LAKSON ISLAMIC TACTICAL FUND

Annual Report 2019

LAKSON INVESTMENTS
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Vision

To be a top quartile provider of investment solutions to both individuals and institutions. Through the success of our clients and employees we seek to build sustainable and long-term shareholder value, and to be an employer of choice in the asset management industry.

Mission

To deliver superior performance as measured by market share parameters, high-quality service and a portfolio of innovative yet tailored products across a range of investment disciplines and distribution channels.
To provide a fulfilling, stimulating and supportive environment for our employees that fosters their personal growth and facilitates our productivity as a team.

Fund's Information

Management Company	Lakson Investments Limited Head Office Lakson Square, Building No.2, Sarwar Shaheed Road, Karachi-74200, Pakistan. Phone: (9221) 3840.0000 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. Jamil Ahmed Mughal Mr. Amin Mohammed Lakhani Mr. Jacques John Visser Ms. Roxanne Davies (From April 22, 2019) Ms. Gaite Ali (From April 22, 2019) Ms. Kathleen Kennedy Townsend (From April 22, 2019) Mr. Daniel Scott Smaller (Upto April 22, 2019) Mr. Zahid Zakiuddin (Upto April 22, 2019) Mr. Mahomed J. Jaffer (Upto April 22, 2019)
Chief Financial Officer & Company Secretary of the Management Company	Mr. Salman Shafiq Hashmi
Audit Committee	Mr. Jacques John Visser - Chairman (From April 22, 2019) Mr. Amin Mohammed Lakhani Mr. Iqbal Ali Lakhani Mr. Jamil Ahmed Mughal Mr. Zahid Zakiuddin (Upto April 22, 2019)
Human Resource and Remuneration Committee	Ms. Gaite Ali - Chairman (From April 22, 2019) Mr. Babar Ali Lakhani Mr. Daniel Scott Smaller (Upto April 22, 2019)
Trustee	Central Depository Company of Pakistan Limited CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahra-e-Faisal, Karachi, Pakistan.
Auditors	KPMG Taseer Hadi & Co. Chartered Accountants Sheikh Sultan Trust Building No.2, Beaumont Road, Karachi - 75530, Pakistan
Bankers to the Fund	Habib Bank AG Zurich Habib Metropolitan Islamic Bank Limited Bank Islami Pakistan Limited Al Baraka Bank (Pakistan) Limited Dubai Islamic Bank Pakistan Limited

Legal Adviser	Fazleghani Advocates F-72/I, Block 8, KDA-5, Kehkashan, Clifton, Karachi, Pakistan.
Shari'ah Adviser	Al Hilal Shariah Advisors
Registrar	Lakson Investments Limited Lakson Square Building No.2, Sarwar Shaheed Road, Karachi-74200, Pakistan
Distributor	Rabia Fida BMA Capital Management Limited
Rating	1 Year ranking : 4-Star 3 Year ranking : 3-Star 5 Year ranking : 3-Star AM2+ : Asset Manager Rating by PACRA

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2019

The Board of Directors of Lakson Investments Limited, the Management Company of the Lakson Islamic Tactical Fund ('LITF' or 'Fund') is pleased to submit its report together with Audited Financial Statements for the year ended June 30, 2019.

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.

Development and Performance Review
Lakson Islamic Tactical Fund provided return of -12.19% for FY19 against the Benchmark return of -11.58%. The fund has underperformed the benchmark by 0.61% during the period. As of June 28, 2019, the Fund had 61% exposure in equities, 29% in cash, and 7% in Sukuk on a total asset basis.

Loss Per Unit (LPU)
LPU is not being disclosed as we feel determination of weighted average units for calculating LPU is not practicable for open end funds.

Reason for loss
The fund under performed on the equity front, where the KSE 100 declined by 19.1% at the end of FY19. The market maintained a downward trajectory during the year. Since the equity portion is highly correlated with its benchmark, the downward movement echoed in the returns. Exposure in underperforming sectors, such as Cements and Steel, aided in the underperformance. Given these factors, the Board has not proposed any distribution for the year ended June 30, 2019.

Principal Risk and Uncertainties
The economic instability, rising current account deficit, declining FX reserves, higher than expected inflation, PKR devaluation, lower than expected financial aid by both unilateral/bilateral donor agencies, further monetary tightening and worsening of external relations remains a risk for all business sectors in Pakistan.

These aforementioned risks could push both the foreign and local investors to liquidate their investments, which may affect the financial market adversely and may affect the Fund's profitability as well.

Asset Manager and Fund Rating
The Pakistan Credit Rating Agency Limited ('PACRA') has maintained the asset manager rating of the Management Company at "AM2+". The VIS Credit Rating Company Limited has given the one-year performance ranking of "4-Star" and three-years & five-years performance rankings of "3-Star" to the LITF.

Additional Matters:

1. The detail of Directors of the Management Company is disclosed in this Annual Report.

2. The financial statements prepared by the Management Company present fairly the state of affairs of the Fund, the results of its operations, cash flows and movement in unit holders' fund.

3. Proper books of accounts of the Fund have been maintained.

4. Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

5. Relevant International Financial Reporting Standards, as applicable in Pakistan, provisions of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, Non-Banking Finance Companies and Notified Entities Regulations, 2008 ('NBFC Regulations), directives issued by the Securities & Exchange Commission of Pakistan and requirements of the constitutive documents of the Fund have been followed in the preparation of financial statements and any departure there from has been adequately disclosed.

6. The system of internal control is adequate and sound in design and has been effectively implemented and monitored.

7. There are no significant doubts upon the Fund's ability to continue as a going concern.

8. Key financial data has been summarized in this Annual Report.

9. Outstanding statutory payments on account of taxes, duties, levies and charges have been fully disclosed in these financial statements.

10. The statement as to the value of investments of provident fund is not applicable in the case of the Fund as such expenses are borne by the Management Company.

11. The pattern of unit holding as at June 30, 2019 is given in note No. 22.1 of the Financial Statements.

12. A performance table / key financial data is annexed to this annual report.

External Auditor
The existing auditors M/s. KPMG Taseer Hadi & Co., Chartered Accountants being eligible have given their consent for reappointment as auditors for the year ending June 30, 2020. The Board of Directors, on the recommendations of the Audit Committee, has reappointed M/s. KPMG Taseer Hadi & Co., Chartered Accountants for the year ending June 30, 2020.

ECONOMY REVIEW
The economy continued to remain weak with large scale manufacturing index down 3.5% YoY in 11MFY19. The decline during the period was driven by food, beverages and tobacco sector followed by petroleum products, pharmaceuticals, automobiles and iron and steel products. The external position improved slightly through the year as imports were curtailed coming down to USD 54.5bn, down 9.9% YoY with steep declines in machineries and transport groups. Exports came down slightly as well decreasing 1% YoY to USD 23.0bn. Foreign exchange reserves remained under pressure throughout the year, slipping from USD 16.4bn at end of 2018 to USD 14.4bn at end of 2019. Rupee remained weak during the weak declining aggressively. It depreciated 24% during the year from PKR 121.50/USD at the end of 2018 to PKR 160.05/USD at the end of 2019.

Inflation also remained higher climbing month on month. It averaged 7.3% YoY during the year compared to 3.9% in fy18. And fiscal deficit continued to worsen with the 9MFY19 deficit recorded at 5.0% of GDP compared to 4.3% in 9MFY18 and 6.6% for the full year in 2018.

Fixed Income Market Review
SBP raised its policy rate by a cumulative 475bps in FY19 as large twin deficits and inflationary pressures called for aggressive monetary tightening, particularly stoked by IMF's pre-conditions for its US$6bn loan program. PKR devalued by a further 24% in FY19 after losing 14% of its value against the USD in FY18. Gas/power tariff hikes, PKR devaluation and rising perishable food prices have contributed significantly to domestic inflation, with CPI for FY19 clocking in at 7.33% (Jun'19 CPI: 8.9%, NFNE: 7.2%), compared to 3.9% in FY18. Given the outlook on the exchange rate and inflation, further policy rate hike of 75-100bps are likely this year.

During FY19, market participation in T-Bills rose 7%yoy with continued Government borrowing from SBP and commercial banks. GoP raised cumulative PKR18.5 trillion vs. PKR17.3 trillion in the SPLY. The 475bps rise in interest rates translated in T-Bill cut off yields jumping by 376bps YoY on average to 9.8% in 3M tenor, 10.0% in 6M and 10.2% in 12M tenor (up 363bps, 376bps and 390bps respectively). Participation remained skewed towards 3M tenor due to persistent expectations of interest rate hikes. Interest in PIB auctions rose substantially with GoP raising a whopping PKR1.03tn in FY19 vs. PKR101bn in FY18. Cut-off yields rose 379bps on average to 11.22% in 3-year tenor, 11.62% in 5-year and 12.13% in 10-year (up 393bps, 376bp and 367bps respectively). The highest participation was witnessed in 3-yr tenor maturities. We expect robust participation in longer tenor maturity investments may continue, particularly under the stick of the IMF's loan program terms.

Broad Money (M2) growth rose to 11.26%yoy vs. 10.59%yoy in FY18 but lower from 13.69% in FY17. The growth was led by rising (i) currency in circulation (up 12.8%yoy) and deposits held by banks (up 10.6% yoy, specifically demand deposits). This compensated for drop in time deposits.

Emerging Market Review

MSCI's EM Index was down 1.4% in FY19 though emerging market performance remained quite varied through the year. Brazil and India performed exceptionally well during the year while China posted a slight positive return.

China's Shanghai composite yielded a return of 4.6% for FY19. The start of the year saw the market remaining jittery as the US-China trade war escalated with US imposing tariffs on key Chinese imports impacting agricultural, tech and auto sectors. China imposed retaliatory tariffs on US imports, but the trade war so far has hurt China more than US in terms of economic slowdown. Despite several rounds of negotiations so far, there is no headway in the trade war. With GDP growth at its lowest level in over a decade, China's stock market remained under pressure for the first part of the year. However, initiation of fiscal and monetary measures to support the local economy helped support stock market performance. This included USD 83bn injection into the financial system in January, cutting taxes and signaling interest cuts if needed. Fed's stance to lower interest rates if needed remains positive for global economic growth.

Russia's stock market showed strong performance in the last quarter taking full year's increase to 20.5% in FY19. Recovery in oil prices ahead of OPEC meeting in June where it was decided to extend production cuts was one reason for the market rally. Fading fears of sanctions against Russia also help support the market. Investors remain quite positive on the stock market given cheap valuations compared to global peers. However, risks remain around global economy, especially emerging markets which remain more vulnerable to the trade war.

India's BSE Sensex Index surged by 11.2% in FY19 with most of the market performance coming in the second half of the year ahead of the elections where PM Modi was re-elected to serve another term.

Brazil's Bovespa Index continued to outperform surging 38.8% in FY19 after the newly elected President who is seen to be pro-growth. June saw the stock market index reached a record high with likelihood of interest rate cut locally and Brazilian real also strengthening against the dollar.

Future Outlook

Since the end of the fiscal year the central bank has increased the policy rate by a further 100bps, where we do not expect further tightening given inflationary threats have been preemptively priced in SBP has guided for CPI to remain within 10-12% range in the 2HCY19). Bulk of the exchange rate correction has been achieved where real effective exchange rate (REER) stood at 102.6 (provisional) for May'19 (as per SBP) and is likely to have dropped below 100 post 12% PKR devaluation in Jun'19. We expect pace of devaluation to adopt a more modest pace of 5-6% p.a. hereon which should further narrow inflationary pressures going forward.

Economic growth is expected to remain weak in FY20 given high levels of interest rates and inflation. GDP growth rate is forecasted at 2.5% by the central bank.

Pakistan officially entered into the IMF program near the end of the fiscal year for Extended Fund Facility of USD 6bn which will help unlock USD 38bn in external borrowing and grants over the next few years and help support the fiscal position. Fiscal position remains weak but is expected to improve on the back of tax reforms aimed to increase tax revenue generation through a wider tax base. Exports are likely to grow in FY20 on the back of a weaker currency compared to peers and measures to boost exports. Import growth will be contained on the back of higher duties on luxury goods.

Inflation is expected to increase to low double digits, 11-13% for FY20 according to various sources, before declining in FY21. Impact of rupee depreciation and pass on of the electricity and gas tariffs are key reasons behind the increase. Interest rates are expected to stay elevated and peak within the first half before declining in the second half of the fiscal year.

For FY19, the deficit is expected to cross 8%. This is expected to be curtailed next year with aggressive tax collection targets.

Early into FY20, the market's sentiment still remains depressed. However, as clarity emerges in the next few months on (i) interest rates, (ii) the FATF decision and (iii) relations with the US, it is possible that the stock market takes a sustainable turn for the positive from 2QFY20 onwards.

Acknowledgment
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: September 03, 2019
Karachi

لیکسن اسلامک ٹیکٹیکل فنڈ

30 جون 2019ءکوختم ہونے والے سال کے لیے

مینجمنٹ کمپنی کے ڈائریکٹرز کی رپورٹ

لیکسن انویسٹمنٹس لمیٹڈ کے بورڈ آف ڈائریکٹرز لیکسن اسلامک ٹیکٹیکل فنڈ("LITF" یا فنڈ) کی مینجمنٹ کمپنی 30 جون 2019ءکوختم ہونے والے سال کے لیے اپنی رپورٹ مع آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتا 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 مارکیٹس سیکیوریٹیز 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 اسٹائل استعمال کرتے ہوئے کیا جاتا ہے جو اقتصادی ماحول کے تجزیے پر توجہ مرکوز رکھتا ہے مثلاً حکومتی پالیسیز، عالمی اقتصادی ڈیٹا، کموڈیٹیز کی قیمتیں اور رسد/طلب کا تحرک شامل ہے۔ اسکیم انویسٹمنٹ ٹیم کی توقعات کی بنیاد پر ایکویٹیز اور فکسڈ انکم میں سرمایہ کاری تبدیل کرتی ہے۔ فکسڈ انکم سیکورٹیز میں اسکیم کی سرمایہ کاری کا انتظام وانصرام دورانیے اور مختلف میچورٹیز کے درمیان سرمایہ کاری کے تبادلے اور yield curve مینجمنٹ کو مدنظر رکھ کر کیا جاتا ہے۔

پیش رفت اور کارکردگی کا جائزہ

LITF نے بینچ مارک منافع %11.58- کے مقابلے میں مالی سال 2019 کے لیے %12.19- منافع فراہم کیا۔ فنڈ نے مدت کے دوران بینچ مارک سے %0.61 کم تر کارکردگی کا مظاہرہ کیا۔ 28 جون 2019 کے مطابق فنڈ مجموعی اثاثوں کی بنیاد پر ایکویٹی میں %61، کیش میں %29 اور صکوک میں %7 سرمایہ کاری رکھتا ہے۔

فی یونٹ نقصان (LPU)

فی یونٹ نقصان (LPU) ظاہر نہیں کیا گیا ہے کیوں کہ ہم محسوس کرتے ہیں کہ LPU شمار کرنے کے لیے تخمینہ شدہ اوسط یونٹس کا تعین اوپن اینڈ فنڈز کے لیے قابل عمل نہیں ہے۔

نقصان کی وجہ

فنڈ نے ایکویٹی کے شعبے میں کم تر کارکردگی کا مظاہرہ کیا جہاں KSE100 نے مالی سال 2019 کے اختتام پر %19.1 کمی دکھائی۔ مارکیٹ نے

سال کے دوران پستی کی جانب رخ برقرار رکھا۔ چوں کہ ایکویٹی والے حصے کا اپنے بینچ مارک کے ساتھ گہرا تعلق ہے، چناں چہ پستی کی جانب حرکت کی باز گشت پورٹ فولیو تک بھی پہنچی۔ کم تر کارکردگی دکھانے والے شعبوں، مثلاً سیمنٹس اور اسٹیل میں سرمایہ کاری نے کم تر کارکردگی میں اضافہ کیا۔ ان عوامل کے پیش نظر بورڈ نے 30 جون 2019 کو ختم ہونے والے سال کے لیے منافع کی تقسیم کی تجویز پیش نہیں کی۔

اہم خطرات و خدشات

اقتصادی عدم استحکام، بڑھتا ہوا کرنٹ اکاؤنٹ خسارہ، زرِ مبادلہ کے کم ہوتے ذخائر، توقع سے زیادہ افراطِ زر، روپے کی قدر میں کمی، یک طرفہ / دوطرفہ قرض فراہم کنندہ ایجنسیز، دونوں کی طرف سے توقع سے کم مالی امداد، مزید مالیاتی سختی اور بگڑتے خارجہ تعلقات پاکستان میں تمام کاروباری شعبوں کے لیے ایک خطرہ بنے ہوئے ہیں۔

مذکورہ بالا خطرات غیر ملکی اور مقامی سرمایہ کاروں، دونوں کو اپنی سرمایہ کاریاں تحلیل کرنے پر مجبور کر سکتے ہیں جس کے مالیاتی مارکیٹ پر منفی اثرات پڑ سکتے ہیں اور فنڈ کی منافع کمانے کی صلاحیت بھی متاثر ہو سکتی ہے۔

ایسیٹ مینیجر اینڈ فنڈ ریٹنگ

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے مینجمنٹ کمپنی کی ایسیٹ مینیجر ریٹنگ "AM2+" پر برقرار رکھی ہے۔ VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے LITF کو ''4 اسٹار'' کی ایک سالہ پرفارمنس ریٹنگ ''3 اسٹار'' کی تین سالہ اور پانچ سالہ پرفارمنس ریٹنگ دی ہے۔

اضافی معاملات

1- مینجمنٹ کمپنی کے ڈائریکٹرز کی تفصیل اس سالانہ رپورٹ میں ظاہر کی گئی ہے۔

2- مینجمنٹ کمپنی کی طرف سے تیار کردہ مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلوز اور یونٹ ہولڈرز کے فنڈ میں نقل و حرکت کی منصفانہ عکاسی کرتے ہیں۔

3- فنڈ کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔

4- مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی گئی ہے اور شماریاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔

5- ان مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی معیاروں، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، نان بینکنگ فنانس کمپنیز (اسٹیبلشمنٹ اینڈ ریگولیشن) رولز 2003 کے تقاضوں، نان بینکنگ فنانس کمپنیز اینڈ نوٹیفائیڈ اینٹیٹیز ریگولیشنز، 2008 (NBFC ریگولیشنز)، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ ڈائریکٹیوز اور فنڈ کی تشکیلی دستاویزات کے تقاضوں کی پیروی کی گئی ہے اور ان سے کسی بھی انحراف کی مناسب انداز میں نشان دہی کی گئی ہے۔

6- انٹرنل کنٹرول کا نظام مستحکم اور مؤثر طریقے سے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔

7- فنڈ کی رواں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔

8- اہم مالیاتی ڈیٹا کا خلاصہ اس سالانہ رپورٹ میں شامل ہے۔

9- ٹیکسز، ڈیوٹیز، محصولات اور چارجز کی مد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔

10- پراویڈنٹ فنڈ کی سرمایہ کاری کی مالیت سے متعلق گوشوارہ فنڈ پر قابلِ اطلاق نہیں ہے جیسا کہ ایسے اخراجات مینجمنٹ کمپنی کی طرف سے برداشت کیے جاتے ہیں۔

11- 30 جون 2019 کے مطابق یونٹ ہولڈنگ کا پیٹرن مالیاتی گوشواروں کے نوٹ نمبر 22.1 میں دیا گیا ہے۔

12- کارکردگی کی جدول اہم اقتصادی ڈیٹا اس سالانہ رپورٹ کے ساتھ منسلک ہے۔

بیرونی آڈیٹر

موجودہ آڈیٹرز میسرز KPMG تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے اہلیت کی بنیاد پر 30 جون 2020 کو ختم ہونے والے سال کیلئے بطور آڈیٹرز دوبارہ تقرری کے لیے اپنی رضامندی ظاہر کی ہے۔ آڈٹ کمیٹی کی سفارش پر بورڈ آف ڈائریکٹرز نے میسرز KPMG تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو 30 جون 2020ء کو ختم ہونے والے سال کے لیے دوبارہ مقرر کر دیا ہے۔

معاشی جائزہ

مالی سال 2019 کے 11 ماہ میں لارج اسکیل مینوفیکچرنگ انڈیکس میں سال بہ سال بنیاد پر 3.5% کمی کے ساتھ معیشت بدستور کمزور رہی۔ پیٹرول پروڈکٹس، فارماسیوٹیکلز، آٹوموبائلز اور آئرن اور اسٹیل پروڈکٹس اور ان کے بعد فوڈ، بیوریجز اور ٹوبیکو سیکٹر اس مدت کے دوران گراوٹ کا محرک رہے۔ سال کے دوران بیرونی صورتِ حال قدرے بہتر ہوئی جیسا کہ درآمدات محدود رکھی گئیں جو 54.5 ارب امریکی ڈالر تک نیچے آئیں، جیسا کہ مشینریز اور ٹرانسپورٹ گروپس میں سالانہ بنیاد پر 9.9% کی زبردست کمی ہوئی۔ برآمدات میں بھی تھوڑی کمی ہوئی جو سال بہ سال بنیاد پر 1% گراوٹ کے ساتھ 23.0 ارب امریکی ڈالر رہیں۔ زرِ مبادلہ کے ذخائر پورے سال کے دوران دباؤ میں رہے اور 2018 کے آخر میں 16.4 ارب امریکی ڈالر سے 2019 کے آخر میں 14.4 ارب امریکی ڈالر تک گر گئے۔ پاکستانی روپیہ کمزور رہا اور اس کی قدر میں تیزی سے کمی ہوئی۔ سال کے دوران اس کی قدر میں 2018 کے اختتام پر 121.50 روپے فی امریکی ڈالر سے 2019 کے آخر تک 160.05 روپے فی امریکی ڈالر تک کمی ہوئی۔ مہنگائی بھی مہینے میں زیادہ رہی اس سال کے دوران اس کی اوسط اوسطاً 7.3 فیصد ہے جو سال 18 کے 3.9 فیصد تھی۔ جب کہ مالیاتی خسارہ مسلسل بگڑتا رہا اور مالی سال 2018 کے 9 ماہ میں 4.3% اور 2018 کے پورے سال کے لیے 6.6% کے مقابلے میں 2019 کے پہلے 9 ماہ میں GDP کا 5.0% خسارہ ریکارڈ کیا گیا۔

فکسڈ انکم مارکیٹ کا جائزہ

SBP نے مالی سال 2019 کے پہلے 9 ماہ میں اپنے پالیسی ریٹ میں مجموعی طور پر 475 بنیادی پوائنٹس کا اضافہ کیا جیسا کہ دوہرے خسارے اور افراطِ زر کے دباؤ کا تقاضا تھا کہ جارحانہ مالیاتی سختی کی جائے، خصوصاً آئی ایم ایف کی طرف سے اپنے 6 ارب امریکی ڈالر لون پروگرام کے لیے عائد کردہ پیشگی شرائط کے تحت۔ مالی سال 2018 میں امریکی ڈالر کے خلاف اپنی 14% قدر کھونے کے بعد پاکستانی روپے کی قدر میں مالی سال 2019 میں مزید 24% گراوٹ آئی۔ گیس/ بجلی کے نرخوں میں اضافے نے کستانی روپے کی قدر میں کمی اور قابلِ تلف خوراک کی قیمتوں میں اضافے کے ساتھ مل کر ملکی افراط زر میں اہم کردار ادا کیا ہے جس کا نتیجہ مالی سال 2018 میں 3.9% کے مقابلے میں مالی سال 2019 میں 7.33% کے PI کی شکل میں نکلا (جون 2019 میں CPI: 8.9%، NFNE: 7.2%)۔ زرِ مبادلہ شرح اور افراطِ زر کے پیشِ نظر اس سال پالیسی ریٹ میں 100-75 بنیادی پوائنٹس

کے مزید اضافے کا امکان ہے۔

مالی سال 2019 میں حکومت پاکستان کی طرف سے SBP اور کمرشل بینکوں سے قرض حاصل کرنے کا سلسلہ جاری رہنے کے ساتھ ٹی بلز میں مارکیٹ کی شمولیت میں سال بہ سال بنیاد پر 7% اضافہ ہوا۔ حکومتِ پاکستان نے گزشتہ سال اسی مدت میں 17.3 کھرب روپے کے مقابلے میں مجموعی طور پر طور پر 18.5 کھرب پاکستانی روپے حاصل کیے۔ شرح سود میں 475 بنیادی پوائنٹس اضافے کا نتیجہ ٹی بلز کے حتمی منافع جات کے سال بہ سال بنیاد پر 376 بنیادی پوائنٹس تک جست لگا کر سہ ماہی میعاد کی اوسط 9.8%، ششماہی میعاد کی اوسط 10.0% اور بارہ ماہ کی اوسط 10.2% تک پہنچنے کی صورت میں سامنے آیا 9.8% (بالترتیب 363 بنیادی پوائنٹس، 376 بنیادی پوائنٹس اور 390 بنیادی پوائنٹس اضافہ)۔ شرح سود میں اضافے کی مسلسل توقعات کی وجہ سے سرمایہ کاری کا جھکاؤ سہ ماہی میعاد کی طرف رہا۔

حکومتِ پاکستان کی طرف سے مالی سال 2018 میں 101 ارب روپے کے مقابلے میں مالی سال 2019 میں 1.03 کھرب روپے کی بھاری رقم اکٹھے کرنے کی وجہ سے PIB کی نیلامیوں میں دل چسپی میں خاطر خواہ اضافہ ہوا۔ 3 سالہ مدت میں حتمی منافع جات میں 11.22% اوسط پر 379 بنیادی پوائنٹس، 5 سالہ میعاد میں 11.62% اور 10 سالہ میعاد میں 12.13% اضافہ ہوا (بالترتیب 393 بنیادی پوائنٹس، 376 بنیادی پوائنٹس اور 367 بنیادی پوائنٹس اضافہ)۔ سب سے زیادہ سرمایہ کاری 3 سالہ مدت کی میچورٹیز میں دیکھنے میں آئی۔ ہم توقع رکھتے ہیں طویل مدتی میچورٹی والی سرمایہ کاریوں میں ٹھوس شمولیت جاری رہے گی، خصوصاً آئی ایم ایف لون پروگرام کی شرائط کے دباؤ کے تحت۔

براڈ منی (ایم2) کی نمو مالی سال 2018 میں سال بہ سال بنیاد پر 10.59% کے مقابلے میں 11.26% تک بڑھی تاہم مالی سال 2017 میں 13.69% سے کم رہی۔ یہ شرح نمو درج ذیل میں اضافے کا نتیجہ ہے (1) کرنسی کی گردش میں اضافہ (سال بہ سال بنیاد پر 12.8% اضافہ) اور بینکوں کے پاس رکھے ہوئے ذخائر (سال بہ سال بنیاد پر 10.6% اضافہ، خاص طور پر ڈیمانڈ ڈپازٹس)۔ اس نے ٹائم ڈپازٹس میں کمی کی تلافی کی۔

ایمرجنگ مارکیٹس کا جائزہ

مالی سال 2019 میں MSCI کے EM انڈیکس میں 1.4 فیصد کمی ہوئی حالانکہ ایمرجنگ مارکیٹ کی کارکردگی ایک سال کے دوران کافی الگ الگ رہی۔ سال کے دوران برازیل اور انڈیا نے بہت اچھی کارکردگی کا مظاہرہ کیا جبکہ چین نے قدرے مثبت واپسی کی۔

چین کے شنگھائی کمپوزٹ نے مالی سال 2019 میں 4.6 فیصد منافع کمایا۔ اس سال کے آغاز سے مارکیٹ میں بے چینی دیکھنے میں آئی جب امریکہ کے چین کی اہم درآمدات پر زراعت، ٹیکنالوجی اور آٹو سیکٹرز پر اثر انداز ہونے والے محصولات عائد کرنے کے ساتھ امریکا اور چین کی تجارتی جنگ میں شدت آئی۔ چین نے امریکی درآمدات پر انتقامی محصولات عائد کردیے، لیکن اب تک کی تجارتی جنگ نے معاشی سست روی کے حوالے سے چین کو امریکہ سے زیادہ نقصان پہنچایا ہے۔ اب تک مذاکرات کے مختلف دور چلنے کے باوجود، تجارتی جنگ میں کوئی پیش رفت نہیں ہوئی۔ ایک دہائی میں جی ڈی پی کی کم ترین سطح پر نمو کے ساتھ، چین کی اسٹاک مارکیٹ سال کے پہلے حصے میں دباؤ میں رہی۔ تاہم، مقامی معیشت کو سہارا دینے کے لئے مالیاتی اقدامات کے آغاز سے اسٹاک مارکیٹ کی کارکردگی کو سہارا ملا۔ اس میں جنوری میں مالیاتی نظام میں 83 ارب ڈالر کی شمولیت، ٹیکسوں میں کمی اور ضرورت پڑنے پر سود میں کمی کا اشارہ شامل تھا۔ وفاق کی طرف سے ضرورت پڑنے سود کی شرحوں کمی کا موقف عالمی معاشی نمو کے لیے مثبت رہا ہے۔

روس کی اسٹاک مارکیٹ نے آخری سہ ماہی زبردست کارکردگی کا مظاہرہ کیا اور پورے سال کے اضافے کو مالی سال 2019 میں 20.5 فی صد تک لے گئی جون میں اوپیک کے اجلاس سے پہلے، جہاں پیداوار میں کٹوتی میں توسیع کا فیصلہ کیا گیا تھا، تیل کی قیمتوں کی بحالی مارکیٹ میں تیزی کی ایک وجہ تھی۔ روس

کے خلاف پابندیوں کے خدشات کم ہونے سے بھی مارکیٹ کو مدد ملی۔ عالمی سطح پر ہم مرتبہ ممالک کے مقابلہ میں کم قیمتوں کے پیشِ نظر سرمایہ کار اسٹاک مارکیٹ کے حوالے سے کافی مثبت ہیں۔ تاہم، عالمی معیشت کے آس پاس خطرات باقی ہیں، خاص طور پر ابھرتی ہوئی مارکیٹیں جو تجارتی جنگ سے زیادہ متاثر ہوسکتی ہیں۔

مالی سال 2019 میں ہندوستان کے BSE سینسیکس انڈیکس میں 11.2 فیصد کا اضافہ ہوا ہے جبکہ مارکیٹ کی زیادہ تر کارکردگی سال کے دوسرے نصف حصے میں انتخابات سے قبل سامنے آئی تھی جہاں وزیر اعظم مودی کو ایک اور میعاد کے لئے دوبارہ منتخب کیا گیا تھا۔

برازیل کا Bovespa انڈیکس ترقی نواز سمجھے جانے والے نو منتخب صدر کے بعد مالی سال 2019 میں 38.8 فیصد کے تیز رفتار اضافے سے آگے بڑھتا رہا۔ جون نے مقامی سطح پر سود کی شرح میں کٹوتی کے امکانات کے ساتھ اسٹاک مارکیٹ کا انڈیکس ایک ریکارڈ اونچائی پر پہنچتا دکھا دیا اور برازیلین ریئل بھی ڈالر کے مقابلہ میں مستحکم ہے۔

مستقبل کی توقعات

مالی سال کے اختتام کے بعد سے مرکزی بینک نے پالیسی ریٹ میں مزید 100 بنیادی پوائنٹس کا اضافہ کیا ہے، جہاں ہمیں افراطِ زر کے خطرات کے تحت ہم اسٹیٹ بینک آف پاکستان کی طرف سے پیشگی مقرر کی گئی قیمتوں کے پیشِ نظر مزید سختی کی توقع نہیں ہے، اسٹیٹ بینک نے موجودہ سال کے دوسرے نصف میں سی پی آئی کو 10 سے 12 فیصد کی حدود میں رکھنے کی ہدایت کی ہے۔ زرِ مبادلہ کی شرح میں اصلاح کا بڑا حصہ حاصل کر لیا گیا ہے جہاں حقیقی موثر زرِ مبادلہ کی شرح (REER) مئی 19 کے لئے 102.6 (عبوری) پر موجود تھی (ایس بی پی کے مطابق) اور جون 2019 میں روپے کی قدر میں 12 فی صد کی کمی کے بعد اس کے 100 کے نیچے آنے کا امکان ہے۔ ہم توقع کرتے ہیں کہ قدر میں کمی کی رفتار 5 تا 6 فی صد سالانہ کی زیادہ معتدل رفتار اختیار کرے گی۔ جس سے افراطِ زر کے دباؤ میں آئندہ مزید کمی آئے گی۔

شرح سود اور افراطِ زر کی بلند سطح کی وجہ سے مالی سال 2019 میں معاشی نمو کمزور رہنے کی توقع ہے۔ مرکزی بینک کی طرف سے جی ڈی پی کی شرح نمو 2.5 فی صد رہنے کی پیش گوئی کی گئی ہے۔

پاکستان 6 ارب ڈالر کی توسیع شدہ فنڈ کی سہولت کے لئے مالی سال کے اختتام کے قریب آئی ایم ایف کے پروگرام میں باضابطہ طور پر داخل ہوا ہے جس سے آئندہ چند سالوں میں بیرونی قرضے اور گرانٹ میں 38 ارب ڈالر کی آمد کا راستہ کھلنے میں مدد ملے گی اور مالیاتی حالات میں مدد ملے گی۔ مالیاتی صورتِ حال بدستور کمزور ہے ٹیکس کی بنیاد میں وسعت کے ذریعے ٹیکس آمدنی کی پیداوار میں اضافہ کے ہدف کے ساتھ ٹیکس اصلاحات کی بدولت اس میں بہتری کی توقع ہے۔

مقابل ممالک کے مقابلے میں کمزور کرنسی اور برآمدات کو فروغ دینے کے اقدامات کی بدولت مالی سال 2019 میں برآمدات بڑھنے کا امکان ہے۔ اشیائے تعیش پر بھاری ڈیوٹیز کی بدولت درآمدی نمو محدود رہے گی۔

مختلف ذرائع کے مطابق مالی سال 2021 میں کمی سے قبل 2020 کے لئے افراطِ زر کی شرح میں نچلے دوہرے ہندسوں، 11 تا 13 فیصد تک اضافہ متوقع ہے۔ روپے کی قدر میں کمی کے اثرات اور بجلی اور گیس کے نرخوں میں اضافے کی منتقلی اس اضافے کے پیچھے اہم وجوہات ہیں۔ مالی سال کے دوسرے نصف حصے میں کمی سے پہلے سود کی شرح بلند رہنے اور پہلے نصف کے اندر بلند ترین سطح چھو لینے کی توقع ہے۔

مالی سال 2019 کے لیے خسارہ 8 فی صد سے تجاوز کر جانے کی توقع ہے۔ ٹیکس جمع کرنے کے جارحانہ اہداف کے ساتھ اگلے سال اس کے قابو میں آنے کی توقع ہے۔

مالی سال 2019 کے ابتدا میں مارکیٹ بدستور مایوسی کے جذبات کا شکار رہے، تاہم آئندہ چند ماہ میں (i) شرح سود (ii) FATF کا فیصلہ (iii) امریکا کے ساتھ تعلقات کے حوالے سے صورتِ حال واضح ہونے پر یہ ممکن ہے کہ اسٹاک مارکیٹ مالی سال 2020 کی دوسری سہ ماہی کے بعد سے پائیدار بنیاد پر مثبت رخ پر چل پڑے۔

اظہار تشکر

یہ بورڈ اپنے قابلِ 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 کا، ان کے مسلسل تعاون اور مدد پر شکرگزار رہے۔ منیجمنٹ کمپنی کے ڈائریکٹرز فنڈ کی ترقی اور دانشمندانہ انتظام و انصرام کے لیے منیجمنٹ کمپنی کی ٹیم کی محنت اور کاوشوں کا بھی اعتراف کرتے ہیں۔

برائے و منجانب بورڈ

چیف ایگزیکٹیو آفیسر ڈائریکٹر

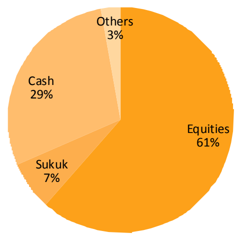
تاریخ: 3 ستمبر 2019

REPORT OF THE FUND MANAGER
FOR THE YEAR ENDED JUNE 30, 2019

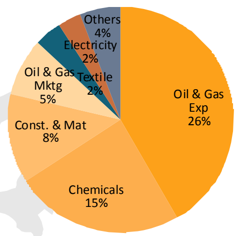
Fund Facts

Fund Type	Open-End
Category	Shariah Compliant Asset Allocation Fund
Net Assets (PKR Mil.)	137
NAV (28.06.2019)	82.3121
Pricing Mechanism	Forward Day
Trustee	CDC Pakistan Limited
Auditor	KPMG Taseer Hadi & Co.
Management Fee	10% of the gross earnings of the Scheme, calculated on a daily basis.The fee is subject to a minimum of 1% and maximum of 2% of the average annual net assets of the Scheme. Current - 1.15%
Front End Load	2.50%
Back End Load	None
Launch Date	October 11, 2011
Benchmark	Weighted average daily return of KMI- 30 Index, 6M deposit rates of three A rated Islamic Banks or Islamic windows of Conventional Banks and MSCI Emerging Markets Islamic Index based on the Scheme's actual proportion in the equity, debt and emerging market securities
Dealing Days	Mon - Fri
Cut-Off Time	04:00 PM
Asset Manager Rating	AM2+ by PACRA (29.8.2019)

Asset Allocation



Sectorwise Exposure



Fund Performance	LITF	Benchmark
FY19	-12.19%	-11.58%
June-19	-4.48%	-4.16%
2 Months	-6.84%	-4.77%
3 Months	-10.33%	-7.99%
6 Months	-8.93%	-5.73%
12 Months	-12.19%	-11.58%
CY19- YTD	-8.70%	-5.51%
3 Years	-11.63%	-8.34%
5 Years	-3.20%	-5.59%
Since Inception	15.39%	21.98%

the benchmark of the fund was changed in September 2016

Investment Committee

Babar Ali Lakhani	Chairman
Kashif Mustafa	
Mustafa O. Pasha, CFA	
Shahbaz Ashraf, CFA	
Hassan Bin Nasir	
Junaid Arshad, ACCA	
Uzair Nasir Rasheed	

Investment Objective

The investment objective of the Lakson Islamic Tactical Fund ("LITF") is to provide long-term capital appreciation by investing in a mix of shariah compliant avenues. The LITF achieved its investment objective by investing in a mix of risk-free government securities, corporate bonds, emerging market securities and equity market.

Investment Strategy

The asset allocation of LITF portfolio was constructed by investing in liquid and risk-free instruments like Shariah Government securities, Sariah complaint equities and high yielding Shariah bonds. The exposure of LITF in risk free options and bonds was managed based on the relative yield analysis of these instruments and our yield curve expectations. Exposure in cash enabled the LITF to benefit from adverse movements in secondary yields, while maintaining liquidity and meeting all its obligations in a timely manner. Equity exposure of the Fund will be determined by carrying out an analysis of the prevalent price to earnings (PE) ratio or multiple of the KSE-30 Index. An increase in the PE ratio will lead to a reduction in equity exposure and vice versa. The balance will remain invested in high quality Shariah compliant fixed income instruments of varying duration.

As of 30th June 2019, the Fund had 61% in equities, 6.9% in Sukuks, 2.8% in Others and 29% allocated to cash in order to provide protection in an uncertain regulatory and market environment.

Economic Review

The economy continued to remain weak with large scale manufacturing index down 3.5% YoY in 11MFY19. The decline during the period was driven by food, beverages and tobacco sector followed by petroleum products, pharmaceuticals, automobiles and iron and steel products. The external position improved slightly through the year as imports were curtailed coming down to USD 54.5bn, down 9.9% YoY with steep declines in machineries and transport groups. Exports came down slightly as well decreasing 1% YoY to USD 23.0bn. Foreign exchange reserves remained under pressure throughout the year, slipping from USD 16.4bn at end of 2018 to USD 14.4bn at end of 2019. Rupee remained weak during the weak declining aggressively. It depreciated 24% during the year from PKR 121.50/USD at the end of 2018 to PKR 160.05/USD at the end of 2019.

Inflation also remained higher climbing month on month. It averaged 7.3% YoY during the year compared to 3.9% in fy18. And fiscal deficit continued to worsen with the 9MFY19 deficit recorded at 5.0% of GDP compared to 4.3% in 9MFY18 and 6.6% for the full year in 2018.

Outlook

Economic growth is expected to remain weak in FY20 given high levels of interest rates and inflation. GDP growth rate is forecasted at 2.5% by the central bank.

Pakistan officially entered into the IMF program near the end of the fiscal year for Extended Fund Facility of USD 6bn which will help unlock USD 38bn in external borrowing and grants over the next few years and help support the fiscal position. Fiscal position remains weak but is expected to improve on the back of tax reforms aimed to increase tax revenue generation through a wider tax base. Exports are likely to grow in FY20 on the back of a weaker currency compared to peers and measures to boost exports. Import growth will be contained on the back of higher duties on luxury goods.

Inflation is expected to increase to low double digits, 11-13% for FY20 according to various sources, before declining in FY21. Impact of rupee depreciation and pass on of the electricity and gas tariffs are key reasons behind the increase. Interest rates are expected to stay elevated and peak within the first half before declining in the second half of the fiscal year.

For FY19, the deficit is expected to cross 8%. This is expected to be curtailed next year with aggressive tax collection targets.

Fixed Income Market Review

SBP raised its policy rate by a cumulative 475bps in FY19 as large twin deficits and inflationary pressures called for aggressive monetary tightening, particularly stoked by IMF's pre-conditions for its US$6bn loan program. PKR devalued by a further 24% in FY19 after losing 14% of its value against the USD in FY18. Gas/power tariff hikes, PKR devaluation and rising perishable food prices have contributed significantly to domestic inflation, with CPI for FY19 clocking in at 7.33% (Jun'19 CPI: 8.9%, NFNE: 7.2%), compared to 3.9% in FY18. Given the outlook on the exchange rate and inflation, further policy rate hike of 75-100bps are likely this year.

During FY19, market participation in T-Bills rose 7%yoy with continued Government borrowing from SBP and commercial banks. GoP raised cumulative PKR18.5 trillion vs. PKR17.3 trillion in the SPLY. The 475bps rise in interest rates translated in T-Bill cut off yields jumping by 376bps YoY on average to 9.8% in 3M tenor, 10.0% in 6M and 10.2% in 12M tenor (up 363bps, 376bps and 390bps respectively). Participation remained skewed towards 3M tenor due to persistent expectations of interest rate hikes. Interest in PIB auctions rose substantially with GoP raising a whopping PKR1.03tn in FY19 vs. PKR101bn in FY18. Cut-off yields rose 379bps on average to 11.22% in 3-year tenor, 11.62% in 5-year and 12.13% in 10-year (up 393bps, 376bp and 367bps respectively). The highest participation was witnessed in 3-yr tenor maturities. We expect robust participation in longer tenor maturity investments may continue, particularly under the stick of the IMF's loan program terms.

Broad Money (M2) growth rose to 11.26%yoy vs. 10.59%yoy in FY18 but lower from 13.69% in FY17. The growth was led by rising (i) currency in circulation (up 12.8%yoy) and deposits held by banks (up 10.6% yoy, specifically demand deposits). This compensated for drop in time deposits.

Emerging Markets Review

MSCI's EM Index was down 1.4% in FY19 though emerging market performance remained quite varied through the year. Brazil and India performed exceptionally well during the year while China posted a slight positive return.

China's Shanghai composite yielded a return of 4.6% for FY19. The start of the year saw the market remaining jittery as the US-China trade war escalated with US imposing tariffs on key Chinese imports impacting agricultural, tech and auto sectors. China imposed retaliatory tariffs on US imports, but the trade war so far has hurt China more than US in terms of economic slowdown. Despite several rounds of negotiations so far, there is no headway in the trade war. With GDP growth at its lowest level in over a decade, China's stock market remained under pressure for the first part of the year. However, initiation of fiscal and monetary measures to support the local economy helped support stock market performance. This included USD 83bn injection into the financial system in January, cutting taxes and signaling interest cuts if needed. Fed's stance to lower interest rates if needed remains positive for global economic growth.

Russia's stock market showed strong performance in the last quarter taking full year's increase to 20.5% in FY19. Recovery in oil prices ahead of OPEC meeting in June where it was decided to extend production cuts was one reason for the market rally. Fading fears of sanctions against Russia also help support the market. Investors remain quite positive on the stock market given cheap valuations compared to global peers. However, risks remain around global economy, especially emerging markets which remain more vulnerable to the trade war.

India's BSE Sensex Index surged by 11.2% in FY19 with most of the market performance coming in the second half of the year ahead of the elections where PM Modi was re-elected to serve another term.

Brazil's Bovespa Index continued to outperform surging 38.8% in FY19 after the newly elected President who is seen to be pro-growth. June saw the stock market index reached a record high with likelihood of interest rate cut locally and Brazilian real also strengthening against the dollar.

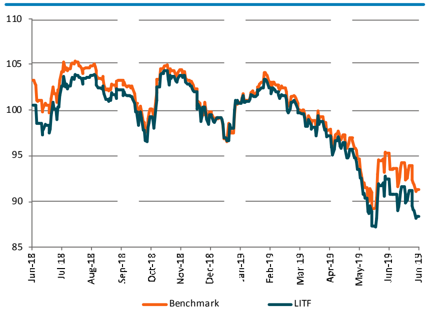
Fund Performance

Lakson Islamic Tactical Fund provided return of -12.19% for FY19 against the Benchmark return of -11.58%. The fund has underperformed the benchmark by 0.61% during the period. As of June 28, 2019, the Fund had 61% exposure in equities, 29% in cash, and 7% in Sukuk on a total asset basis.

Performance Table	FY19	FY18
Net Assets - Beginning (PKR Mil.)	165	178
Net Assets - Ending (PKR Mil.)	137	165
Highest Offer Price (PKR)	99.6454	106.4014
Lowest Offer Price (PKR)	83.3407	90.4679
Highest Redemption Price (PKR)	97.2150	103.8062
Lowest Redemption Price (PKR)	81.3080	88.2613
Beginning NAV - Ex-Div. (PKR)	93.7663	101.5686
Interim Distributions (PKR)	-	-
Final Distribution (PKR)	-	-
Ending NAV - Ex-Div. (PKR)	82.3129	93.7663
Return	-12.21%	-7.71%
Net Income / (Loss) (PKR Mil.)	(21.00)	(14.00)

Distributions	FY19	FY18
Final Distribution	-	-
NAV before Distribution	82.3129	93.7663
NAV after Distribution	82.3129	93.7663
Distribution Date	Nil	Nil

LITF vs. Benchmark



Future Outlook

Since the end of the fiscal year the central bank has increased the policy rate by a further 100bps, where we do not expect further tightening given inflationary threats have been preemptively priced in SBP has guided for CPI to remain within 10-12% range in the 2HCY19). Bulk of the exchange rate correction has been achieved where real effective exchange rate (REER) stood at 102.6 (provisional) for May'19 (as per SBP) and is likely to have dropped below 100 post 12% PKR devaluation in Jun'19. We expect pace of devaluation to adopt a more modest pace of 5-6% p.a. hereon which should further narrow inflationary pressures going forward.

Economic growth is expected to remain weak in FY20 given high levels of interest rates and inflation. GDP growth rate is forecasted at 2.5% by the central bank.

Pakistan officially entered into the IMF program near the end of the fiscal year for Extended Fund Facility of USD 6bn which will help unlock USD 38bn in external borrowing and grants over the next few years and help support the fiscal position. Fiscal position remains weak but is expected to improve on the back of tax reforms aimed to increase tax revenue generation through a wider tax base. Exports are likely to grow in FY20 on the back of a weaker currency compared to peers and measures to boost exports. Import growth will be contained on the back of higher duties on luxury goods.

Inflation is expected to increase to low double digits, 11-13% for FY20 according to various sources, before declining in FY21. Impact of rupee depreciation and pass on of the electricity and gas tariffs are key reasons behind the increase. Interest rates are expected to stay elevated and peak within the first half before declining in the second half of the fiscal year.

For FY19, the deficit is expected to cross 8%. This is expected to be curtailed next year with aggressive tax collection targets.

Early into FY20, the market's sentiment still remains depressed. However, as clarity emerges in the next few months on (i) interest rates, (ii) the FATF decision and (iii) relations with the US, it is possible that the stock market takes a sustainable turn for the positive from 2QFY20 onwards.

Circumstances Materially Affecting Interests of Unit Holders

PACRA maintained the Asset manager Rating of Lakson Investments to 'AM2+' during FY19.

As of June 30, 2019 the LITF has maintained provisions against Sindh Workers' Welfare Fund's liability to the tune of PKR 0.16mn. If the same were not made the NAV per unit of the LITF would be higher by PKR 0.0949 and the return of the LITF for FY19 would be higher by 0.0%.

Other Disclosures

Lakson Investments Limited or any of its delegates did not receive any soft commission from its broker(s) or dealer(s).

There was no unit split undertaken during the year.

As of June 30, 2019 the LITF does not employ any leverage.

Breakdown of Unit Holding by Size

Units Range	No. of Clients	Units Held
1 - 100	3	68
101 - 500	0	-
501 - 1,000	1	895
1,001 - 5,000	3	6,915
5,001 - 10,000	5	31,806
10,001 - 50,000	8	182,991
50,001 - 100,000	2	176,602
100,001 - 500,000	4	750,182
500,001 - 1,000,000	1	517,823
1,000,001 - 5,000,000	0	-
5,000,001 - above	0	-
	27	**1,667,282**

CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED
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CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shahra-e-Faisal
Karachi - 74400. Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326021 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com

TRUSTEE REPORT TO THE UNIT HOLDERS

LAKSON ISLAMIC TACTICAL FUND

Report of the Trustee pursuant to Regulation 41(h) and clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of Lakson Islamic Tactical Fund (the Fund) are of the opinion that Lakson Investments Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2019 in accordance with the provisions of the following:

(i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;

(ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and

(iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 20, 2019

CENTRAL DEPOSITORY COMPANY

INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Lakson Islamic Tactical Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Lakson Islamic Tactical Fund ("the Fund"), which comprise the statement of assets and liabilities as at 30 June 2019, income statement, statement of comprehensive income, statement of movement in unit holders' fund, cash flow statement for the year then ended, and notes to the financial statements, including summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 June 2019, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted by the Institute of Chartered Accountants of Pakistan together with the ethical requirements that are relevant to our audit of the financial statements in Pakistan and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the Key audit matter:

S.#	Key audit matters	How the matter was addressed in our audit
1	Valuation of Investments Refer to note 7 to the financial statements for the details of investments and the accounting policy in note 5.1 to the financial statements. At 30 June 2019, the Fund had investments in equity and sukuk certificates of Rs. 85.687 million and Rs. 9.627 million respectively classified as at "Fair value through profit or loss". It represents 62.44% and 7.01% respectively of net assets value of the Fund as of that date. We identified the valuation of investments as a key audit matter because of its significance in relation to the net asset value of the Fund.	Our audit procedures to assess the valuation of investments included the following: - obtained an understanding of and testing the design and operating effectiveness of the key controls for the valuation of investments; and - assessed on a sample basis whether the investments in equity were valued at fair value based on the rates quoted on the Pakistan Stock Exchange as at 30 June 2019. - assessed on a sample basis whether the investment in sukuk certificates were valued at fair values based on the rates quoted by the Mutual Funds Association of Pakistan as at 30 June 2019.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation Rules, 2003) and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner responsible for the audit resulting in this independent auditor's report is Amyn Pirani.

Date: September 30, 2019

KPMG Taseer Hadi & Co.
Chartered Accountants

Karachi

بسم اللہ الرحمن الرحیم

Al-Hilal
Shariah Advisors

August 30, 2019

The purpose of this report is to provide an opinion on the Shariah Compliance of the Fund's investment and operational activities with respect to Shariah guidelines provided.

It is the core responsibility of the Management Company to operate the Fund and invest the amount of money in such a manner which is in compliance with the Shariah principles as laid out in the Shariah guidelines. In the capacity of the Shariah Advisor, our responsibility lies in providing Shariah guidelines and ensuring compliance with the same by review of activities of the fund. We express our opinion based on the review of the information, provided by the management company, to an extent where compliance with the Shariah guidelines can be objectively verified.

Our review of Fund's activities is limited to enquiries of the personnel of Management Company and various documents prepared and provided by the management company.

Keeping in view the above; we certify that:

We have reviewed all the investment and operational activities of the fund including all transactions and found them to comply with the Shariah guidelines. On the basis of information provided by the management company, all operations of the fund for the year ended June 30, 2019 comply with the provided Shariah guidelines. Therefore, it is resolved that investments in Lakson Islamic Tactical Fund (LITF) managed by Lakson Investments Limited are halal and in accordance with Shariah principles.

May Allah (SWT) bless us and forgive our mistakes and accept our sincere efforts in accomplishment of cherished tasks and keep us away from sinful acts.

For and on behalf of Shariah Supervisory Council of Al-Hilal Shariah Advisors (Pvt.) Limited.

AL-HILAL SHARIAH ADVISORS (PVT) LTD. KARACHI

Mufti Irshad Ahmad Aijaz
Member Shariah Council

Faraz Younus Bandukda, CFA
Chief Executive

Al-Hilal Shariah Advisors (Pvt) Limited

Statement of Assets and Liabilities
As at June 30, 2019

	Note	2019	2018
		(Rupees)	
Assets			
Bank balances	6	**40,838,183**	82,851,982
Investments	7	**95,312,489**	82,000,670
Markup accrued	8	**491,227**	454,172
Dividend receivable		**240,543**	130,730
Deposits, prepayments and other receivables	9	**2,646,087**	2,646,087
Receivable against sale of securities		-	285,450
Total assets		**139,528,529**	168,369,091
Liabilities			
Remuneration payable to the Management Company	10	**1,466,604**	1,500,011
Remuneration payable to the Trustee	11	**72,754**	72,751
Annual fee payable to Securities and Exchange Commission of Pakistan	12	**156,274**	158,582
Accrued expenses and other liabilities	13	**593,978**	557,933
Payable against purchase of investments		-	1,208,475
Total liabilities		**2,289,610**	3,497,752
Contingencies and commitments	15		
Net assets		**137,238,919**	164,871,339
Unit holders' fund (as per the statement attached)		**137,238,919**	164,871,339
		(Number)	
Number of units in issue	16	**1,667,282**	1,758,321
		(Rupees)	
Net assets value per unit		**82.3129**	93.7663

The annexed notes from 1 to 23 form an integral part of these financial statements.

For Lakson Investments Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

Income Statement
For the year ended June 30, 2019

	Note	2019	2018
		(Rupees)	
Income			
Loss on sale of investment at fair value through profit or loss - net		**(6,116,079)**	(8,813,326)
Unrealised loss on revaluation of investment at fair value through profit or loss - net		**(19,332,351)**	(8,324,705)
Dividend income on investment at fair value through profit or loss		**4,091,146**	4,212,503
Markup on:			
-Bank balances - at amortised cost		**5,769,463**	3,789,368
-Sukuk certificate at fair value through profit or loss		**1,026,149**	515,963
-Commercial Paper		-	158,577
		6,795,612	4,463,908
Exchange gain on foreign currency deposits - at amortized cost		**26,750**	12,806
		(14,534,922)	(8,448,814)
Expenses			
Remuneration of the Management Company	10.1	**2,104,459**	2,191,143
Sindh Sales Tax on remuneration of the Management Company	10.2	**273,580**	284,849
Remuneration of the Trustee	11	**791,002**	791,002
Annual fee to the Securities and Exchange Commission of Pakistan	12	**156,274**	158,582
Auditors' remuneration	17	**277,760**	277,760
Fees and subscription		**1,272,700**	367,000
Printing charges		**25,425**	121,575
Credit rating fee		**214,700**	203,400
Brokerage, custody, settlement and bank charges		**593,623**	570,767
Shariah advisor fees		**168,682**	194,544
Charity expense		**237,995**	113,942
SECP supervisory fee		**2,500**	2,500
Total Expenses		**6,118,700**	5,277,064
Net loss for the year before taxation		**(20,653,622)**	(13,725,878)
Taxation	19	-	-
Net loss for the year after taxation		**(20,653,622)**	(13,725,878)

The annexed notes from 1 to 23 form an integral part of these financial statements.

For Lakson Investments Limited
(Management Company)

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

Statement of Comprehensive Income
For the year ended June 30, 2019

	2019	2018
	(Rupees)	
Net loss for the year after taxation	**(20,653,622)**	(13,725,878)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	**(20,653,622)**	(13,725,878)

The annexed notes from 1 to 23 form an integral part of these financial statements.

For Lakson Investments Limited
(Management Company)

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

Statement Of Movement in Unit Holders' Fund
For the year ended June 30, 2019

	Year ended 2019			Year ended 2018		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	---(Rupees)---					
Net assets at beginning of the year	175,853,616	(10,982,277)	164,871,339	174,898,036	2,743,601	177,641,637
Issuance of 165,058 units (2018: 89,349 units)						
- Capital value	15,476,878	-	15,476,878	9,075,029	-	9,075,029
- Element of loss	(625,987)	-	(625,987)	(476,977)	-	(476,977)
Total proceeds on issuance of units	14,850,891	-	14,850,891	8,598,052	-	8,598,052
Redemption of 256,097 units (2018: 80,009 units)						
- Capital value	(24,013,268)	-	(24,013,268)	(8,126,373)	-	(8,126,373)
- Element of income	2,183,579	-	2,183,579	483,901	-	483,901
Total payments on redemption of units	(21,829,689)	-	(21,829,689)	(7,642,472)	-	(7,642,472)
Total comprehensive income for the year	-	(20,653,622)	(20,653,622)	-	(13,725,878)	(13,725,878)
Net assets as at end of the year	168,874,818	(31,635,899)	137,238,919	175,853,616	(10,982,277)	164,871,339
Undistributed (loss) / income brought forward:						
- Realized (loss) / income at the beginning of the year		(2,657,572)			5,206,187	
- Unrealized loss at the beginning of the year		(8,324,705)			(2,462,586)	
		(10,982,277)			2,743,601	
Accounting income available for distribution:						
Relating to capital gains		-			-	
Excluding capital gains		-			-	
Total comprehensive loss for the year		(20,653,622)			(13,725,878)	
Undistributed loss at end of the year		(31,635,899)			(10,982,277)	
Represented by:						
- Realized loss at the end of the year		(12,303,548)			(2,657,572)	
- Unrealized loss at the end of the year		(19,332,351)			(8,324,705)	
Undistributed loss at end of the year		(31,635,899)			(10,982,277)	
Net assets value per unit at beginning of the year			93.7663			101.5686
Net assets value per unit at end of the year			82.3129			93.7663

The annexed notes from 1 to 23 form an integral part of these financial statements.

For Lakson Investments Limited
(Management Company)

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

Statement of Cash Flow
For the year ended June 30, 2019

	2019	2018
	(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	**(20,653,622)**	(13,725,878)
Adjustments for:		
Unrealised loss on revaluation of investment at fair value through profit or loss - net	**19,332,351**	8,324,705
Dividend income on investment at fair value through profit or loss	**(4,091,146)**	(4,212,503)
Mark-up on bank balance and investment - at amortized cost	**(6,795,612)**	(4,463,908)
	(12,208,029)	(14,077,584)
(Increase) / decrease in assets		
Investments	**(32,644,170)**	6,086,148
Deposits, prepayments and other receivables	-	21,896
Receivable Against Investment In Equity Securities	**285,450**	(285,450)
	(32,358,720)	5,822,594
(Decrease) / increase in liabilities		
Payable to the Management Company	**(33,407)**	2,994
Remuneration payable to the Trustee	**3**	4
Annual fee payable to Securities and Exchange Commission of Pakistan	**(2,308)**	32,315
Payable against purchase of investments	**(1,208,475)**	(20,646,646)
Accrued expenses and other liabilities	**36,045**	(1,276,527)
	(1,208,142)	(21,887,860)
Dividend income received on investment at fair value through profit or loss	**3,981,333**	4,388,371
Mark-up received on bank balance - at amortized cost	**6,758,557**	4,483,893
Net cash flows from operating activities	**(35,035,001)**	(21,270,586)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of units	**14,850,891**	8,598,052
Payments on redemption of units	**(21,829,689)**	(7,642,472)
Net cash flows from financing activities	**(6,978,798)**	955,580
Net decrease in cash and cash equivalents	**(42,013,799)**	(20,315,006)
Cash and cash equivalents at beginning of the year	**82,851,982**	103,166,988
Cash and cash equivalents at end of the year	**40,838,183**	82,851,982

The annexed notes from 1 to 23 form an integral part of these financial statements.

For Lakson Investments Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

Notes to and forming part of the Financial Statements
For the year ended June 30, 2019

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 The Lakson Islamic Tactical 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 Companies and Notified Entities Regulations, 2008 (NBFC Regulations).

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

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

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

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 29 August 2019 (2018: AM2+ as on 27 February 2019).

On 16 April 2019, VIS Credit Rating Company Limited (Formerly: JCR-VIS Credit Rating Company Limited) assigned following rankings to the Fund based on the performance review for the period ended 31 December 2018:

1 Year ranking : MFR 4-Star
3 Year ranking : MFR 3-Star
5 Year ranking : MFR 3-Star

2. BASIS OF PREPARATION

2.1 Statement of compliance

These 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).

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations 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 and the NBFC Regulations have been followed.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Critical accounting estimates and judgments

In preparing these financial statements, management has made judgement, estimates and assumptions that affect the application of the Fund's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognized prospectively. Information about judgements made in applying accounting policies that have the most significant effects on the amount recognized in the financial statements to the carrying amount of the assets and liabilities and assumptions and estimation uncertainties that have a significant risk resulting in a material adjustment in the subsequent year relates to;

(a) classification of financial assets (Note 5.1.1 / 5.1.2)
(b) impairment of financial assets (Note 5.1.7 / 5.1.8)
(c) provisions (Note 5.8)
(d) element of income (Note 5.6)

3. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2019:

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Funds's financial statements.

- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The application of the standard is not likely to have any impact on Fund's financial statements.

- Amendment to IFRS 9 'Financial Instruments' - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). For a debt instrument to be eligible for measurement at amortised cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion – i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on Fund's financial statements.

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Fund's financial statements.

- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Fund's financial statements.

- 'Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The application of amendments is not likely to have an impact on Fund's financial statements.

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose

- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

- Annual Improvements to IFRS Standards 2015-2017 Cycle - the improvements address amendments to following approved accounting standards:

  - IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

  - IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

  - IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

  The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on Fund's financial statements.

4. CHANGES IN ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements have been consistently applied to periods presented except for the change in accounting policy as described below.

SECP vide SRO 229(1)/2019 has deferred the applicability of IFRS 9 for reporting period / year ending on or after 30 June 2019. However, the said SRO has also allowed early adoption of IFRS 9 for companies that wish to do so. Thus as allowed under the above mentioned SRO, the Fund has early adopted IFRS 9 'Financial instruments' from 01 July 2018. The Fund also adopted IFRS 15 Revenue from contracts with customers' from 01 July 2018. A number of other new standards are effective from 01 July 2018 but they do not have a material effect on the Fund's Financial statements.

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities. As a result of adoption of IFRS 9, the Fund has adopted consequential amendments to IAS 1 Presentation of Financial statements', which requires separate presentation in the income statement and statement of comprehensive income, profit / markup calculated using the effective interest method.

Additionally, the Fund has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2019, but have not been applied to the comparative information.

The adoption of IFRS 15 did not impact the timing or amount of dividend, profit, markup and other investment income and related assets and liabilities recognised by the fund. Accordingly, there is no impact on comparative information either.

The key changes to the Fund's accounting policies resulting from its adoption of IFRS 9 are summarised below. The impact of adopting the standard is set out in note 5.12 the Funds' financial statements and are therefore not stated in these financial statements.

i) Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. Therefore its adoption did not have a significant effect on the Fund's accounting policies relating to the liabilities.

ii) Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

The Fund has classified its financial assets as measured at: FVTPL or amortised cost. IFRS 9 has scoped out impairment for financial assets measured at 'fair value through profit or loss' where as for debt securities measured at amoritised cost there are impairment requirements. However, SECP through its SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 have deferred the applicability of impairment requirements of IFRS 9 in relation to debt securities for mutual funds and have instructed to continue to follow the requirements of Circular No. 33 of 2012 dated 24 October 2012.

iii) Transition

The change in accounting policy resulting from the adoption of IFRS 9 have been applied retrospectively except that comparative periods have not generally been restated. However, there is no impact of the changes in accounting policies on the Fund's financial position except for the classification of assets and liabilities of the comparative period.

As the Fund presents the movement in Unitholders Fund on net assets basis, there is no impact of the changes on net assets of the Funds. Accordingly, the information presented for 2018 does not reflect the requirements of IFRS 9 and therefore is not compareable to information presented for 2019 under IFRS 9.

For more information and details on the changes and implications resulting from the adoption of IFRS 9, see Note 5.12.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Financial assets

5.1.1 Classification (Policies applicable before 1 July 2018)

The Fund classifies its financial assets in the following categories: loans and receivables and at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. The Management Company determines the appropriate classification of its financial assets at the time of initial recognition and re-evaluates their classification on a regular basis.

a) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

b) Financial assets at fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified as held for trading in the financial assets 'at fair value through profit or loss' category.

5.1.2 Classification (Policies applicable after 1 July 2018)

On initial recognition, a financial asset is classified as measured at: amortised cost or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Fund may irrecovably elect to present subsequent chanes in the investment's fair value in OCI. This election is made on an investment by investment basis

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Fund makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management’s strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Fund's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;

- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and

- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Fund's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment on debt securities, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Fund considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Fund's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

The Fund has determined that it has two business models.

- Held-to-collect business model: this includes cash and cash equivalents and debt securities. These financial assets are held to collect contractual cash flow.

- Other business model: this includes debt securities. These financial assets are managed and their performances is evaluated, on a fair value basis, with frequent sales taking place.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Fund changes its business model for managing financial assets.

5.1.3 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset.

5.1.4 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement.

5.1.5 Subsequent measurement (Policies applicable before 1 July 2018)

Subsequent to initial recognition, financial assets designated by the management as at fair value through profit or loss and available for sale are valued as follows:

a) Basis of valuation of equity securities

The equity securities are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange.

b) Loans and receivables

Subsequent to initial recognition, financial assets classified as 'loans and receivables' are carried at amortised cost using the effective interest rate method.

5.1.6 Subsequent measurement (Policies applicable after 1 July 2018)

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any profit / markup or dividend income, are recognised in income statement.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Profit / markup income, foreign exchange gains and losses and impairment are recognised in income statement.

The fair value of financial assets are determined as follows:

a) Basis of valuation of equity securities

The equity securities are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange.

5.1.7 Impairment of financial assets (Policies applicable before 1 July 2018)

The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement.

a) Loans and receivables

For financial assets classified as 'loans and receivables', a provision for impairment is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The amount of the provision is determined based on the provisioning criteria specified by SECP.

5.1.8 Impairment of financial assets (Policies applicable after 1 July 2018)

Financial assets at amortised cost

The Fund applies simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all financial assets at amortized costs other than debts securities. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and quanlitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Provision for non performing debt securities and other exposure is made in accordance with the criteria specified in Circular No. 33 of 2012 dated October 24, 2012 issued by SECP. The provisioning policy has been duly formulated and approved by the Board of Directors of the Fund Manager.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets and are present separately in the income statement. The gross carrying amount of a financial asset is written off when the Fund has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof.

5.1.9 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

5.1.10 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Assets and Liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

5.1.11 Cash and cash equivalents

Cash and cash equivalents comprise of deposits and current accounts maintained with banks. Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

5.1.12 Trade date accounting

All regular way purchases and sales of investments are recognised on the trade date, i.e. the date on which commitment to purchase / sale is made by the Fund. Regular way purchases or sales of investment require delivery of securities within two days after transaction date as required by stock exchange regulations.

5.2 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. They are initially recognized at fair value and subsequently stated at amortised cost. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

5.3 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors / Management Company during business hours on that day. The offer price represents the net assets value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable. The sales load is payable to the investment facilitators, distributors and the Management Company.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net assets value per unit as of the close of the business day less any back-end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

5.4 Net assets value per unit

The net assets value per unit disclosed in the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

5.5 Revenue recognition

- Realised gains / (losses) arising on sale of investments are included in the Income Statement on the date at which transactions take place.

- Unrealised appreciation / (diminution) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss ' are included in the income statement in the period in which they arise.

- Profit on bank deposits, term deposit receipts, mark-up / return on investments in debt securities and income from government securities is recognised using the effective yield method.

5.6 Element of income / loss and capital gains / losses in prices of units sold less those in units redeemed

Element of Income represents the difference between net assets value on the issuance or redemption date, as the case may be, of units and the Net asset Value (NAV) at the beginning of the relevant accounting period.

Element of Income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund; however, to maintain same ex-dividend net asset value of all units outstanding on accounting date, net element of income contributed on the issue of units lying in unit holders fund is refunded on units (refund of capital) in the same proportion as dividend bears to accounting income available for distribution. As per the guidelines provided by MUFAP (MUFAP Guidelines consented upon by SECP) the refund of capital is made in the form of additional units at zero price. Income already paid on redemption of units during the year are taken separately in the statement of movement in unitholders' fund.

MUFAP, in consultation with the SECP, has specified methodology for determination of income paid on units redeemed (income already paid) during the year under which such income is paid on gross element received and is calculated from the latest date at which the Fund achieved net profitability during the year. The income already paid (Element of Income) on redemption of units during the year are taken separately in statement of movement in unitholders' fund.

5.7 Taxation

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

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and amounts used for taxation purposes. In addition, the Fund also records deferred tax asset on unutilised tax losses to the extent that it is no longer probable that the related tax benefit will be realised. However, the Fund has not recognised any amount in respect of taxation in these financial statements as the Fund distributes more than ninety percent of its accounting income for the current year and intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders every year.

5.8 Provisions

Provisions are recognised when the Fund has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and reliable estimate of the amount can be made. Provision are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

5.9 Dividend distribution

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared. Based on MUFAP's guidelines (duly consented upon by SECP) distributions for the year is deemed to comprise of the portion of amount of income already paid on units redeemed and the amount of cash distribution for the year.

The distribution per unit is announced based on units that were held for the entire period. The rate of distribution is adjusted for the effect of refund of capital if any based on the period of investment made during the year. Resultantly, the rate of distribution per unit may vary depending on the period of investment.

5.10 Other assets

Other assets are stated at cost less impairment losses, if any.

5.11 Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the conversion of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the period end exchange rates are recognised in the income statement.

5.12 Earnings per unit (EPU)

Earnings Per Unit (EPU) has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

5.13 Formation cost

This represents expenses incurred on the formation of the Fund. As permitted in the Non-Banking Finance Companies and Notified Entities Regulations, 2008, these expenses are being amortised to the income statement over a period of not less than five years i.e. effective from 11 October 2011.

5.14 Financial assets and financial liabilities

Classification of financial assets and financial liabilities on the date of initial application of IFRS 9

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for the Fund's financial assets as at 1 July 2018.

Financial assets	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Bank balances *		Loans and receivables	Amortised cost	82,851,982	82,851,982
Accrued mark-up on bank balances*		Loans and receivables	Amortised cost	454,172	454,172
Deposits and other receivables *		Loans and receivables	Amortised cost	3,016,180	3,016,180
Investments **		Held for trading	Fair value through profit and loss	82,000,670	82,000,670
				168,323,004	**168,323,004**

*These financial assets classified as 'loans and receivables' have been classified as amortised cost.

**These financial assets classified as 'Held for trading' have been classified as Fair vlaue through profit and loss.

6. BANK BALANCES

	Note	2019	2018
		(Rupees)	
Local Currency			
In profit and loss sharing accounts	6.1	**40,746,524**	82,758,473
Foreign Currency			
In current account	6.2	**91,659**	93,509
		40,838,183	82,851,982

6.1 This includes balance carry profit rates ranging from 6.0% to 11.0% (2018: 3.28% to 6.5%) per annum.

6.2 This represents USD denominated current account maintained in a foreign country amounting to USD 573 (2018: USD 770).

7. INVESTMENTS

	Note	2019	2018
At fair value through profit or loss			
Listed equity securities	7.1	**85,685,849**	71,989,471
Sukuk certificates	7.2	**9,626,640**	10,011,199
		95,312,489	82,000,670

7.1 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, 2018	Purchased during the year	*Bonus shares / letter of right received during the year	Disposed during the year	Holding as at June 30, 2019	Carrying value before revaluation as of June 30, 2019	Market value as of 30 June 2019 (after revaluation)	Unrealised gain / (loss) - net	Market value as percentage of total investments	Market value as percentage of net assets	Par value of shares held as a percentage of total paid up capital of the investee company
	----- Number of Shares -----					----- (Rupees) -----			----- (%) -----		
Commercial Banks											
Meezan Bank Limited	19,609	-	*241	19,850	-	-	-	-	-	-	-
Chemicals											
Archroma Pakistan Limited	2,316	-	-	2,316	-	-	-	-	-	-	0.0000%
Engro Polymer & Chemical	41,356	205,000	* 14,560	130,833	130,083	4,294,617	3,507,038	(787,579)	3.68	2.56	0.0143%
Lotte Chemical Pakistan Limited	-	319,500	-	52,500	267,000	3,876,408	4,071,750	195,342	4.27	2.97	0.0176%
ICI Pakistan Limited	3,457	-	-	1,750	1,707	1,368,161	908,926	(459,235)	0.95	0.66	0.0018%
						9,539,186	**8,487,714**	**(1,051,472)**	**8.91**	**6.18**	
Fertilizers											
Engro Fertilizers Limited	19,340	26,700	* 2,644	12,900	35,784	3,181,928	2,821,717	(360,211)	2.96	2.06	0.0027%
Engro Corporation Limited (7.1.1)	41,800	66,200	-	63,890	44,110	9,972,488	9,504,230	(468,258)	9.97	6.93	0.0077%
						13,154,417	**12,325,947**	**(828,470)**	**12.93**	**8.98**	
Pharma & Bio Tech											
The Searl Company Limited (7.1.3)	6	-	* -	-	6	**2,037**	**879**	**(1,158)**	**0.00**	**0.00**	0.0000%
Textile Composite											
Nishat Mills Limited (7.1.1)	25,449	21,150	-	12,000	34,599	**4,787,531**	**3,229,511**	**(1,558,020)**	**3.39**	**2.35**	0.0098%
Cement											
D.G Khan Cement Company limited	9,943	26,300	-	36,243	-	-	-	-	-	-	0.0000%
Kohat Cement Company Limited	8,621	-	-	8,621	-	-	-	-	-	-	0.0000%
Lucky Cement Company Limited (7.1.1)	5,256	18,440	-	8,440	15,256	6,898,905	5,804,450	(1,094,455)	6.09	4.23	0.0047%
Pioneer Cement Company Limited	27,852	22,500	-	50,352	-	-	-	-	-	-	0.0000%
Maple Leaf Cement Limited	22,011	151,352	-	98,230	75,133	3,019,453	1,794,927	(1,224,526)	1.88	1.31	0.0114%
						9,918,358	**7,599,377**	**(2,318,981)**	**7.97**	**5.54**	
Power Generation & Distribution											
Hub Power Company Limited	40,893	27,900	4,169	36,330	36,632	**3,097,710**	**2,884,770**	**(212,940)**	**3.03**	**2.10**	0.0028%
Oil and Gas Exploration Companies											
Mari Petroleum Company Limited	3,065	2,180	* 346	440	5,151	6,532,350	5,199,059	(1,333,291)	5.45	3.79	0.0042%
Pakistan Oilfield Limited (7.1.1)	4,454	11,400	-	3,587	12,267	5,747,022	4,979,053	(767,969)	5.22	3.63	0.0043%
Pakistan Petroleum Limited (7.1.1)	21,794	62,300	* 6,059	12,575	77,578	13.599,422	11,204,591	(2,394,831)	11.76	8.16	0.0034%
Oil and Gas Development Company Limited (7.1.1)	48,185	85,730	-	24,950	108,965	16,118,663	14,327,808	(1,790,855)	15.03	10.44	0.0025%
						41,997,456	**35,710,511**	**(6,286,945)**	**37.47**	**26.02**	
Oil and Gas Marketing Companies											
Attock Petroleum Limited	3,181	3,400	* 636	1,371	5,846	2,651,699	1,686,629	(965,070)	1.77	1.23	0.0059%
Pakistan State Oil Company Limited (7.1.3)	13,069	3,600	* 1,706	13,874	4,501	1,154,485	763,505	(390,980)	0.80	0.56	0.0012%
Hascol Petroleum Limited	-	11,670	* 1,167	12,837	-	-	-	-	-	-	0.0000%
Sui Northen Gas Pipline Limited	36,121	68,600	-	36,379	68,342	5,496,904	4,749,086	(747,818)	4.98	3.46	0.0108%
						9,303,088	**7,199,220**	**(2,103,868)**	**7.55**	**5.25**	

Name of the investee company	Holding as at July 01, 2018	Purchased during the year	*Bonus shares / letter of right received during the year	Disposed during the year	Holding as at June 30, 2019	Carrying value before revaluation as of June 30, 2019	Market value as of 30 June 2019 (after revaluation)	Unrealised gain / (loss) - net	Market value as percentage of total investments	Market value as percentage of net assets	Par value of shares held as a percentage of total paid up capital of the investee company
	---------- Number of Shares ----------					---------- (Rupees) ----------			---------- (%) ----------		
Automobile Assemblers											
Millat Tractors Limited	123	-	-	123	-	-	-	-	-	-	-
Indus Motors Company Limited	739	1,300	-	2,039	-	-	-	-	-	-	-
Honda Atlas Cars (Pak) Limited	-	6,300	-	6,300	-	-	-	-	-	-	-
						-	-	-	-	-	
Automobile and Parts											
Agriauto Industries Limited (face value - 5 Rs.)	-	7,900	-	-	7,900	**1,927,087**	**1,579,684**	**(347,403)**	**1.66**	**1.15**	0.0274%
Engineering											
International Industries Limited	3,742	25,300	-	9,550	19,492	2,968,845	1,502,248	(1,466,597)	1.58	1.09	0.0163%
Amreli Steels Limited	-	38,500	-	38,500	-	-	-	-	-	-	0.0000%
International Steels Limited	38,961	57,400	-	54,349	42,012	3,313,764	1,668,297	(1,645,467)	1.75	1.22	0.0097%
						6,282,609	**3,170,545**	**(3,112,064)**	**3.33**	**2.31**	
Technology & Communication											
Systems Limited	28,658	-	* 1,665	13,300	17,023	**1,566,494**	**1,633,697**	**67,203**	**1.71**	**1.19**	0.0138%
Paper and Boards											
Cheerat Packaging Limited (7.1.4)	4,500	22,800	* 1,815	6,000	23,115	**3,407,627**	**1,863,994**	**(1,543,633)**	**1.96**	**1.36**	0.0060%
Cabel and Electronic Goods											
Pak Electron Limited	60,602	14,500	-	75,102	-	-	-	-	-	-	-
Total as at 30 June 2019						**104,983,600**	**85,685,849**	**(19,297,751)**	**89.90**	**62.44**	
Total cost as at 30 June 2019						**106,975,657**					
Total as at 30 June 2018						80,325,375	71,989,471	(8,335,904)	87.79	43.66	
Total cost as at 30 June 2018						81,534,011					

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

	2019	2018	**2019**	2018
	------(Number of shares)------		--------(Rupees)--------	
Oil and Gas Development Company Limited	**5,000**	-	**657,450.00**	-
Engro Corporation Limited	**2,000**	2,000	**627,720.00**	627,720
Lucky Cement Company Limited	**2,500**	2,500	**951,175.00**	1,269,825
Nishat Mills Limited	**10,000**	10,000	**933,400.00**	1,409,200
Pakistan Oilfield Limited	**1,500**	1,500	**608,835.00**	1,007,685
Pakistan Petroleum Limited	**300**	300	**43,329.00**	64,470
D.G Khan Cement Company limited	-	3,000	-	343,470
	21,300	19,300	**3,821,909**	4,722,370

7.1.2 Above investment track PSX KMI all shares Islamic Index.

7.1.3 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 123 shares of Pakistan State Oils Limited (30 June 2018: 102 shares) and 6 shares of The Searle Company Limited (30 June 2018: 6 shares) ave been withheld by CDC. Market value of these shares as at 30 June 2019 amounted to Rs. 21,642 (30 June 2018: Rs. 34,505) and are included in the Fund's investments in these financial statements.

7.1.4 Based on the screening report of the Shariah Advisor of the Fund as of 31 March 2019 received on 11 July 2019, Cherat Packaging Limited is required to be disposed off. The Fund intends to dispose it off within 3 months.

7.2 Sukuk certificates

At fair value through profit or loss

Name of Security	Date of Maturity	Mark-up rate	Holding as at 01 July 2018	Purchases during the period	Disposed / matured during the period	Holding as at 30 June 2019	Carrying value as of the year ended 30 June 2019 before revaluation	Market value as of the year ended 30 June 2019 (after revaluation)	Unrealised appreciation /(diminishing)	Credit rating	Market value as % of total investments	Market value as % of net assets	Face value as % of size of the issue
			-----------Number of certificates-----------				--------------(Rupees)--------------						
Dawood Hercules Corporation Limited 7.2.1	15-Nov-22	3 months KIBOR + 1.00%	35	-	-	35	3,157,000	3,139,640	(17,360)	AA	3.29%	2.29%	0.58%
Dawood Hercules Corporation Limited 7.2.2	1-Mar-23	3 months KIBOR + 1.00%	65	-	-	65	6,504,199	6,487,000	(17,199)	AA	6.81%	4.73%	1.08%
			Total as at 30 June 2019				**9,661,199**	**9,626,640**	**(34,559)**		**10.10%**	**7.01%**	**1.67%**
			Total Cost as at 30 June 2019				**9,650,000**						
			Total as at 30 June 2018				10,000,000	10,011,199	11,199				
			Total Cost as at 30 June 2018				10,000,000						

7.2.1 This represents investment in sukuk certificates of Dawood Herculas Corporation Limited carrying an effective profit rate of 3 months Karachi Inter-bank Offer Rate (KIBOR) per annum plus margin of 1.0% per annum receivable quarterly in arrears. The principal is redeemable in eight semi-annual instalments starting from the eighteenth (18th) month from the date of issue, i.e. from May 2019 to November 2022 in the six semi-annual instalments of Rs 0.35 million each and the last two semi-annual instalments on May 2022 and November 2022 at Rs. 0.70 million each. These sukuk certificates are secured by way of first pari passu charge against ordinary shares of Engro Corporation Limited with 50% margin and charge over all of the assets of investee company with a 25% margin.

7.2.2 This represents investment in sukuk certificates of Dawood Herculas Corporation Limited carrying an effective profit rate of 3 months Karachi Inter-bank Offer Rate (KIBOR) per annum plus margin of 1.0% per annum receivable quarterly in arrears. The principal is redeemable in eight semi-annual instalments starting from the eighteenth (18th) month from the date of issue, i.e. from September 2019 to March 2023 in the six semi-annual instalments of Rs 0.65 million each and the last two semi-annual instalments on September 2022 and March 2023 at Rs. 1.3 million each. These sukuk certificates are secured by way of first pari passu charge against ordinary shares of Engro Corporation Limited with 50% margin and charge over all of the assets of investee company with a 25% margin.

		Note	2019	2018
8.	**MARKUP ACCRUED**		**(Rupees)**	
	Profit receivable on			
	-Profit and loss sharing accounts		**366,386**	385,072
	-Sukuk certificates		**124,841**	69,100
			491,227	454,172
9.	**DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**			
	Security deposit to:			
	-Central Depository Company of Pakistan Limited		**100,000**	100,000
	-National Clearing Company of Pakistan Limited		**2,500,000**	2,500,000
	Prepayments		**46,087**	46,087
			2,646,087	2,646,087
10.	**PAYABLE TO THE MANAGEMENT COMPANY**			
	Remuneration payable to the Management Company	10.1	**144,082**	173,646
	Sindh Sales Tax on Management Company's remuneration	10.2	**185,589**	189,432
	Federal Excise Duty on Management Company's remuneration	10.3	**1,132,564**	1,132,564
	Sales load payable to the Management Company		**4,369**	4,369
			1,466,604	1,500,011

10.1 The Management Company is entitled to remuneration for services rendered to the Fund under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, of an amount not exceeding 2% per annum of the average annual net assets of the Fund. However, the Management Company is currently charging a fee at 10% of the gross earnings of the scheme for the year ended 30 June 2019. The fee is subject to a minimum of 1% and a maximum of 2% of the average annual net assets of the Fund. Currently the effective rate of Management Company remuneration for the year ended 30 June 2019 is 1.28% (2018: 1.31%) of the average net assets. Remuneration is paid to the Management company in arrears on a monthly basis.

10.2 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (2018: 13%) on Management Company's remuneration. Above liability includes Rs. 166,859 (2018: Rs. 166,859) accrued on Federal Excise Duty (FED) on the management remuneration as more fully explained in note 10.3 below. Had the provision relating to FED not been made, Net Asset Value per unit of the Fund as at 30 June 2019 would have been higher by 0.10 (2018: 0.095) per unit. This amount is payable to management company for onwards payment to the Government.

10.3 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 provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan with the Sindh High Court (SHC) on 4 September 2013.

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

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

However, since the appeal is pending in the Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period 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 June 2019 would have been higher by Re. 0.68 (2018: Re. 0.64) per unit.

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

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

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

11. REMUNERATION PAYABLE TO THE TRUSTEE

The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provision of Trust Deed as follows:

Net assets up to 1 billion average	Rs. 0.7 million or 0.20% per annum of the daily net assets of the Fund, which ever is higher.
Net assets exceeding Rs 1 billion	Rs 2 million plus 0.10% per annum of the daily average net assets of the Fund exceeding Rs 1 billion.

The remuneration is paid to the Trustee in arrears on monthly basis.

12. ANNUAL FEE PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

This represents annual fee payable to SECP in accordance with the NBFC Regulations, whereby the Company is required to pay SECP an amount at the rate of 0.095% per annum of the average daily net assets of the fund in accordance with the regulation 62 of the NBFC Regulation 2008.

13. ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	2019	2018
		(Rupees)	
Payable to Sindh workers' welfare fund	13.1	**158,219**	158,219
Charity Payable	13.3	**134,718**	136,363
Auditors' remuneration		**180,479**	184,711
Brokerage charges payable		**27,660**	95
Fee payable to Shariah Advisor		**15,639**	4,220
Fee payable to National Clearing Company of Pakistan		**22,864**	49,240
Other liabilities		**20,000**	20,873
Fee payable to Central Depository Company		**14,721**	4,212
Withholding tax payable		**19,678**	-
		593,978	557,933

13.1 Provision for Sindh Workers' Welfare Fund is being made on a daily basis going forward pursuant to MUFAP's recommendation to all its members on 12 January 2017 against the backdrop of the Sindh Revenue Board (SRB) letter to mutual funds in January 2016 whereby SRB directed the mutual funds to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after 31 December 2013. This is on the premise that mutual funds are included in the definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001 hence WWF is payable by them. Though MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF, but as a matter of abundant caution management has recorded SWWF with effect from the date of the applicability of the SWWF Act, 2014 (i.e. with effect from 01 July 2014).

Total provision for SWWF till 30 June 2019 is Rs. 0.158 million. Had the provision not been made, Net Asset Value per unit of the Fund as at 30 June 2019 would have been higher by Re. 0.095 per unit.

13.2 Furthermore on 10 November 2016, Honourable Supreme Court of Pakistan (SCP) passed a judgment declaring the amendments made in the Finance Acts 2006 and 2008 pertaining to WWF as illegal citing that WWF was not in the nature of tax and could, therefore, not have been introduced through money bills. Accordingly, the aforesaid amendments have been struck down by the SCP. The Federal Board of Revenue has filed a petition with the SCP against the said judgment, which is pending hearing. While the petitions filed by the Collective Investment Schemes (CISs) on the matter are still pending before the Sindh High Court (SHC), the Mutual Funds Association of Pakistan (MUFAP) (collectively on behalf of the asset management companies and their CISs) have taken legal and tax opinions on the impact of the SCP's judgement on the CISs petition before the SHC. Both the legal and tax advisors consulted were of the view that the SCP's judgment has removed the very basis on which the demands were raised against the CISs. Therefore, there was no longer any liability against the CISs under the WWF Ordinance and that all cases pending in the SHC or lower appellate forums will now be disposed of in light of the earlier judgement of the SCP.

Above decisions regarding the reversal and the recognition of WWF and SWWF were communicated to the SECP and the Pakistan Stock Exchange Limited on 12 January 2017 and SECP vide its letter dated 1 February 2017 has advised MUFAP that the adjustments relating to the above should be prospective. Accordingly, the Fund has recorded these adjustments in its books on 12 January 2017.

13.3 This relates to the amount taken out from dividend income for purification and gain on sale of non shariah compliant investments.

14. TOTAL EXPENSE RATIO

Securities and Exchange Commission of Pakistan (SECP) vide its directive no. SCD/PRDD/Direction/ 18/2016 dated 20 July 2016, require that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS / the Fund. TER of the Fund for the year ended 30 June 2019 is 3.72% which includes 0.38% 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% (excluding government levies).

15. CONTINGENCIES AND COMMITMENTS

The Fund had no contingency or commitment at the year end.

16. NUMBER OF UNITS IN ISSUE

	Note	**2019**	2018
		(Number)	
Total outstanding as of 1 July		**1,758,321**	1,748,981
Issued during the year	16.1	**165,058**	89,349
Redemptions during the year	16.2	**(256,097)**	(80,009)
Total units in issue as of 30 June		**1,667,282**	1,758,321

16.1 Includes 0.01 (2018: 0.8) million units on the conversion of units from the related funds.

16.2 Includes 0.17 (2018: 0.8) million units on the conversion of units to the related funds.

17. AUDITORS' REMUNERATION

	2019	2018
	(Rupees)	
Annual audit fee	**150,000**	150,000
Fee for the review of half yearly financial statements	**50,000**	50,000
Report on the statement of income and expenses and agreed upon procedures report	**20,000**	20,000
Out of pocket and sales tax expenses	**57,760**	57,760
	277,760	277,760

18. 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, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders. The Fund is also exempt from the provisions of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. However, since the fund has incurred loss during the year, no provision for the taxation has been made.

19. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties include Lakson Investments Limited being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the trustee, Habib Bank AG Zurich Switzerland being the Custodian, Siza Services (Private) Limited being holding company of the Management Company, associated companies of the Management Company and the holding company, key management personnel, other funds being managed by the Management Company and entities having holding 10% or more in the units of the Fund as at 30 June 2019. 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:

19.1 Details of balance with related parties / connected persons at the year end

	2019	2018
	(Rupees)	
Lakson Investments Limited - Management Company of the Fund		
Remuneration payable (including the Sindh Sales Tax and Federal Excise Duty amounting to Rs. 1.318 million (2018: Rs. 1.321 million)) *	1,462,235	1,495,642
Sales load payable	4,369	4,369
Central Depository Company of Pakistan Limited - Trustee of the Fund		
Remuneration payable (including Sindh Sales Tax of Rs. 8,370 (2018: Rs. 8,370))*	72,754	72,751
Security deposit	100,000	100,000
Settlement charges payable	14,721	4,212
Habib Bank AG Zurich - Custodian		
Bank Deposits	91,659	93,509

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

19.2 Details of transaction with related parties / connected persons at the year end

Lakson Investments Limited - Management Company of the Fund		
Remuneration for the year	2,104,459	2,191,143
Sindh sales tax on remuneration of Management Company *	273,580	284,849
Central Depository Company of Pakistan Limited - Trustee of the Fund		
Remuneration for the year (including Sindh Sales Tax of Rs. 91,002 (2018: Rs. 91,002))*	791,002	791,002
CDS charges for the year	32,490	32,490

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

19.3 Details of units held, issued and redeemed by the related parties / connected persons.

	Year ended June 30, 2019							
	Number of Units				Rupees			
	Number of units as at 01 July 2018	Units issued during the year	Units redeemed during the year	Number of holdings at the year ended 30 June 2019	Balance as at July 01, 2018	Units issued during the year	Units redeemed during the year	Balance at the year ended 30 June 2019 (Investment at current NAV)
Lakson Investments Limited	517,823	-	-	517,823	52,594,545	-	-	42,623,493
Directors, Chief Executive, their spouse and minors	99,573	-	-	99,573	9,336,596	-	-	8,196,139
Associated companies / undertakings of the Management Company								
Lakson Business Solutions Limited Employees Contributory Provident Fund Trust	5,349	-	-	5,349	501,556	-	-	440,291
Lakson Investments Limited Employees Contributory Provident Fund Trust	2,791	-	-	2,791	261,702	-	-	229,735
GAM Corporation (Private) Limited Employees Contributory Provident Fund Trust	43,966	1,412	3,513	41,865	4,122,531	122,025	296,000	3,446,043
SIZA Foods (Private) Limited Employees Contributory Provident Fund Trust	25,403	4,986	-	30,389	2,381,946	-	-	2,501,384
Colgate Palmolive (Pakistan) Limited Employees Contributory Provident Fund Trust	302,877	-	92,928	209,949	28,399,669	-	7,830,000	17,281,468
Colgate Palmolive (Pakistan) Limited Employees Gratuity Fund	168,373	9,317	-	177,690	15,787,721	785,000	-	14,626,138
Cyber Internet Services (Private) Limited Employees Contributory Provident Fund Trust	53,802	23,340	-	77,142	5,044,817	1,976,446	-	6,349,760
Accuracy Surgicals Limited Employees Contributory Provident Fund Trust	48,851	-	29,009	19,842	4,580,580	-	2,455,809	1,633,267
Merit Packaging Limited Employees Contributory Provident Fund Trust	63,507	-	31,149	32,358	5,954,819	-	2,667,322	2,663,474
Merit Packaging Limited Employees Gratuity Fund	33,219	-	19,979	13,240	3,114,824	-	1,693,444	1,089,850
Century Paper & Board Mills Limited Employees Contributory Provident Fund Trust	138,342	61,758	-	200,100	12,971,824	5,471,155	-	16,470,823
Century Paper & Board Mills Limited Employees Gratuity Fund	218,637	-	56,194	162,443	20,500,792	-	4,802,074	13,371,127
Century Insurance Company Limited Employees Contributory Provident Fund Trust	-	16,003	-	16,003	-	185,000	-	1,317,214
Sybrid Private Limited Employees Contributory Provident Fund Trust	-	17,406	-	17,406	-	1,633,428	-	1,432,766
Princeton Traveles Limited Employees Contributory Provident Fund Trust	-	2,494	389	2,104	-	234,408	32,470	173,211
Siza Services Pvt Liimited Employees Contributory Provident Fund Trust	-	9,296	-	9,296	-	871,556	-	765,148
Hasanali Karabhai Foundation Employees Contributory Provident Fund Trust	-	6,536	-	6,536	-	617,519	-	538,019
Century Insurance Company Limited Employees Gratuity Fund	23,256	2,278	11,367	14,167	2,180,630	184,390	970,630	1,166,109

	Year ended June 30, 2018							
	Number of Units				Rupees			
	Number of units as at 01 July 2017	Units issued during the year	Units redeemed during the year	Number of holdings at the year ended 30 June 2018	Balance as at July 01, 2017	Units issued during the year	Units redeemed during the year	Balance at the year ended 30 June 2018 (Investment at current NAV)
Lakson Investments Limited	517,823	-	-	517,823	52,594,545	-	-	48,554,370
Directors, Chief Executive, their spouse and minors	99,573	-	-	99,573	10,113,490	-	-	9,336,596
Associated companies / undertakings of the Management Company								
Lakson Business Solutions Limited Employees Contributory Provident Fund Trust	5,349	-	-	5,349	543,245	-	-	501,556
Lakson Investments Limited Employees Contributory Provident Fund Trust	2,791	-	-	2,791	283,478	-	-	261,702
GAM Corporation (Private) Limited Employees Contributory Provident Fund Trust	43,966	-	-	43,966	4,465,575	-	-	4,122,531
SIZA Foods (Private) Limited Employees Contributory Provident Fund Trust	25,403	-	-	25,403	2,580,147	-	-	2,381,946
Colgate Palmolive (Pakistan) Limited Employees Contributory Provident Fund Trust	302,877	-	-	302,877	30,762,793	-	-	28,399,669
Colgate Palmolive (Pakistan) Limited Employees Gratuity Fund	168,373	-	-	168,373	17,101,410	-	-	15,787,721
Cyber Internet Services (Private) Limited Employees Contributory Provident Fund Trust	53,802	-	-	53,802	5,464,594	-	-	5,044,817
Accuracy Surgicals Limited Employees Contributory Provident Fund Trust	48,851	-	-	48,851	4,961,728	-	-	4,580,580
Merit Packaging Limited Employees Contributory Provident Fund Trust	63,507	-	-	63,507	6,450,317	-	-	5,954,819
Merit Packaging Limited Employees Gratuity Fund	33,219	-	-	33,219	3,374,007	-	-	3,114,824
Century Paper & Board Mills Limited Employees Contributory Provident Fund Trust	138,342	-	-	138,342	14,051,203	-	-	12,971,824
Century Paper & Board Mills Limited Employees Gratuity Fund	218,637	-	-	218,637	24,568,733	-	-	20,500,792

19.4 Remuneration payable to the Management Company and the Trustee have been determined in accordance with the provisions of NBFC Regulations and the Trust Deed respectively.

19.5 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.

20. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

Introduction and overview

The Fund has exposure to the following risks from financial instruments:

- credit risk (refer note 20.1)
- liquidity risk (refer note 20.2)
- market risk (refer note 20.3)
- Operational Risk (refer note 20.4)

Risk management framework

The Fund's board of directors has overall responsibility for the establishment and oversight of the Fund's risk management framework.

Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily setup based on limits established by the management company, Fund's constitutive documents and the regulations and directives of the SECP. The policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

The audit committee oversees how management monitors compliance with the Fund's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Fund. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes regular reviews of risk management controls and procedures, the results of which are reported to the audit committee.

Asset purchases and sales are determined by the Fund’s Investment Manager, who has been authorised to manage the distribution of the assets to achieve the Fund’s investment objectives. Compliance with the target asset allocations and the composition of the portfolio is monitored by the Investment Committee. In instances where the portfolio has diverged from target asset allocations, the Fund’s Investment Manager is obliged to take actions to rebalance the portfolio in line with the established targets, within prescribed time limits.

20.1 Credit risk

Credit risk is the risk of financial loss to the Fund if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from bank balances, receivable against sale of marketable securities and security deposits.

Management of credit risk

The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed and the requirements of NBFC rules and regulations. Before making investment decisions, the credit rating and credit worthiness of the issuer is taken into account along with the financial background so as to minimize the risk of default.

Credit risk is managed and controlled by the Management Company of the Fund in the following manner:

- Where the investment committee makes an investment decision, the credit rating and credit worthiness of the issuer is taken into account along with the financial background so as to minimize the risk of default.

- Analysing of credit ratings and obtaining adequate collaterals wherever appropriate / relevant.

- The risk of counterparty exposure due to failed trades causing a loss to the Fund is mitigated by a periodic review of the credit ratings and financial statements on a regular basis.

- Cash is held only with reputable banks with high quality external credit enhancements.

- Investment transactions are carried out with a large number of brokers, whose credit worthiness is taken into account so as to minimize the risk of default and transactions are settled or paid for only upon delivery.

Exposure to credit risk

The maximum exposure to credit risk as at 30 June 2019 was as follows:

	June 30, 2019		June 30, 2018	
	Balance as per the Statement ofAsset and Liabilities	**Maximum exposure**	Balance as per the Statement ofAsset and Liabilities	Maximum exposure
	------------ (Rupees) ------------		------------ (Rupees) ------------	
Bank balances (including profit due)	**41,204,569**	**41,204,569**	83,237,054	83,237,054
Investments (including profit due)	**95,437,330**	**9,751,481**	82,069,770	10,080,299
Dividend receivable	**240,543**	**240,543**	130,730	130,730
Deposits	**2,600,000**	**2,600,000**	2,600,000	2,600,000
Receivable against sale of securities	-	-	285,450	285,450
	139,482,442	**53,796,593**	168,323,004	96,333,533

Difference in the balance as per the Statement of Assets and Liabilities and maximum exposure in investments is due to the fact that investment in equity securities of Rs. 85.69 million (2018: Equity securities Rs. 71.99 million) do not carry credit risk.

Bank balances

The Fund's cash and cash equivalents at 30 June 2019 with banks had following credit ratings:

Rating	**2019**	2018	**2019**	2018
	(Rupees)		**(%)**	
AA+	**3,914,755**	5,281,074	**9.50**	6.34
AA	**8,878**	-	**0.02**	0.00
AA-	-	330,929	**0.00**	0.40
A+	**37,189,278**	77,531,542	**90.26**	93.15
Other*	**91,659**	93,509	**0.22**	0.11
Total balance including profit due	**41,204,569**	83,237,054	**100.00**	100.00

Above rates are on the basis of available ratings assigned by PACRA and VIS.

* The reported balance is in Habib Bank AG Zurich Switzerland. Rating of the bank is not available, however, the management consider that this is a reputable bank of good credit standing.

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure.

Details of Fund's concentration of credit risk of financial instruments by industrial distribution are as follows:

	2019		2018	
	(Rupees)	**(%)**	(Rupees)	(%)
Commercial banks (including profit due)	**41,204,569**	**76.59**	83,237,054	86.41
Fertilizers - sukuk certificates	**9,751,481**	**18.13**	10,080,299	10.46
National Clearing Company of Pakistan Limited	**2,500,000**	**4.65**	2,785,450	2.89
Central Depository Company of Pakistan Limited - security deposit	**100,000**	**0.19**	100,000	0.10
Oil and Gas sector - Dividend receivable	**240,543**	**0.45**	130,730	0.14
	53,796,593	**100.00**	96,333,533	100.00

Past due and impaired assets and collaterals held

None of the financial assets of the Fund are past due or impaired as at 30 June 2019

Settlement risk

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed on sale.

For the vast majority of transactions the Fund mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

20.2 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Fund's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation.

The Fund aims to maintain the level of cash and cash equivalents and other highly marketable securities at an amount in excess of expected cash outflows on financial liabilities. The Fund is exposed to cash redemptions of its units on a regular basis. Units are redeemable at the holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive document and guidelines laid down by Securities and Exchange Commission of Pakistan (SECP).

Management of liquidity risk

The Fund's policy is to manage this risk by investing majority of its assets in investments that are traded in an active market and can be readily disposed. The Fund invests primarily in marketable securities and other financial instruments, which under normal market conditions are readily convertible to cash. As a result, the Fund may be able to liquidate quickly its investments in these instruments at an amount close to their fair value to meet its liquidity requirement. The present settlement system is a T+2 system, which means that proceeds from sales (to pay off redemptions) of holdings will be received on the second day after the sale, while redemptions have to be paid within a period of six working days from the date of the redemption request.

In addition, the Fund is entitled to borrow, with prior approval of trustee, for meeting redemptions. No such borrowings were made during the year. The maximum amount available to the Fund from borrowings is limited to the extent of 15% of net assets at the time of borrowing with repayment with in 90 days of such borrowings.

In order to manage the Fund's overall liquidity, the Fund can also withhold daily redemption request in excess of ten percent of the units in issue and such requests would be treated as redemption request qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue.

Maturity analysis for financial liabilities

Following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

	2019	
	Contractual cash flows	
	Carrying amount	**Less than 3 month**
Non-derivative financial liabilities (excluding unit holders' fund)	**----------- (Rupees) -----------**	
Payable to the Management Company *	**148,451**	**148,451**
Remuneration payable to the Trustee	**72,754**	**72,754**
Accrued expenses and other liabilities *	**416,081**	**416,081**
	637,286	**637,286**
Unit holders' fund	**137,238,919**	**137,238,919**

	2018	
	Contractual cash flows	
	Carrying amount	Less than 3 month
Non-derivative financial liabilities (excluding unit holders' fund)	----------- (Rupees) -----------	
Payable to the Management Company *	178,015	178,015
Remuneration payable to the Trustee	72,751	72,751
Accrued expenses and other liabilities *	399,714	399,714
Payable against purchase of investments	1,208,475	1,208,475
	1,858,955	1,858,955
Unit holders' fund	164,871,339	164,871,339

* excluding provision for workers' welfare fund, federal excise duty on Management Company's remuneration, annual Fee payable to the Securities and Exchange of Pakistan and Sindh Sales Tax payable on Management Company's remuneration.

Above financial liabilities do not carry any mark-up.

20.3 Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices - will affect the Fund's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Management of market risks

The Fund manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan. The maximum risk resulting from financial instruments equals their fair values.

The Fund is exposed to currency risk, interest rate risk and equity price risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund has a bank balance in foreign currency exposed to foreign exchange risk. The Fund has no foreign currency demoniated liability.

As per the approval accorded by the Securities and Exchange Commission of Pakistan and State Bank of Pakistan the Fund's exposure in foreign currency shall not exceed 30% of the aggregate funds mobilised subject to cap of US$ 15 million. Investment Committee monitors and reviews the investment performance and makes necessary adjustment in light of the current economic scenario and currency valuation outlook to mitigate the risk.

The Fund's total exposure to foreign exchange at June 30 are as follows:

	2019	
	(Rupees)	**(USD)**
Financial Assets		
Bank balance	**91,659**	**573**
On balance sheet gap in foreign currency exposure	**91,659**	**573**

	2018	
	(Rupees)	**(USD)**
Financial Assets		
Bank balance	93,509	770
On balance sheet gap in foreign currency exposure	93,509	770

	Average rates		Balance sheet date rate	
	2019	2018	**2019**	2018
Rupees / US Dollars	136.17	110.00	160.05	121.50

A five percent strengthening of Pakistani Rupee against US dollar would have decreased the net assets of the fund by Rs. 4,583 (2018: Rs. 4,675). This analysis assumes that all other variables in particular interest rate remain constant. Weakening of Pakistani Rupee by the same percentage would have a vice versa impact.

20.3.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates. Risk management procedures are the same as those mentioned in the credit risk management.

Exposure to interest rate risk

The interest rate profile of the Fund's interest-bearing financial instruments is as follows:

	2019	2018
	(Rupees)	
Variable-rate instrument		
Financial assets (bank balances)	**40,746,524**	82,758,473
Sukuk certificates	**9,626,640**	10,011,199
	50,373,164	92,769,672

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / decreased unit holder fund and income statement by Rs. 0.504 million (2018: Rs. 0.927 million). The analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Above bank balances are reprised by the bank after changes in the State Bank of Pakistan's policy rate and do not have any contractual maturity.

None of the other assets and Fund's liabilities are exposed to interest rate risk.

	------------------------- June 30, 2019 -------------------------				
	Interest rate %	**Exposed to interest rate risk**		**Not exposed to interest rate risk**	**Total**
		No later than one month	**More than one year (note 7.2)**		
		------------------------------- **Rupees** -------------------------------			
Financial assets					
Investments - Listed equity securities		-	-	**85,685,849**	**85,685,849**
Investments- Sukuks		-	**9,626,640**	**124,841**	**9,751,481**
Dividend receivable		-	-	**240,543**	**240,543**
Bank balances (including profit due)	6.0 to 11.0	**40,746,524**	-	**458,045**	**41,204,569**
Deposits		-	-	**2,600,000**	**2,600,000**
		40,746,524	**9,626,640**	**89,109,278**	**139,482,442**

	------------------------- June 30, 2018 -------------------------				
	Interest rate %	Exposed to interest rate risk		Not exposed to interest rate risk	Total
		No later than one month	More than one year (note 7.2)		
		------------------------------- **Rupees** -------------------------------			
Financial assets					
Investments - Listed equity securities		-	-	71,989,471	71,989,471
Investments- Sukuks		-	10,011,199	69,100	10,080,299
Dividend receivable		-	-	130,730	130,730
Bank balances (including profit due)	3.28 to 6.5	82,758,473	-	478,581	83,237,054
Deposits		-	-	2,600,000	2,600,000
Receivable against sale of securities				285,450	285,450
		82,758,473	10,011,199	75,553,332	168,323,004

20.3.2 Other market price risk

The Fund is exposed to equity price risk i.e. the risk of unfavourable changes in the fair value of equity securities as a result changes in the levels of Pakistan Stock Exchange Index and the value of individual shares, which arises from investments measured at fair value through income statement.

The management of the Fund monitors the proportion of equity securities in its investment portfolio based on market indices. The Fund policy is to manage price risk through diversification and selection of securities within specified limits set by internal risk management guidelines or the requirements of NBFC regulations. The Fund manages those risk by limiting exposure to any single investee company to the extent of 10% of issued capital of that investee company and the net assets of the Fund with overall limit of 30% or index weight whichever is higher subject to maximum of 35% to a single industry sector of the net assets of the Fund (the limit set by NBFC regulations).

The Fund also manages its exposure to price risk by reviewing portfolio allocation as frequently as necessary and at least once a quarter from the aspect of allocation within industry and individual stock within that allocation. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Investment Committee. The primary goal of the Fund's investment strategy is to maximise investment returns.

Details of the Fund's investment in industrial / economic sector are given in note 7.1.

Sensitivity analysis - Price risk

In respect of the investments classified as at fair value through profit or loss the impact on income statement and unit holders' fund, to a 5% increase or decrease in the fair values of the investments, would have been an increase or decrease of Rs. 4.77 million (2018: Rs. 4.10 million).

20.4 Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Fund's operations either internally within the Fund or externally at the Fund's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risks arise from all of the Fund's activities.

The Fund's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

20.5 Unit holder's fund risk management

The Fund's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to continue as a going concern so that it can continue to provide returns to its unit holders. Management monitors the return on capital as well as the level of dividends to unit holders and makes adjustments to it in the light of changes in markets' conditions.

Under the NBFC regulations 2008, the minimum size of an open end scheme shall be one hundred million rupees at all the times during the life of the scheme. The Fund size depends on the issuance and redemption of units.

20.6 Fair value of financial instruments

Fair value is 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.

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

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).

- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).

- Unobservable inputs for the asset or liability (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.

On-balance sheet financial instruments		2019 Carrying amount: Mandatory at fair value through profit and loss	Amortized coast	Other financial liabilities	Total	Fair Value: Level 1	Level 2	Total
		---------- (Rupees) ----------						
Financial assets measured at fair value								
Listed equity securities	7	85,685,849	-	-	85,685,849	85,685,849	-	85,685,849
Sukuk certificates	7	9,626,640	-	-	9,626,640	-	9,626,640	9,626,640
		95,312,489			95,312,489	85,685,849	9,626,640	95,312,489
Financial assets not measured at fair value								
Bank balances - Held at amortized cost	6	-	40,838,183	-	40,838,183	-	-	-
Markup accrued	8	-	491,227	-	491,227	-	-	-
Dividend receivable		-	240,543	-	240,543	-	-	-
Deposits	9	-	2,600,000	-	2,600,000	-	-	-
		-	44,169,953	-	44,169,953	-	-	-
Financial liabilities not measured at fair value								
Payable to the Management Company	10	-	-	148,451	148,451	-	-	-
Remuneration payable to the Trustee	11	-	-	72,754	72,754	-	-	-
Accrued expenses and other liabilities	13	-	-	416,081	416,081	-	-	-
		-	-	637,286	637,286	-	-	-

On-balance sheet financial instruments		2018 Carrying amount: Mandatory at fair value through profit and loss	Amortized coast	Other financial liabilities	Total	Fair Value: Level 1	Level 2	Total
		---------- (Rupees) ----------						
Financial assets measured at fair value								
Listed equity securities	7	71,989,471	-	-	71,989,471	71,989,471	-	71,989,471
Sukuk certificates	7	10,011,199	-	-	10,011,199	-	10,011,199	10,011,199
		82,000,670	-	-	82,000,670	71,989,471	10,011,199	82,000,670
Financial assets not measured at fair value								
Bank balances - Held at amortized cost	6	-	82,851,982	-	82,851,982	-	-	-
Markup receivable	8	-	454,172	-	454,172	-	-	-
Dividend receivable		-	130,730	-	130,730	-	-	-
Deposits	9	-	2,600,000	-	2,600,000	-	-	-
Receivable against sale of securities		-	285,450	-	285,450	-	-	-
		-	86,322,334	-	86,322,334	-	-	-
Financial liabilities not measured at fair value								
Payable to the Management Company	10	-	-	178,015	178,015	-	-	-
Remuneration payable to the Trustee	11	-	-	72,751	72,751	-	-	-
Accrued expenses and other liabilities	13	-	-	399,714	399,714	-	-	-
Payable against purchase of investments		-	-	1,208,475	1,208,475	-	-	-
		-	-	1,858,955	1,858,955	-	-	-

20.6.1 The Fund has not disclosed the fair values for the financial assets and financial liabilities (otrher than investments), as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair values.

21. RECONCILIATION OF LIABILITIES ARISING OUT OF FINANCING ACTIVITIES

	Receivable against issuance of units	Payable against redemption of units	Total
	---------- (Rupees in '000) ----------		
Opening balance as at 1 July 2018	-	-	-
Receivable against issuance of units	(14,850,891)	-	(14,850,891)
Payable against redemption of units	-	21,829,689	21,829,689
	(14,850,891)	21,829,689	6,978,798
Amount received on issuance of units	14,850,891	-	14,850,891
Amount paid on redemption of units	-	(21,829,689)	(21,829,689)
	14,850,891	(21,829,689)	(6,978,798)
Closing balance as at 30 June 2019	-	-	-

22. SUPPLEMENTARY NON FINANCIAL INFORMATION

The information regarding unit holding pattern, top brokers, members of the Investment Committee, Fund manager, meetings of the Board of Directors of the management company and rating of the Fund and the management company are as follows:

22.1 Unit holding pattern of the Fund

	June 30, 2019		
Category	No. of unit holders	Investment amount ------------ (Rupees) ------------	% of total
Individuals	**5**	**525,754**	**0.38**
Associated Companies and Directors	**20**	**93,661,410**	**68.25**
Banks and DFIs	-	-	-
NBFC's (Management Company)	**1**	**42,623,503**	**31.06**
Retirement Funds	**1**	**428,252**	**0.31**
Other Corporates	-	-	-
Total	**27**	**137,238,919**	**100.00**

	June 30, 2018		
Category	No. of unit holders	Investment amount ------------ (Rupees) ------------	% of total
Individuals	4	998,168	0.61
Associated Companies and Directors	14	115,318,838	69.94
Banks and DFIs	-	-	-
NBFC's (Management Company)	1	48,554,335	29.45
Retirement Funds	-	-	-
Other Corporates	-	-	-
Total	19	164,871,341	100.00

22.2 List of top 10 brokers by percentage of commission paid

Name of Broker	Commission paid (Percentage %) 2019
Foundation Securities (Private) Limited	14.77%
Arif Habib Limited	14.25%
Shajar Capital Pakistan (Private) Limited	11.44%
Alfalah Securities (Private) Limited	9.74%
Inter Market Securities Limited	8.98%
Ismail Iqbal Securities (Private) Limited	8.90%
Topline Securities Limited	8.03%
Elixir Securities Pakistan (Private) Limited	7.32%
BMA Capital Management Limited	7.06%
Taurus Securities Limited	6.01%

	2018
BMA Capital Management Limited	12.20%
Topline Securities Limited	11.08%
Foundation Securities (Private) Limited	10.81%
Alfalah Securities (Private) Limited	9.74%
Inter Market Securities Limited	9.66%
Arif Habib Limited	9.33%
Ismail Iqbal Securities (Private) Limited	7.84%
AKD Securities Limited	7.14%
Insight Securities (Private) Limited	6.97%
Elixir Securities Pakistan (Private) Limited	6.43%

22.3 Particulars of the Investment Committee and Fund manager

Following are the members of the investment committee of the Fund:

- Mr. Babar Ali Lakhani (Chairman Investment Committee)
- Mr. Kashif Mustafa
- Mr. Mustafa O. Pasha
- Mr. Shahbaz Ashraf
- Mr. Hassan Bin Nasir
- Mr. Junaid Arshad
- Mr. Uzair Nasir Rasheed

Mr. Babar Ali Lakhani - Chief Executive Officer

Mr. Lakhani has over nineteen years of investment and portfolio management experience in domestic and international equity and fixed income markets. Mr. Lakhani most recently served as the Chief Investment Officer of Century Insurance, a Public Limited Company listed on the Karachi and Lahore Stock Exchanges of Pakistan. He was an Investment Associate at High Street Advisors and a Research Analyst at Credit Suisse Equity Group (formerly Credit Suisse First Boston). Mr. Lakhani brings extensive investment experience, globally practiced portfolio management discipline, and a comprehensive understanding of the global asset management industry to Lakson Investments Limited.

Mr. Lakhani received his BA in Finance from Bentley College, and his MBA from Brandeis University.

Mr. Lakhani is a member of the Global Association of Risk Professionals (GARP), the Society of Financial Service Professionals and the Young Presidents' Organization (YPO). Mr. Lakhani is a member of the Alumni Trustee Committee of Brandeis University and is the school's representative in Pakistan.

Mr. Kashif Mustafa – Executive Director and COO

Mr. Mustafa has more than eleven years of experience working in the financial markets of Pakistan with local & international brokerage houses, and leading Asset Management Companies. Mr. Mustafa's experience includes; Financial Analysis, Equity Research, Investment Advisory and Business Development.

Before Lakson Investments, Mr. Mustafa worked for Askari Investments and Crosby Securities Pakistan Limited as Vice President and Head of Sales & Business Development respectively. He frequently appears on the media and has been featured on Express, Business Plus, CNBC, GEO, PTV, Aaj TV, Sindh TV & KTN. Mr. Mustafa did his graduation in Mathematics and Masters in Economics.

Mr. Mustafa O. Pasha, CFA – Chief Investment Officer

Mr. Pasha has over eleven years of experience in the asset management and investment advisory industry. He did his Bachelors in Economics from McGill University (Montreal, Canada) in 2006 and obtained his CFA charter in 2012.

At Lakson Investments he is responsible for driving out performance of all fixed income portfolios against their respective benchmarks by formulating the investment outlook and implementing strategy through asset allocation. As a member of the Investment Committee he is a key member of the team that develops and executes the investment strategy for both fixed income and equity portfolios.

He was previously associated with BMA where he initially served as a fixed income analyst and later became the in house economist for the entire BMA group. Between 2009 - 2012 he supervised fixed income/money market investments across all mutual funds and institutional/HNW accounts advised by BMA. He is also managing the following funds:

-Lakson Equity Fund
-Lakson Tactical Fund

Mr. Muhammad Shahbaz Ashraf

Mr. Ashraf has approximately eleven years of experience, primarily in Research. Prior to joining Lakson Investments, he was associated with Askari Investment Management, Foundation Securities Ltd and Taurus Securities. Mr. Ashraf's last assignment was at Arif Habib Limited as Head of Research. He holds a Master's degree in Business Management and is a Chartered Financial Analyst.

Mr. Hassan Bin Nasir

Mr. Hassan Bin Nasir has over ten years of experience and currently holds positions of Vice President – Fixed Income in Lakson Investments Limited. He completed his Masters in Business Administration in Finance major from Bahria University, Pakistan. He has immense experience in managing portfolios across Collective Investment Schemes, Separate Managed Accounts with Strong Fixed Income background, investment strategy and trading experience in instruments including, Government Securities, Corporate Debt Securities, Banking Products and Shariah Compliant Corporate Debt Securities. He is managing the following funds:

- Lakson Income Fund
- Lakson Money Market Fund
- Lakson Asset Allocation Developed Markets Fund

Mr. Junaid Arshad

Mr. Junaid Arshad an ACCA member, having over eleven years of experience in the asset management industry and currently holds the position of Manager Compliance. He possess sound Knowledge of financial management, tax regulations, financial procedures, and NBFC Rules & Regulations. He was actively involved in system development and implementation during his stay at different organizations. He was previously associated with JS Investments and Alfalah Investments as a finance professional.

Mr. Uzair Nasir Rasheed - Risk Management Professional

Mr Uzair Nasir has approximately 3 years of experience and is a risk management professional at Lakson Investments. His responsibility is to ensure Effective & sound management of the various risks in the Investment portfolio. Prior to joining Lakson he was associated with the National Bank of Pakistan as Team Leader, Business Risk Review (BRR). He is a member of ACCA (UK) and a finalist of both CFA & FRM programs.

22.4 Directors meeting attendance

2019

Name of directors	Meeting Attended	July 03, 2018	August 15, 2018	October 13, 2018	February 21, 2019	April 22, 2019
Mr. Iqbal Ali Lakhani	2	✓	✓	✗	✗	✗
Mr. Babar Ali Lakhani	5	✓	✓	✓	✓	✓
Mr. Mahomed J. Jaffer	3	✗	✓	✓	✓	N/A
Mr. Jacques John Vesser	4	✗	✓	✓	✓	✓
Mr. Daniel Scott Smaller	1	✗	✗	✗	✓	N/A
Mr. Zahid Zakiuddin	2	✗	✓	✓	✗	N/A
Mr. Amin Mohammed Lakhani	4	✓	✗	✓	✓	✓
Mr. Jamil Ahmed Mughal	5	✓	✓	✓	✓	✓
Ms. Gaite Ali	1	N/A	N/A	N/A	N/A	✓
Ms. Kathleen Kennedy Townsend	0	N/A	N/A	N/A	N/A	✗
Ms. Roxanne Davies	0	N/A	N/A	N/A	N/A	✗
		4	**6**	**6**	**6**	**5**

22.5 Rating of the Fund and the management company

Details of the ratings of the Fund and the management company are given in note 1.4.

23. GENERAL

These financial statements were authorized for issue by the Board of Directors of theManagement Company on September 03, 2019.

Performance Table	FY19	FY18	FY17	FY16	FY15	FY14
Net Assets - Beginning (PKR Mil.)	165	178	101	101	167	281
Net Assets - Ending (PKR Mil.)	137	165	178	101	102	167
Net Asset value per share	82.3129	93.7663	101.5686	102.5835	109.4964	104.3227
Selling Price for units	84.3708	96.1105	104.1079	105.1481	112.2339	106.9308
Repurchase Price for units	82.3129	93.7663	101.5686	102.5835	109.4964	104.3227
Highest Offer Price (PKR)	99.6454	106.4014	116.328	117.2329	112.8120	109.5537
Lowest Offer Price (PKR)	83.3407	90.4679	102.1384	105.1008	106.4155	102.0721
Highest Redemption Price (PKR)	97.215	103.8062	113.4907	114.3735	110.0604	106.8816
Lowest Redemption Price (PKR)	81.308	88.2613	99.6472	102.5373	102.2883	99.5825
Beginning NAV - Ex-Div. (PKR)	93.7663	101.5686	102.5835	-	-	100.2938
Interim Distributions (PKR)	Nil	Nil	9.8783	11.7546	-	2.3877
Final Distribution (PKR)	Nil	Nil	-	-	-	-
Ending NAV - Ex-Div. (PKR)	82.3129	93.7663	100.0000	102.6138	-	104.2589
Return	-12.21%	-7.71%	8.99%	4.42%	4.96%	6.40%
Net Income / (loss) (PKR Mil.)	(21)	(14)	6	-1	2	10
Income Distribution	Nil	Nil	6	5	-	18
Accumulated Capital Growth	(32)	(11)	3	3	9	7
Average Annual return of the Fund						
One Year	-12.21%	-7.68%	-12.25%	4.42%	4.96%	6.40%
Two year	-18.96%	0.62%	-9.51%	4.81%	5.84%	6.10%
Three year	-11.67%	5.06%	-3.90%	5.55%	5.92%	
Since inception (October 10, 2011)	15.39%	31.45%	2.00%	6.50%	6.75%	7.05%

Distributions	FY19	FY18	FY17	FY16	FY15	FY14
Interim Distribution	Nil	Nil	2.8984	11.7546	Nil	2.3877
Final Distribution	Nil	Nil		-	Nil	-
NAV before Distribution	Nil	Nil	102.8984	114.3684	Nil	106.6466
NAV after Distribution	Nil	Nil	100.0000	102.6138	Nil	104.2589
Distribution Date	Nil	Nil	19-Sep-16	27-Jun-16	N/A	24-Jun-14

During FY19
Summary of Actual Proxy voted by CIS:

	Resolutions	For	Against	Abstain*
Number	1	1	-	-
(%ages)		100%	-	-

Note: The proxy voting policy of the Lakson Islamic Tactical Fund is available on the website of Lakson Investments Limited, the Management Company. A detailed information regarding actual proxies voted by the Management Company in respect of the Lakson Islamic Tactical Fund is also available without charge upon request to all unit holders.

A Lakson Group Company

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