں، جس کی وجہ سے جیو پولیٹیکل کشیدگی میں اضافہ ہو گیا ہے۔ تاریخی طور پر گلوبلائزیشن کو افراط زر میں کمی لانے والی قوت سمجھا جاتا رہا ہے، تاہم اب وقت ڈی۔گلوبلائزیشن، وسائل کو قومیائے جانے اور عوامی حکومتوں کے حق میں کروٹ لے چکا ہے۔ عالمی معیشت سے متعلق توقعات کا زیادہ تر انحصار ان قوتوں کے ایک دوسرے کے ساتھ تعامل، بین الاقوامی سطح پر مہنگائی کی رفتار اور مالیاتی سخت گیری پر ہے۔

اظہار تشکر

یہ بورڈ اپنے قابل قدر انویسٹرز، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان، فنڈ کے ٹرسٹی سینٹرل ڈپازیٹری کمپنی آف پاکستان لمیٹڈ اور پاکستان اسٹاک ایکسچینج لمیٹڈ کی مینجمنٹ کا، ان کے مسلسل تعاون اور مدد پر شکر گزار ہے۔ مینجمنٹ کمپنی کے ڈائریکٹرز فنڈ کی ترقی اور دانشمندانہ انتظام وانصرام کے لیے مینجمنٹ کمپنی کی ٹیم کی محنت اور کاوشوں کا بھی اعتراف کرتے ہیں۔

برائے ومنجانب بورڈ

چیف ایگزیکٹیو آفیسر    ڈائریکٹر

تاریخ: 31 اکتوبر 2022

## Condensed Interim Statement of Assets and Liabilities
## As at September 30, 2022

| | Note | **September 30, 2022 (Unaudited)** | June 30, 2022 (Audited) |
|---|---|---|---|
| | | **(Rupees)** | |
| **ASSETS** | | | |
| Bank balances | 5. | **121,845,661** | 63,571,229 |
| Investments | 6. | **171,113,047** | 267,634,799 |
| Markup accrued | | **1,803,748** | 1,405,549 |
| Dividend receivable | | **4,028,498** | 12,200 |
| Deposits and other receivables | | **2,699,292** | 2,661,335 |
| Receivable against sale of securities | | **9,081,145** | - |
| **TOTAL ASSETS** | | **310,571,391** | 335,285,112 |
| **LIABILITIES** | | | |
| Payable to the Management Company | 7. | **1,675,650** | 1,735,653 |
| Payable to the Trustee | | **69,224** | 152,395 |
| Payable to Securities and Exchange Commission of Pakistan | | **16,650** | 85,479 |
| Accrued expenses and other liabilities | 8. | **2,791,799** | 2,358,762 |
| Payable against purchase of investments | | - | 744,600 |
| **TOTAL LIABILITIES** | | **4,553,323** | 5,076,889 |
| **CONTINGENCIES AND COMMITMENTS** | 10 | | |
| **NET ASSETS** | | **306,018,068** | 330,208,224 |
| **UNIT HOLDERS' FUND (as per statement of movement in unit holders' fund)** | | **306,018,068** | 330,208,224 |
| | | **(Number of units)** | |
| **Number of units in issue** | | **3,578,664** | 3,845,401 |
| | | **(Rupees)** | |
| **Net assets value per unit** | | **85.5118** | 85.8709 |

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

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

| **Chief Executive Officer** | **Chief Financial Officer** | **Director** |
|---|---|---|

# Condensed Interim Income Statement (Unaudited)
# For the quarter ended September 30, 2022

| | Note | 2022 | 2021 |
|---|---|---|---|
| | | (Rupees) | |
| **INCOME** | | | |
| Realized Loss on sale of investment at fair value through profit or loss - net | | **(1,907,711)** | (1,054,245) |
| Unrealised depreciation on re-measurement of investments 'at fair value through profit or loss' - Net | 6.1 | **(6,654,236)** | (18,792,849) |
| | | **(8,561,947)** | (19,847,094) |
| Dividend income on investment at fair value through profit or loss | | **5,293,488** | 3,509,574 |
| Profit on: | | | |
| -Bank balances | | **2,645,036** | 2,023,456 |
| -Sukuk and musharaka certificate | | **1,420,931** | 765,983 |
| -Commercial paper | | **324,278** | 443,526 |
| | | **4,390,246** | 3,232,966 |
| Reversal of SWWF | | - | 1,458,203 |
| **TOTAL INCOME** | | **1,121,787** | (11,646,351) |
| **EXPENSES** | | | |
| Remuneration to the Management Company | 7.1 | **1,087,459** | 1,524,009 |
| Sindh Sales tax on remuneration to the Management Company | 7.2 | **141,370** | 198,121 |
| Remuneration to the Trustee | | **188,433** | 277,793 |
| Annual fee to Securities and Exchange Commission of Pakistan | | **16,675** | 25,225 |
| Shariah Advisor Fee | | **88,665** | 38,824 |
| Brokerage, Settlement, Bank and other charges | | **730,776** | 439,433 |
| Auditors' remuneration | | **145,069** | 54,461 |
| Fees and subscription | | **102,476** | 132,301 |
| **TOTAL EXPENSES** | | **2,500,923** | 2,690,167 |
| **Net income / (loss) from operating activities** | | **(1,379,136)** | (14,336,519) |
| **Net income / (loss) for the period before taxation** | | **(1,379,136)** | (14,336,519) |
| Taxation | 11. | - | - |
| **Net income / (loss) for the period** | | **(1,379,136)** | (14,336,519) |
| **Allocation of net income for the period:** | | | |
| Net income for the period | | **(1,379,136)** | - |
| Income already paid on units redeemed | | - | - |
| **Accounting income available for distribution** | | **(1,379,136)** | - |
| -Related to capital gains - net | | - | - |
| -Excluding capital gains | | - | - |
| | | - | - |

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

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

| Chief Executive Officer | Chief Financial Officer | Director |
|---|---|---|

## Condensed Interim Statement of Comprehensive Income (Unaudited)
## For the quarter ended September 30, 2022

| | 2022 | 2021 |
|---|---|---|
| | (Rupees) | |
| Net income / (loss) for the period | **(1,379,136)** | (14,336,519) |
| Other comprehensive income | - | - |
| **Total comprehensive income / (loss) for the period** | **(1,379,136)** | (14,336,519) |

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

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

| Chief Executive Officer | Chief Financial Officer | Director |
|---|---|---|

# Condensed Interim Statement of Movement In Unit Holders' Fund (Unaudited)
## For the quarter ended September 30, 2022

| | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| | **Capital value** | **Undistributed income** | **Total** | Capital value | Undistributed income | Total |
| | | | ----------(Rupees)---------- | | | |
| **Net assets at beginning of the period** | **371,494,464** | **(41,286,239)** | **330,208,224** | 482,122,276 | 6,982,078 | 489,104,354 |
| **Issuance of 12 units (2021: 11 units)** | | | | | | |
| - Capital value | **988** | **-** | **988** | 1,000 | - | 1,000 |
| - Element of Income | **12** | **-** | **12** | - | - | - |
| Total proceeds on issuance of units | **1,000** | **-** | **1,000** | 1,000 | - | 1,000 |
| **Redemption of 266,747 units (2021: Nil units)** | | | | | | |
| - Capital value | **(22,810,068)** | | **(22,810,068)** | - | - | - |
| - Element of loss | **(1,951)** | **-** | **(1,951)** | - | - | - |
| Total payments on redemption of units | **(22,812,019)** | **-** | **(22,812,019)** | - | - | - |
| Distribution to the unit holders in cash | **-** | **-** | **-** | | | |
| Total comprehensive income for the period | **-** | **(1,379,136)** | **(1,379,136)** | - | (14,336,519) | (14,336,519) |
| **Net assets as at end of the period** | **348,683,445** | **(42,665,375)** | **306,018,068** | 482,123,276 | (7,354,440) | 474,768,835 |
| **Undistributed income brought forward:** | | | | | | |
| - Realized (loss) | | **(22,439,370)** | | | (7,246,268) | |
| - Unrealized (loss) / gain | | **(18,846,869)** | | | 14,228,346 | |
| | | **(41,286,239)** | | | 6,982,078 | |
| **Accounting income available for distribution:** | | | | | | |
| Relating to capital gains | | **-** | | | - | |
| Excluding capital gains | | **-** | | | - | |
| | | **-** | | | - | |
| Total comprehensive income / (loss) for the period | | **(1,379,136)** | | | (14,336,519) | |
| **Undistributed (loss) / income at end of the period** | | **(42,665,375)** | | | (7,354,440) | |
| **Undistributed (loss) / income carried forward** | | | | | | |
| - Realized (loss) / Income | | **(36,011,139)** | | | 11,438,408 | |
| - Unrealized gain / (loss) | | **(6,654,236)** | | | (18,792,849) | |
| | | **(42,665,375)** | | | (7,354,440) | |
| Net assets value per unit at beginning of the period | | | **85.8709** | | | 97.1407 |
| Net assets value per unit at end of the period | | | **85.5118** | | | 94.2933 |

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

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

| **Chief Executive Officer** | **Chief Financial Officer** | **Director** |
|---|---|---|

# Condensed Interim Cash Flow Statement (Unaudited)
## For the quarter ended September 30, 2022

| | 2022 | 2021 |
|---|---|---|
| | (Rupees) | |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Net loss for the period | **(1,379,136)** | (14,336,519) |
| | | |
| Adjustments for non-cash charges and other items: | | |
| Capital loss on sale of investments - net | **(1,907,711)** | (1,054,245) |
| Unrealised loss in the fair value of investments classified as 'held for trading' - net | **(6,654,236)** | (18,792,849) |
| | **(9,941,084)** | (34,183,613) |
| **(Increase) / Decrease in assets** | | |
| Investments - net | **105,083,701** | (673,888) |
| Mark-up receivable | **(398,199)** | (4,206,698) |
| Dividend receivable | **(4,016,298)** | (2,665,707) |
| Deposits and other receivables | **(37,956)** | 1,192,789 |
| Receivable against Settlement | **(9,081,145)** | - |
| | **91,550,102** | (6,353,504) |
| **(Decrease) / Increase in liabilities** | | |
| Payable to the Management Company | **(60,003)** | (25,299) |
| Payable to the Trustee | **(83,172)** | (2,765) |
| Payable to Securities and Exchange Commission of Pakistan | **(68,829)** | 24,583 |
| Payable against purchase of investments | **(744,600)** | 1,804,441 |
| Accrued expenses and other liabilities | **433,036** | (2,222,931) |
| | **(523,568)** | (421,970) |
| **Net cash (used in) / generated from operating activities** | **81,085,451** | (40,959,087) |
| | | |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Cash received from issuance of units | **1,000** | 1,000 |
| Cash paid on redemption of units | **(22,812,019)** | - |
| **Net cash generated / (used in) financing activities** | **(22,811,019)** | 1,000 |
| | | |
| **Net (decrease) / increase in cash and cash equivalents during the period** | **58,274,432** | (40,958,087) |
| | | |
| Cash and cash equivalents at the beginning of the period | **63,571,229** | 160,101,532 |
| | | |
| **Cash and cash equivalents at the end of the period** | **121,845,661** | 119,143,445 |

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

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

| **Chief Executive Officer** | **Chief Financial Officer** | **Director** |
|---|---|---|

# Notes to and forming part of the Condensed Interim Financial Statements (Unaudited) For the quarter ended September 30, 2022

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

1.1 The Lakson Islamic Tactical Fund (formerly Lakson Asset Allocation Emerging Markets Fund) (the "Fund") was established under the Trust Deed executed on 30 May 2011 between the Lakson Investments Limited as its Management Company and the Central Depository Company of Pakistan Limited (CDC) as its Trustee. The Fund has been registered as a Notified Entity by the Securities and Exchange Commission of Pakistan (SECP) on 7 July 2011 in accordance with the Non-Banking Finance Companiesand Notified Entities Regulations, 2008 (NBFC Regulations).

1.2 The Management Company of the Fund has been licensed by SECP to undertake Asset Management and Investment Advisory Services as a Non-Banking Finance Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The registered office of the Management Company is located at 14 - Ali Block, New Garden Town, Lahore, while the head office is in the Lakson Square Building No. 2, Karachi.

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

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

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

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

1.4 Pakistan Credit Rating Company Limited (PACRA) has maintained the rating of the Management Company of the Fund to the scale 'AM2+' (stable outlook) vide its report dated 26 August 2022 (2021: AM2+ as on 27 August 2021).

On 27 July 2022, VIS credit rating company limited assigned following rankings to the Fund based on the performance review for the year ended '30 June 2022:

| | |
|---|---|
| 1 Year ranking : | MFR 3-Star |
| 3 Year ranking : | MFR 3-Star |
| 5 Year ranking : | MFR 3-Star |

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan.

The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and

- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

2.2 This condensed interim financial information do 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 2022. However, selected explanatory notes are included to explain events and transactions that are significant.

2.3 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 (NBFC Regulations) and are unaudited.

In compliance with schedule V of the NBFC Regulations the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at September 30, 2022.

**2.4 Basis of measurement**

These financial statements have been prepared under the historical cost convention, except that investments are measured at fair value.

**2.5 Functional and presentation currency**

These financial statements are presented in Pakistan Rupees, which is the Fund's functional and presentation currency. All amount have been rounded off to the nearest of rupees, unless otherwise indicated.

**2.6 Significant judgements and estimates**

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

The significant judgments made by management in applying the Fund's 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, 2022.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial informations are the same as those applied in the preparation of the financial statements as at and for the year ended June 30, 2022.

## 4. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements for the year ended 30 June 2022.

| | Note | **September 30, 2022 (Unaudited)** | June 30, 2022 (Audited) |
|---|---|---|---|
| | | **(Rupees)** | |
| **5. BANK BALANCES** | | | |
| In local currency | | | |
| PLS savings accounts | 5.1 | **121,843,650** | 63,569,218 |
| In foreign currency | | . | |
| Current account | 5.2 | **2,011** | 2,011 |
| | | **121,845,661** | 63,571,229 |

5.1 These carry mark-up at rates ranging from 3.85% to 10.75% (June 30, 2022: 5.1% to 8.5%) per annum.

5.2 This represents USD denominated current account maintained in a foreign country amounting to USD 13 (2021: USD 13).

## 6. INVESTMENTS

| | Note | September 30, 2022 | June 30, 2022 |
|---|---|---|---|
| **At fair value through income statement - held for trading** | | | |
| Listed equity securities | 6.1 | **124,429,409** | 207,444,046 |
| | | **124,429,409** | 207,444,046 |
| **At amortise cost** | | | |
| Musharakah Certificate | 6.3 | **46,683,638** | 45,262,707 |
| Commercial Papers | 6.2 | - | 14,928,047 |
| | | **171,113,047** | 267,634,799 |

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

| Name of the Investee Company | Holding as at July 01, 2022 | Purchased during the year | *Bonus shares / letter of right received during the year | Disposed during the year | Holding as at September 30, 2022 | Carrying value before revaluation as of 30 September 2022 | Market value as of 30 September 2022 (after revaluation) | Unrealised gain / (loss) - net | Market value as percentage of total investments | Market value as percentage of net assets | % of holding in investee company |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | ----- Number of Shares ----- | | | | | ----- (Rupees) ----- | | | ----- (%) ----- | | |
| **Commercial Banks** | | | | | | | | | | | |
| Meezan Bank Limited MEBL | 130,357 | - | 11,575 | 84,650 | 57,282 | **5,883,414** | **6,286,700** | **403,285** | **3.67** | **2.05** | 0.06% |
| **Chemicals** | | | | | | | | | | | |
| Engro Polymer & Chemical EPCL | 125,999 | - | - | 125,999 | - | - | - | - | - | - | 0.00% |
| Descon Oxychem Limited DOL | 86,900 | - | - | 86,900 | - | - | - | - | - | - | 0.00% |
| | | | | | | - | - | - | - | - | |
| **Fertilizers** | | | | | | | | | | | |
| Engro Corporation Limited (6.1.1) ENGRO | 32,422 | 13,800 | - | 19,743 | 26,479 | 6,648,664 | 6,130,418 | (518,246) | 3.58 | 2.00 | 0.12% |
| Engro Fertilizers Limited EFERT | 180,200 | 155,025 | - | 68,700 | 266,525 | 22,821,820 | 20,794,281 | (2,027,539) | 12.15 | 6.80 | 0.16% |
| | | | | | | **29,470,483** | **26,924,699** | **(2,545,785)** | **15.74** | **8.80** | |
| **Pharma & Bio Tech** | | | | | | | | | | | |
| The Searl Company (6.1.2) SEARL | 2,595 | - | - | 2,587 | 8 | 872 | 813 | (59) | 0.00 | 0.00 | 0.00% |
| Ferzsons Laboratories Limited FEROZ | 11,210 | - | - | 11,210 | - | - | - | - | - | - | 0.00% |
| | | | | | | **872** | **813** | **(59)** | **0.00** | **0.00** | |
| **Textile Composite** | | | | | | | | | | | |
| Nishat Mills Limited (6.1.1) NML | 10,099 | - | - | 10,099 | - | - | - | - | - | - | 0.00% |
| Kohinoor Textile Mills Limited KTML | 500 | - | - | 500 | - | - | - | - | - | - | 0.00% |
| Interloop Limited ILP | 2,729 | - | - | 2,729 | - | - | - | - | - | - | 0.00% |
| | | | | | | - | - | - | - | - | |
| **Cement** | | | | | | | | | | | |
| Cherat Cement Company Limited CHCC | 24,975 | - | - | 24,975 | - | - | - | - | - | - | 0.00% |
| Kohat Cement Company Limited KOHC | 5,800 | - | - | 5,800 | - | - | - | - | - | - | 0.00% |
| D.G. Khan Cement DGKC | - | 63,200 | - | 63,200 | - | - | - | - | - | - | 0.00% |
| Pioneer Cement Company Limited PIOC | - | 48,500 | | 48,500 | - | - | - | - | - | - | 0.00% |
| Maple Leaf Cement Limited MLCF | 227,722 | - | - | 227,722 | - | - | - | - | - | - | 0.00% |
| Lucky Cement Company Limited LUCK | 39,281 | 1,660 | - | 28,550 | 12,391 | 5,762,291 | 6,152,875 | 390,584 | 3.60 | 2.01 | 0.19% |
| Fauji Cement Company Limited FCCL | 36,500 | 130,500 | - | 167,000 | - | - | - | - | - | - | 0.00% |
| | | | | | | **5,762,291** | **6,152,875** | **390,584** | **3.60** | **2.01** | |
| **Power Generation & Distribution** | | | | | | | | | | | |
| Hub Power Company Limited HUBC | 117,861 | 19,000 | - | 81,362 | 55,499 | **3,782,057** | **3,879,935** | **97,878** | **2.27** | **1.27** | 0.03% |
| **Oil and Gas Exploration Companies** | | | | | | | | | | | |
| Mari Petroleum Company Limited MARI | 8,826 | 4,145 | - | - | 12,971 | 22,386,999 | 20,297,151 | (2,089,849) | 11.86 | 6.63 | 1.84% |
| Pakistan Oilfield Limited POL | 55,934 | 14,900 | - | 17,186 | 53,648 | 21,648,730 | 18,729,590 | (2,919,140) | 10.95 | 6.12 | 0.79% |
| Pakistan Petroleum Limited (6.1.1) PPL | 149,597 | 81,624 | - | 131,674 | 99,547 | 6,864,694 | 6,117,163 | (747,531) | 3.57 | 2.00 | 0.03% |
| Oil and Gas Development Company Limited (6.1.1) OGDC | 131,292 | - | - | 51,079 | 80,213 | 6,310,357 | 6,073,728 | (236,628) | 3.55 | 1.98 | 0.01% |
| | | | | | | **57,210,780** | **51,217,632** | **(5,993,148)** | **29.93** | **16.74** | |

| Name of the Investee Company | Holding as at July 01, 2022 | Purchased during the year | *Bonus shares / letter of right received during the year | Disposed during the year | Holding as at September 30, 2022 | Carrying value before revaluation as of 30 September 2022 | Market value as of 30 September 2022 (after revaluation) | Unrealised gain / (loss) - net | Market value as percentage of total investments | Market value as percentage of net assets | % of holding in investee company |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | ---------- Number of Shares ---------- | | | | | ---------- (Rupees) ---------- | | | ---------- (%) ---------- | | |
| **Oil and Gas Marketing Companies** | | | | | | | | | | | |
| Attock Petroleum Limited APL | - | 13,800 | 2,200 | - | 16,000 | 4,873,820 | 4,462,240 | (411,580) | 2.61 | 1.46 | 0.54% |
| Sui Northern Gas Pipelines Limited SNGP | | 113,000 | | - | 113,000 | 3,681,128 | 3,799,060 | 117,932 | 2.22 | 1.24 | 0.06% |
| Pakistan State Oil Company Limited (6.1.2) PSO | 94,071 | 1,200 | - | 55,420 | 39,851 | 6,850,062 | 6,472,998 | (377,064) | 3.78 | 2.12 | 0.24% |
| | | | | | | **15,405,010** | **14,734,298** | **(670,712)** | **8.61** | **4.81** | |
| **Engineering** | | | | | | | | | | | |
| International Steels Limited ISL | 117,000 | - | - | 96,584 | 20,416 | **1,211,894** | **1,125,534** | **(86,360)** | **0.66** | **0.37** | 0.03% |
| **Food And Personal Care Products** | | | | | | | | | | | |
| Unity Foods Limited UNITY | 87,000 | 24,500 | - | 111,500 | - | - | - | - | - | - | 0.00% |
| At-Tahur Limited PREMA PREMA | 63,240 | - | - | 63,000 | 240 | 4,577 | 5,340 | 763 | 0.00 | 0.00 | 0.00% |
| | | | | | | **4,577** | **5,340** | **763** | **0.00** | **0.00** | |
| **Glass and Ceremics** | | | | | | | | | | | |
| Shabbir Tiles & Ceramics Limited STCL | 97,000 | - | - | 86,000 | 11,000 | **160,930** | **150,260** | **(10,670)** | **0.00** | **0.00** | 0.01% |
| **Refinery** | | | | | | | | | | | |
| Attock Refinery Limited ATRL | 18,000 | - | - | 18,000 | - | - | - | - | - | - | 0.00% |
| Cynergyico Pakistan Limited CNERGY | 275,000 | - | | 275,000 | | - | - | - | - | - | 0.00% |
| National Refinery Limited NRL | 12,000 | - | - | 12,000 | - | - | - | - | - | - | 0.00% |
| | | | | | | - | - | - | - | - | |
| **Technology and Communication** | | | | | | | | | | | |
| System Limited SYS | 62,645 | - | - | 25,685 | 36,960 | 12,191,296 | 13,951,283 | 1,759,988 | 8.15 | 4.56 | 1.26% |
| Avanceon Limited AVN | 33,307 | - | - | 33,307 | - | - | - | - | - | - | 0.00% |
| | | | | | | 12,191,296 | 13,951,283 | 1,759,988 | 8.15 | 4.56 | |
| **Total as at 30 September 2022** | | | | | | **131,083,605** | **124,429,369** | **(6,654,236)** | **72.63** | **40.6119** | **5.37%** |
| **Total cost as at 30 September 2022** | | | | | | **132,216,436** | | | | | |

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

| | **30 Sep 2022** | 30 Jun 2022 | **30 Sep 2022** | 30 Jun 2022 |
|---|---|---|---|---|
| | **------(Number of shares)------** | | **--------(Rupees)--------** | |
| Oil and Gas Development Company Limited | **5,000** | 5,000 | **378,600** | 393,350 |
| Engro Corporation Limited | **22,300** | 22,300 | **5,162,896** | 1,775,749 |
| Lucky Cement Company Limited | **10,000** | 10,000 | **4,965,600** | 4,590,400 |
| Pakistan Petroleum Limited | **300** | 300 | **18,435** | 20,253 |
| Engro Fertilizers Limited | **20,000** | 20,000 | **1,560,400** | 925,125 |
| | **57,600** | 57,600 | **12,085,931** | 7,704,876 |

6.1.2 Finance act, 2014 had introduced tax on bonus shares issued by the companies. Most of the 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. In the Fund's case, tax in the shape of 147 shares of Pakistan State Oils Limited (30 June 2022: 147 shares) and 8 shares of The Searle Company Limited (30 June 2022: 8 shares) have been withheld by CDC. Market value of these shares as at 30 September 2022 amounted to Rs. 24,788 (30 June 2022: Rs. 26,133) and are included in the Fund's investments in these financial statements.

## 6.2 Commercial papers - at amortized cost

| At fair value through profit or loss | Issue Date | Date of Maturity | Total Face Value (maturity value) | Term | Mark-up rate | Holding as at 30 Jul 2022 | Purchases during the period | Disposed / matured during the period | Holding as at 30 Sep 2022 | Carrying value as of the year ended 30 Sep 2021 | Carrying value as a percentage of total investments | Carrying value as a percentage of net assets | Face value as % of size of the issue |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | --------Number of certificates-------- | | | | | | | |
| MUGHAL-1Y-28072021-ICP1 | 28-Jul-21 | 21-Jul-22 | 15,000,000 | 6 months | 9.44% | 15 | - | 15 | - | - | 0.00% | 0.00% | 0.00% |

Face value of these commerical papers are Rs.1,000,000 per certificate. Above are unsecured.

## 6.3 Musharaka Certificate - at amortized cost

| At fair value through profit or loss | Issue Date | Date of Maturity | Total Face Value (maturity value) | Term | Mark-up rate | Holding as at 30 Jul 2021 | Purchases during the period | Disposed / matured during the period | Holding as at 30 Sep 2021 | Carrying value as of the year ended 30 Sep 2021 | Carrying value as a percentage of total investments | Carrying value as a percentage of net assets |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | --------Number of certificates-------- | | | | | | |
| Orix Modaraba | 31-Dec-20 | 30-Dec-22 | 45,863,956 | 3 years | 15.21% | 40,000 | - | - | 40,000 | 46,683,638 | 27.28% | 15.26% |

This Musharaka Certificate is unsecured.

| | Note | **September 30, 2022 (Unaudited)** | June 30, 2022 (Audited) |
|---|---|---|---|
| | | **(Rupees)** | |
| **7. PAYABLE TO MANAGEMENT COMPANY** | | Note | (Rupees) |
| Remuneration payable to the Management Company | 7.1 | **332,943** | 386,042 |
| Sindh Sales tax payable on remuneration to the Management Company | 7.3 | **43,283** | 50,185 |
| Federal excise duty payable on remuneration to the Management Company | 7.4 | **1,299,424** | 1,299,425 |
| | | **1,675,650** | 1,735,653 |

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 anamount not exceeding 2% of the average annual net assets of the scheme calculated on a daily basis. The fee is subject to a minimum of 1% and a maximum of 2% of the average annual net assets of the Fund. Currently the effective rate of Management Company remuneration for the period ended 30 September 2022 is 1.23% (30 June 2022: 1.314%) of the average net assets. Remuneration is paid to the Management company in arrears on a monthly basis.

7.2 The Sindh Provincial Government has levied Sindh Sales Tax (SST) at the rate of 13% (June 30, 2022: 13%) on the remuneration of management company through Sindh Sales Tax on Services Act, 2011.

7.3 As per the requirements of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Management Company has been applied effective from 13 June 2013. The Management Company is of the view that since the remuneration is already subject to the provincialsales tax, further levy of FED may result in double taxation, which does not appear to be the spirit ofthe law, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan with the Sindh High Court (SHC) on 4 September 2013.

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

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

However, since the appeal is pending in the Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period up to 30 June 2016 aggregating to Rs. 1.132 million. Had the provision not been made, NAV per unit of the Fund as at 30 September 2022 would have been higher by Re. 0.36 (30 June 2022: Re. 0.34) per unit.

The amount is payable to the management company for onwards payment, if any, to the Government.

| | Note | **September 30, 2022 (Unaudited)** | June 30, 2022 (Audited) |
|---|---|---|---|
| | | **(Rupees)** | |
| **8. ACCRUED EXPENSES AND OTHER LIABILITIES** | | | |
| Charity payable | | **1,751,938** | 1,492,017 |
| Auditors' remuneration | | **330,715** | 248,656 |
| Cutodian fee payable | | **4,000** | - |
| Payable for professional services | | **196,104** | 297,307 |
| Fee payable to shariah advisor | | **357,624** | 268,959 |
| Fee payable to National Clearing Company of Pakistan | | **124,130** | 45,310 |
| Other liabilities | | **19,756** | 4,745 |
| Fee payable to Central Depository Company | | **1,768** | 1,768 |
| Payable against Printing and Stationery | | **4,745** | - |
| Payable against Redemption of Units | | **1,019** | - |
| | | **2,791,799** | 2,358,762 |

**9. TOTAL EXPENSE RATIO**

Securities and Exchange Commission of Pakistan (SECP) vide its Directive No. SCD/PRDD/Direction/18/2016 dated 20 July 2016, required that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS / the Fund. TER of the Fund for the quarter ended September 30, 2022 is 2.97% which includes 0.27% representing government levies (comprising of Workers Welfare Fund and SECP fee, etc.). As per NBFC Regulation the total expense ratio of the Asset Allocation Scheme shall be caped up to 4.5% (excluding government levies).

**10 CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments ast at September 30, 2022.

**11. TAXATION**

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

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

Connected persons / related parties include Lakson Investments Limited being the ManagementCompany, Central Depository Company of Pakistan Limited (CDC) being the trustee, Habib Bank AG Zurich Switzerland being the Custodian, Siza Services (Private) Limited being holding company of the Management Company, associated companies of the Management Company and the holding company, key management personnel, other funds being managed by the Management Company and entities having holding 10% or more in the units of the Fund as at 30 September 2022. It also includes staffretirement funds of the above related parties / connected persons.

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

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

| | September 30, 2022 (Unaudited) | June 30, 2022 (Audited) |
|---|---|---|
| **12.1 Details of balances with related parties / connected persons at the period end** | (Rupees) | |
| **Lakson Investments Limited - Management Company of the Fund** | | |
| Remuneration payable | **332,943** | 386,042 |
| Sindh Sales Tax on Management Company's remuneration* | **43,283** | 50,185 |
| Federal Excise Duty on Management Company's remuneration* | **1,299,424** | 1,299,425 |

Sales tax is paid / payable to the management company for onwards payment to the Government.

| | September 30, 2022 (Unaudited) | June 30, 2022 (Audited) |
|---|---|---|
| **Central Depository Company of Pakistan Limited - Trustee of the Fund** | | |
| Remuneration payable | **54,417** | 134,863 |
| Sindh Sales Tax on Management Trustee remuneration* | **14,806** | 17,532 |
| Security deposit | **100,000** | 100,000 |
| Settlement charges payable | **1,768** | 1,768 |
| **Habib Bank AG Zurich - Custodian** | | |
| Bank Deposits | **2,011** | 2,011 |

| | September 30, 2022 | September 30, 2021 |
|---|---|---|
| **12.2 Transactions during the period** | (Unaudited) (Rupees) | |
| **Lakson Investments Limited - Management Company of the Fund** | | |
| Remuneration for the period | **1,087,459** | 1,524,009 |
| Sindh sales tax on remuneration of Management Company * | **141,370** | 198,121 |
| **Central Depository Company of Pakistan Limited - Trustee** | | |
| Remuneration for the period | **166,755** | 245,834 |
| Sindh Sales Tax on Management Company's remuneration* | **21,678** | 31,958 |
| Settlement Charges | **27,787** | 26,979 |

* Sales tax is paid / payable to the management company / Trustee for onwards payment to the Government.

## 12.3 Details of units held, issued and redeemed by the related parties / connected persons

| | Period ended September 30, 2022 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | ---------- Number of Units ---------- | | | | ---------- Rupees ---------- | | | |
| | Number of Units as at July 01, 2022 | Units issued during the period | Units redeemed during the period | Number of units as at September 30, 2022 | Balance as at July 01, 2022 | Units issued during the period | Units redeemed during the period | Balance as at September 30, 2022 |
| Lakson Investments Limited | 560,827 | - | - | 560,827 | 48,158,758 | - | - | 47,957,365 |
| Directors, Chief Executive, their spouse and minors | 109,263 | - | - | 109,263 | 9,382,507 | - | - | 9,343,271 |
| **Associated companies / undertakings of the Management Company** | | | | | | | | |
| Accuray Surgical Limited Employees Contributory Provident Fund | 41,318 | - | 3,461 | 37,856 | 3,547,975 | - | 296,000 | 3,237,163 |
| Century Insurance Co. Ltd., GF | 41,968 | - | 4,081 | 37,887 | 3,603,813 | - | 349,000 | 3,239,771 |
| Century Insurance Company Limited Employees Contributory Provident Fund Trust | 57,486 | - | 4,888 | 52,598 | 4,936,346 | - | 418,000 | 4,497,738 |
| Century Paper & Board Mills Limited ECPFT | 564,452 | - | 47,405 | 517,047 | 48,469,964 | - | 4,054,000 | 44,213,611 |
| Century Paper & Board Mills Limited EGF | 505,636 | - | 44,084 | 461,552 | 43,419,395 | - | 3,770,000 | 39,468,138 |
| Colgate Palmolive Pakistan Limited ECPFT | 534,244 | - | 43,207 | 491,037 | 45,876,001 | - | 3,695,000 | 41,989,465 |
| Colgate Palmolive Pakistan Limited EGF | 587,334 | - | 51,544 | 535,790 | 50,434,906 | - | 4,408,000 | 45,816,366 |
| Cyber Internet Services (Pvt.) Ltd. Empl. CPFT | 266,973 | - | 22,510 | 244,463 | 22,925,193 | - | 1,925,000 | 20,904,485 |
| Gam Corporation Private Limited Employees Contributory Provident Fund | 169,914 | - | 13,424 | 156,490 | 14,590,655 | - | 1,148,000 | 13,381,736 |
| Hasanali Karabhai Foundation ECPF Trust | 7,872 | - | 608 | 7,264 | 675,950 | - | 52,000 | 621,128 |
| Lakson Business Solutions Limited Employees Contributory Provident Fund Trust | 5,713 | - | - | 5,713 | 490,593 | - | | 488,541 |
| Lakson Investments Limited ECPFT | 43,124 | - | 2,841 | 40,283 | 3,703,098 | - | 243,000 | 3,444,632 |
| Merit Packaging Limited Employees Contributory Provident Fund Trust | 68,782 | - | 5,753 | 63,029 | 5,906,376 | - | 492,000 | 5,389,717 |
| Merit Packaging Limited Employees Gratuity Fund | 36,090 | - | 3,017 | 33,073 | 3,099,080 | - | 258,000 | 2,828,142 |
| Siza Foods Private Limited Employees Contributory Provident Fund Trust | 147,447 | - | 12,383 | 135,064 | 12,661,412 | - | 1,059,000 | 11,549,553 |
| Siza Services Private Limited Employees Countributory Provident Fund Trust | 29,662 | - | 2,619 | 27,042 | 2,547,083 | - | 224,000 | 2,312,450 |
| Sybrid (Private) Limited ECPFT | 58,545 | - | 4,911 | 53,634 | 5,027,326 | - | 420,000 | 4,586,338 |

| | Period ended September 30, 2021 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Number of Units | | | | Rupees | | | |
| | Number of Units as at July 01, 2021 | Units issued during the period | Units redeemed during the period | Number of units as at September 30, 2021 | Balance as at July 01, 2021 | Units issued during the period | Units redeemed during the period | Balance as at September 30, 2021 |
| Lakson Investments Limited | 560,827 | - | - | 560,827 | 48,158,758 | - | - | 47,957,365 |
| Directors, Chief Executive, their spouse and minors | 109,263 | - | - | 109,263 | 10,613,878 | - | - | 9,343,271 |
| **Associated companies / undertakings of the Management Company** | | | | | | | | |
| Accuray Surgical Limited Employees Contributory Provident Fund | 42,847 | - | - | 42,847 | 4,162,223 | - | - | 3,663,956 |
| Century Insurance Co. Ltd., GF | 41,306 | - | - | 41,306 | 4,012,516 | - | - | 3,532,170 |
| Century Insurance Company Limited Employees Contributory Provident Fund Trust | 47,369 | - | - | 47,369 | 4,601,462 | - | - | 4,050,612 |
| Century Paper & Board Mills Limited ECPFT | 567,134 | - | - | 567,134 | 55,091,783 | - | - | 48,496,640 |
| Century Paper & Board Mills Limited EGF | 499,454 | - | - | 499,454 | 48,517,296 | - | - | 42,709,197 |
| Colgate Palmolive Pakistan Limited ECPFT | 592,313 | - | - | 592,313 | 57,537,718 | - | - | 50,649,767 |
| Colgate Palmolive Pakistan Limited EGF | 659,716 | - | - | 659,716 | 64,085,279 | - | - | 56,413,507 |
| Cyber Internet Services (Pvt.) Ltd. Empl. CPFT | 253,976 | - | - | 253,976 | 24,671,449 | - | - | 21,717,982 |
| Gam Corporation Private Limited Employees Contributory Provident Fund | 191,038 | - | - | 191,038 | 18,557,527 | - | - | 16,335,969 |
| Hasanali Karabhai Foundation ECPF Trust | 9,375 | - | - | 9,375 | 910,652 | - | - | 801,636 |
| Lakson Business Solutions Limited Employees Contributory Provident Fund Trust | 5,713 | - | - | 5,713 | 554,979 | - | - | 488,541 |
| Lakson Investments Limited ECPFT | 34,909 | - | - | 34,909 | 3,391,100 | - | - | 2,985,145 |
| Merit Packaging Limited Employees Contributory Provident Fund Trust | 56,460 | - | - | 56,460 | 5,484,573 | - | - | 4,828,004 |
| Merit Packaging Limited Employees Gratuity Fund | 34,436 | - | - | 34,436 | 3,345,161 | - | - | 2,944,705 |
| Siza Foods Private Limited Employees Contributory Provident Fund Trust | 148,125 | - | - | 148,125 | 14,388,942 | - | - | 12,666,414 |
| Siza Services Private Limited Employees Countributory Provident Fund Trust | 28,610 | - | - | 28,610 | 2,779,200 | - | - | 2,446,497 |
| Sybrid (Private) Limited ECPFT | 53,577 | - | - | 53,577 | 5,204,541 | - | - | 4,581,495 |
| Connected person due to holding more than 10% units | | | | | | | | |
| Systems Limited | 1,089,870 | - | - | 1,089,870 | 105,870,722 | - | - | 93,196,734 |

**13. FAIR VALUE OF FINANCIAL INSTRUMENTS**

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

Financial assets which are traded in an open market are revalued at the market prices prevailing at the close of trading i.e. period end date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value as these are short term in nature.

The following table shows financial instruments recognised at fair value based on:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and (Level 2)
- 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 September 30, 2022** | | | |
|---|---|---|---|---|
| | **-------------------- Un-audited --------------------** | | | |
| | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **Assets** | **-------------------- Rupees --------------------** | | | |
| Financial assets at fair value through profit or loss | **124,429,409** | **46,683,638** | **-** | **171,113,047** |

| | As at June 30, 2022 | | | |
|---|---|---|---|---|
| | -------------------- Audited -------------------- | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| **Assets** | -------------------- Rupees -------------------- | | | |
| Financial assets at fair value through profit or loss | 207,444,046 | 60,190,754 | - | 267,634,799 |

**14. GENERAL**

14.1 The corresponding figures have been re-arranged wherever necesarry

14.2 Figures have been rounded off to the nearest ruppee

**15. DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim financial statements were authorized for issue by Board of Directors of the Management Company on October 31, 2022

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

| **Chief Executive Officer** | **Chief Financial Officer** | **Director** |
|---|---|---|

A Lakson Group Company

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