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

Bankers to the Fund	Allied Bank Limited Askari Bank Limited Bank Alfalah Limited Faysal Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited National Bank of Pakistan Sindh Bank Limited United Bank Limited
Legal Adviser	Fazleghani Advocates F-72/I, Block 8, KDA-5, Kehkashan, Clifton, Karachi, Pakistan.
Registrar	Lakson Investments Limited Lakson Square Building No.2, Sarwar Shaheed Road, Karachi-74200, Pakistan
Distributors	Adam Securities Amir Noorani Elixir Securities (Pvt.) Limited Ismail Iqbal Securities Metro Capital Pearl Securities Pvt. Limited Rabia Fida Topline Securities (Pvt.) Limited Vector Capital (Pvt.) Limited Pyramid Financial Consultants
Rating by PACRA	AA(f) : Fund Stability Rating AM2+ : Asset Manager Rating

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 Money Market Fund ('LMMF' or 'Fund') is pleased to submit its report together with Audited Financial Statements for the year ended June 30, 2019.

Fund Objective
The objective of the Fund is to provide stable and competitive returns with low volatility that are in line with the money markets and consistent with capital preservation. Accordingly, the Fund consists of a liquid portfolio of low risk, short-term investments.

Principal activities
The Fund is an open-end money market fund and is listed on Pakistan Stock Exchange Limited. The Fund invests in Government Securities, Certificate of Investments, Clean Placements, Term Deposit Receipts and other short-term instruments. The weighted average maturity of the portfolio is kept below 3 months. LMMF invests in only those securities that have been assigned at least an "AA" rating by a rating agency in Pakistan and are of less than 6 months maturity. An in-depth credit analysis is conducted before taking any exposure to any counter party to mitigate the credit risk. Short maturity of the portfolio protects the Unit Holders against interest rate movements while enhancing the liquidity of the Fund. LMMF is allowed to borrow up to 15% of Net Assets to meet redemptions; however, LMMF did not utilize this facility during the period under review.

Development and Performance Review
The LMMF generated return of 8.69% in FY19 compared to Benchmark (70% average 3M T-Bills yield + 30% average 3M TDR rate of minimum AA rated banks) return of 8.37%. The LMMF outperformed the benchmark by 32bps. Asset allocation was concentrated in cash at 98.6% which provided good spread over the prevailing T-bill yields without compromising liquidity and credit quality. The weighted average maturity (WAM) of the LMMF portfolio stands at 01 days and fund size as of 28th June 2019 is PKR 8,608mn.

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

Income Distribution
The Chief Executive Officer under the authority from Board of Directors of the Management Company during the year declared the interim payouts of PKR 8.5627 per unit (8.5627%) of face value of PKR 100/-) amounting to PKR 454.446 million distribution in cash 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 and the Fund Stability Rating of LMMF at "AM2+" and "AA(f)" respectively.

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. BDO Ebrahim & Co., Chartered Accountants have completed five years with the Fund. The Non-Banking Finance Companies and Notified Entities Regulations, 2008 stipulates that all the open-end collective investment schemes shall change their external auditors every five years. Therefore, to continue the trend of adopting the best industry practices, the Board of Directors, on the recommendations of the Audit Committee, has proposed to change the auditors of the Fund and appoints 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 markets 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.

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.

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

Chief Executive Officer **Director**

Dated: September 03, 2019
Karachi

Tough decisions in the form of fiscal and monetary adjustments will have to be made which will test the resolve and vision of the new government. Austerity measures including reduction in subsidies, lower development spending and rationalization of gas/power tariffs will have to be complemented by a comprehensive reform program targeting tax collection and loss making public sector enterprises.

Higher interest rates, currency depreciation and increase in import duties will be employed to defuse inflationary pressures and contain the external account as FX reserves have dipped to dangerously low levels. There is an emergent need to obtain funding from multilateral creditors (IMF/WB/ADB/IDB) and friendly countries (KSA/UAE/China) to plug a financing gap of over USD 20 billion.

As a result of these expected measures, FY19 is expected to be a year of macroeconomic consolidation with GDP projected to slow down to 4.8%.

Post elections the weighted average yields for 3M and 6M tenor have remained flat at 7.75% and 7.85%, respectively. Moreover, notably participation has been visible in 3M papers likewise the trend which has been visible for the last few quarters indicating further monetary tightening. The increase in yield (~100bps) across different tenors was recorded pre-elections (recall SBP raised key policy rate by 100bps to 7.5% and DR to 8.0% on 14th July '18 whereas elections took place on 25th July). Aug'18 CPI clocked in at 5.84% YoY while core inflation was at 7.7%, YoY which re-iterates market expectations of future interest rate hikes, thus rates will rise in the upcoming auctions in line with spike in IR.

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

Chief Executive Officer **Director**

Dated: September 03, 2019
Karachi

لیکسن منی مارکیٹ فنڈ

30 جون 2019ء کو ختم ہونے والے سال کے لیے

مینجمنٹ کمپنی کے ڈائریکٹرز کی رپورٹ

لیکسن انویسٹمنٹس لمیٹڈ کے بورڈ آف ڈائریکٹرز، لیکسن منی مارکیٹ فنڈ ("LMMF" یا فنڈ) کی مینجمنٹ کمپنی 30 جون 2019ء کو ختم ہونے والے سال کے لیے اپنی رپورٹ مع آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتا ہے۔

فنڈ کا مقصد

اس فنڈ کا مقصد کم اتار چڑھاؤ کے ساتھ مستحکم اور مسابقتی منافع جات فراہم کرنا ہے جو منی مارکیٹس سے ہم آہنگ اور سرمائے کے تحفظ سے مطابقت رکھتے ہوں۔ اسی طرح یہ سرمایہ کم خطرات، مختصر مدتی سرمایہ کاری کے لیکویڈ پورٹ فولیو پر مشتمل ہے۔

نمایاں سرگرمیاں

فنڈ ایک اوپن اینڈ منی مارکیٹ فنڈ ہے اور پاکستان اسٹاک ایکسچینج لمیٹڈ میں لسٹڈ ہے۔ فنڈ گورنمنٹ سیکیورٹیز، سرٹیفکیٹس آف انویسٹمنٹس، Clean Placements، ٹرم ڈپازٹ ریسیپٹس اور دیگر مختصر مدتی انسٹرومنٹس میں سرمایہ کاری کرتا ہے۔ پورٹ فولیو کی تخمینہ شدہ اوسط میچورٹی 3 ماہ سے کم رکھی جاتی ہے۔ LMMF صرف ان سیکیورٹیز میں سرمایہ کاری کرتا ہے جنہیں پاکستان میں کسی ریٹنگ ایجنسی نے کم از کم "AA" ریٹنگ دے رکھی ہو اور جن کی میچورٹی 6 ماہ سے کم ہو۔ کریڈٹ رسک کم کرنے کے لیے سرمایہ کاری سے پہلے مقابل پارٹی کا کریڈٹ کے حوالے سے باریک بینی سے تجزیہ کیا جاتا ہے۔ پورٹ فولیو کی مختصر میچورٹی یونٹ ہولڈرز کو شرح سود کے اتار چڑھاؤ کے خلاف تحفظ دیتی ہے، جب کہ فنڈ کی لیکویڈیٹی میں اضافہ کرتی ہے۔ LMMF کو ریڈیمپشن کی تکمیل کے لیے خالص اثاثوں کے 15 فی صد تک قرض لینے کی اجازت ہے، تاہم LMMF نے اس سہولت کو زیر جائزہ مدت کے دوران استعمال نہیں کیا۔

پیش رفت اور کارکردگی کا جائزہ

LMMF نے مالی سال 2019 میں بینچ مارک منافع (سہ ماہی T بلز کے اوسط منافع جات کا 70% + کم از کم AA ریٹڈ بینکس کے اوسط سہ ماہی TDR ریٹ کا 30%) 8.37% کے مقابلے میں مالی سال 2019 میں 8.69% منافع کمایا۔ LMMF نے بینچ مارک کو 32 بنیادی پوائنٹس سے پیچھے چھوڑ دیا۔ اثاثوں کی تفویض کا ارتکاز 98.6% کے ساتھ کیش پر رہا جس نے لیکویڈیٹی اور کریڈٹ کوالٹی پر سمجھوتا کیے بغیر T بلز کے موجودہ منافع جات کے مقابلے میں قیمت خرید اور قیمت فروخت کا عمدہ فرق (spread) فراہم کیا۔ LMMF پورٹ فولیو کی تخمینہ شدہ اوسط میچورٹی (WAM)، 01 دن ہے اور فنڈ سائز بمطابق 28 جون 2019، 8,608 ملین روپے ہے۔

فی شیئر آمدنی (EPU)

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

قابل عمل نہیں ہے۔

آمدنی کی تقسیم

چیف ایگزیکٹیو آفیسر نے منیجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کی طرف سے اختیار کے تحت 30 جون 2019 کو ختم ہونے والے سال کے لیے فی یونٹ 8.5627 روپے (100 روپے کی فیس ویلیو کا 8.5627%)، کی نقد تقسیم کا اعلان کیا ہے جس کی مالیت 454.446 ملین روپے بنتی ہے۔

اہم خطرات و خدشات

اقتصادی عدم استحکام، بڑھتا ہوا کرنٹ اکاؤنٹ خسارہ، زرمبادلہ 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 منیجر اینڈ فنڈ ریٹنگ

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے منیجمنٹ کمپنی کی ایسیٹ منیجر ریٹنگ اور LMMF کی فنڈ اسٹیبلیٹی ریٹنگ بالترتیب +AM2 اور "AA(f)" پر برقرار رکھی ہے۔

اضافی معاملات

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

2- منیجمنٹ 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 موثر 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 وشبہات 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 کردی گئی ہیں۔

10-پروویڈنٹ 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 BDO ابراہیم اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے فنڈ کے ساتھ پانچ سال مکمل کر لیے ہیں۔ نان بینکنگ فنانس کمپنیز اینڈ نوٹیفائیڈ اینٹیٹیز ریگولیشنز 2008 مشروط کرتا ہے تمام اوپن اینڈ کلیکٹیو اینویسٹمنٹ اسکیمز ہر پانچ سال بعد اپنے بیرونی آڈیٹرز تبدیل کریں۔ لہٰذا انڈسٹری کی بہترین طریق کار اپنانے کا رجحان جاری رکھتے ہوئے، آڈٹ کمیٹی کی سفارش پر بورڈ آف ڈائریکٹرز نے فنڈ کے آڈیٹرز تبدیل کرنے اور میسرز KPMG تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی 30 جون 2020 ءکو ختم ہونے والے سال کے لیے تقرری کی تجویز پیش کی 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۔ زرِمبادلہ 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 س 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%)۔ زرِمبادلہ 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 (ایم 2) 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۔

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 افراط زر کے خطرات کے تحت ہم اسٹیٹ بینک آف پاکستان کی طرف سے پیشگی مقرر کی گئی قیمتوں کے پیش 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۔ زرمبادلہ کی شرح میں اصلاح کا بڑا حصہ حاصل کر لیا گیا ہے جہاں حقیقی موثر زرمبادلہ 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 افراط 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 دہرے 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۔

اظہارِ 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 شکر گزار ہے۔ مینجمنٹ کمپنی کے ڈائریکٹرز فنڈ کی ترقی اور دانشمندانہ انتظام و انصرام کے لیے مینجمنٹ کمپنی کی ٹیم کی محنت اور کاوشوں کا بھی اعتراف کرتے ہیں۔

برائے و منجانب بورڈ

چیف ایگزیکٹیو آفیسر ڈائریکٹر

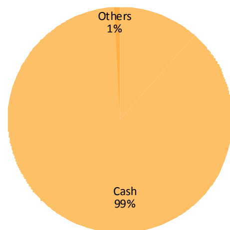
تاریخ: 3 ستمبر 2019

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

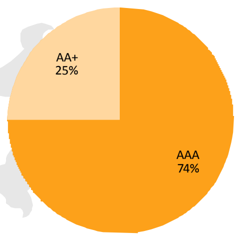
Fund Facts

Fund Type	Open-End
Category	Money Market Fund
Net Assets (PKR Mil.)	8,608
NAV (30.06.2019)	100.5246
Pricing Mechanism	Previous Day
Trustee	CDC Pakistan Limited
Auditor	BDO Ebrahim & Co.
Management Fee	7.5% of Gross Earnings subject to a minimum of 0.50% and maximum of 1.00% of the average annual net assets
Front End Load	None
Back End Load	None
Launch Date	November 13, 2009
Benchmark	70% average 3 months PKRV rates + 30% average 3 months deposit rate of three AA rated banks.
Dealing Days	Mon - Fri
Cut-Off Time	04:00 PM
Fund Rating	'AA(f)' by PACRA
Asset Manager Rating	AM2+

Asset Allocation



Credit Split



Morningstar	LMMF	Benchmark
FY19	8.69%	8.37%
June-19	12.14%	12.31%
2 Months	10.51%	11.32%
3 Months	10.30%	10.50%
6 Months	10.14%	9.90%
12 Months	8.69%	8.37%
CY19 - YTD	10.14%	9.90%

Simple Annualized	LMMF	Benchmark
FY19	8.69%	8.37%
June-19	11.51%	11.67%
2 Months	10.07%	10.83%
3 Months	9.96%	10.11%
6 Months	9.90%	9.67%
12 Months	8.69%	8.37%
CY19 - YTD	9.90%	9.67%
3 Years	7.35%	6.66%
5 Years	7.98%	7.48%
Since Inception	12.23%	12.04%

Investment Committee

Babar Ali Lakhani	Chief Executive Officer
Kashif Mustafa	Executive Director & COO
Mustafa O. Pasha, CFA	Chief Investment Officer
Shahbaz Ashraf, CFA	
Hassan Bin Nasir	
Junaid Arshad, ACCA	
Uzair Nasir Rasheed	

Fund Objective

The objective of the Fund is to provide stable and competitive returns with low volatility that are in line with the money markets and consistent with capital preservation. Accordingly, the fund consists of a liquid portfolio of low risk, short-term investments.

Investment Strategy

The LMMF's Investment Committee focused on maintaining a low risk and liquid portfolio in accordance with its Investment Objective. Exposure of the LMMF in T-Bills, TDRs, and other money market placements was managed based on the relative yield analysis of these instruments and our yield curve expectations. The LMMF maintained an average exposure of 36.3% in risk free T-Bills in order to maintain credit quality and liquidity in line with the low risk profile of the Fund. The Fund also maintained 10.7% average exposure to short term placements with banks & DFIs. This exposure was taken as the returns available on these placements were favorable when compared to T-Bills. Cash levels generally remained on the higher side (50% average) as banks offered attractive rates on daily product accounts. As of June 30, 2019 the WAM of the LMMF portfolio stood at 01 days while exposure to Cash was 98.6%. The LMMF maintained all its exposure in instruments having a minimum rating of 'AA'.

Fund Profile

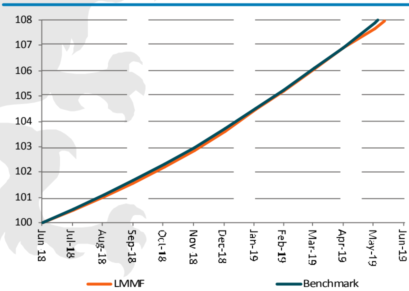
The Fund is an open-end money market fund and is listed on Pakistan Stock Exchange Limited. The Fund invests in Government Securities, Certificate of Investments, Clean Placements, Term Deposit Receipts and other short-term instruments. The weighted average maturity of the portfolio is kept below 3 months. LMMF invests in only those securities that have been assigned at least an "AA" rating by a rating agency in Pakistan and are of less than 6 months maturity. An in-depth credit analysis is conducted before taking any exposure to any counter party to mitigate the credit risk. Short maturity of the portfolio protects the Unit Holders against interest rate movements while enhancing the liquidity of the Fund. LMMF is allowed to borrow up to 15% of Net Assets to meet redemptions; however, LMMF did not utilize this facility during the period under review.

Fund Performance

The LMMF generated return of 8.69% in FY19 compared to Benchmark (70% average 3M T-Bills yield + 30% average 3M TDR rate of minimum AA rated banks) return of 8.37%. The LMMF outperformed the benchmark by 32bps. Asset allocation was concentrated in cash at 98.6% which provided good spread over the prevailing T-bill yields without compromising liquidity and credit quality. The weighted average maturity (WAM) of the LMMF portfolio stands at 01 days and fund size as of 30th June 2019 is PKR 8,608mn.

Performance Table	FY19	FY18
Net Assets - Beginning (PKR Mil.)	5,774	4,680
Net Assets - Ending (PKR Mil.)	8,608	5,774
Highest Offer Price (PKR)	108.1381	105.6246
Lowest Offer Price (PKR)	100.4299	100.1776
Highest Redemption Price (PKR)	108.1381	105.6246
Lowest Redemption Price (PKR)	100.4299	100.1776
Beginning NAV - Ex-Div. (PKR)	100.4299	100.1620
Interim Distributions (PKR)	8.5627	-
Final Distribution (PKR)	-	5.1947
Ending NAV - Ex-Div. (PKR)	100.5246	100.4299
Return	8.69%	5.45%
Net Income (PKR Mil.)	463.00	334.00
WAM (Days)	1	4

LMMF vs. Benchmark



Distributions	FY18	FY17
	PKR per Unit	
1st Interim Distribution	-	6.7764
Final Distribution	5.1947	-
NAV before Distribution	105.6246	100.7765
NAV after Distribution	100.4299	100.0001
Distribution Date	03-Jul-18	20-Jun-17

Fixed Income Markets 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.

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.

Income Distribution

The Chief Executive Officer under the authority from Board of Directors of the Management Company during the year declared the interim payouts of PKR 8.5627 per unit (8.5627%) of face value of PKR 100/-) amounting to PKR 454.446 million distribution in cash for the year ended June 30, 2019.

Circumstances Materially Affecting Interests of Unit Holders

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

The economic instability, escalating current account deficits and oil prices, consistent depleting FX reserves, declining financial aid by US and other friendly countries, higher devaluation of Pak Rupee against US Dollar, going back to IMF program, monetary tightening by central bank and worsening of external relations remains a risk for all business sectors in Pakistan. These risks may affect the financial market adversely and may affect the Company's profitability as well.

As of June 30, 2019, the LMMF has maintained provisions against Sindh Workers' Welfare Fund's liability to the tune of PKR 28.22mn. If the same were not made the NAV per unit of the LMMF would be higher by PKR 0.3295. If the LMMF would not have made the SWWF provisions during FY-19, the year to date annualized return of the LMMF for FY19 would be higher by 0.18%.

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 LMMF does not employ any leverage.

Breakdown of Unit Holding by Size

Units Range	No. of Clients	Units Held
1 - 100	16	652
101 - 500	12	2,974
501 - 1,000	4	2,819
1,001 - 5,000	10	27,131
5,001 - 10,000	7	48,924
10,001 - 50,000	19	426,711
50,001 - 100,000	10	613,369
100,001 - 500,000	13	3,127,817
500,001 - 1,000,000	1	506,385
1,000,001 - 5,000,000	7	18,610,424
5,000,001 - above	5	62,265,319
	104	**85,632,524**

CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED
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URL: www.cdcpakistan.com
Email: info@cdcpak.com

TRUSTEE REPORT TO THE UNIT HOLDERS

LAKSON MONEY MARKET 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 Money Market 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

Report on the audit of the financial statements

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at June 30, 2019, and its financial performance and its cash flows for the year then ended in accordance with approved accounting 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 as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

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 are the Key audit matters:

S.#	Key audit matters	How the matter was addressed in our audit
1.	**Adoption of IFRS 9** Effective July 01, 2018, the Fund changed its accounting policies due to the application of the International Financial Reporting Standard: IFRS 9 "Financial Instruments" which supersedes the requirements of IAS 39 "Financial Instruments - Recognition and Measurement". IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces a new impairment model for financial assets. The classification of financial assets under IFRS 9 is generally based on the business model	Our audit procedures included the following: - Obtained an understanding of the analysis performed by management to identify all significant differences between previous accounting standard and the new accounting standard which can impact the financial statements; - Reviewed 'Investment Classification Model' of the management for analysis of 'Business Model' assessment and 'Contractual Cash Flow Characteristics' test for classification of financial assets;

S.#	Key audit matters	How the matter was addressed in our audit
	in which a financial asset is managed and its contractual cash flow characteristics. Management has determined that the significant impact of the new standard on the Fund's financial statements relates to the disclosures required to be made by the new accounting standard in the financial statements. The Fund has used the exemption available in IFRS 9 not to restate comparative periods. Accordingly, comparative periods have not generally been restated. Differences, if any, in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognised in net assets attributable to unit holders as at July 1, 2018. We considered this as a key audit matter since the adoption of the new accounting standard has a significant impact on the financial statements from recognition, classification & measurement and disclosure perspective. Refer to note 4.1, which explains the impact of the adoption of the new accounting standard.	- Reviewed management's assessment of the impact of new accounting standard on the Fund's financial statements; - Evaluated the key decisions made by the Fund with respect to accounting policies, estimates and judgements in relation to adoption of the new accounting standard and assessed their appropriateness based on our understanding of the Fund's business and its operations; - Evaluated the adequacy and appropriateness of disclosures made in the financial statements in relation to adoption of the new accounting standard.
2.	**Significant expenses of the Fund based on Net Assets Value of the Fund** A substantial portion of the expense of the Fund comprise of remuneration to Management Company, Trustee fee and the Securities and Exchange Commission of Pakistan's fee which is determined on the basis of the NAV of the Fund, as disclosed in notes 9, 10 and 11 to the accompanying financial statements for the year ended June 30, 2019. We considered measurement of such expenses as a key audit matter due to their significance in relation to the expenses and the net income of Fund and the daily changes in the NAV which is factored in the expenses computation.	Our audit procedures included the following: - Tested key controls over the process for the computation of the subject expenses and its interaction with the NAV determined on a daily basis. - Reviewed the processes and controls implemented by the Fund relating to the production and review of system generated NAV reports. - Checked the appropriateness of the rates and computation basis used by the Fund for the subject expenses in accordance with the terms of the applicable regulations and the Trust Deed / offering document of the Fund. - Evaluated the disclosures in the financial statements in relation to the aforementioned expenses.
3.	**Recognition, measurement and presentation of 'Element of Income'** Non-Banking Finance Companies and Notified	Our audit procedures included the following: - Reviewed the processes and controls implemented by the Fund relating to the

S.#	Key audit matters	How the matter was addressed in our audit
	Entities Regulations, 2008 (the NBFC Regulations) stipulates the requirements for recognition, measurement and presentation of element of income. As per the NBFC Regulations, element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unitholders' fund. Furthermore, the NBFC Regulations also prescribes certain disclosure requirements with respect to presentation of element of income in the 'Statement of Movement in Unit Holders' Fund'. The NBFC Regulations explains that the accounting income as appearing in the 'Income Statement' excludes the amount of element of income and accounting income available for distribution as appearing in the 'Income Statement' excludes income already paid on units redeemed. However, at the time of distribution, in order to maintain the same ex-dividend net asset value of all units outstanding on the date of distribution, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution. Due to the complex calculations involved in determining the element of income, the related impact on financial statements and ensuring compliance with the NBFC Regulations, we considered recognition, measurement and presentation of 'Element of Income' as a key audit matter.	production and review of system generated reports and manual workings for the purpose of calculations of element of income or loss and bifurcation of amount paid on redemption of units into "capital value" and "income already paid on units redeemed" and checked the accuracy of refund of capital value at the time of distribution. - Evaluated the accuracy of system generated reports and manual workings produced by the Fund to ensure that the data is consistent with source documents and the said workings are in compliance with all the statutory provisions relating to element of income or loss. - Assessed the appropriateness of the recognition, measurement and presentation of "element of income / loss" in accordance with the provisions of the NBFC Regulations. We also considered the guidelines issued by MUFAP in respect of the accounting for element of income / loss as per the NBFC Regulations and assessed its implementation by the Fund. - Evaluated the adequacy of disclosures with respect to element of income / loss along with the adequacy of disclosures with respect to 'Income Statement' and 'Statement of Movement in Unit Holders' Fund' in accordance with the NBFC Regulations, the requirements of the relevant financial reporting standards and the guidance issued by MUFAP in relation thereto.

Information other than the financial statements and auditor's report thereon

The Management Company 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 auditor's 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 the Management Company and its Board of Directors

The Management Company ("Lakson Investments Limited") of the Fund is responsible for the preparation and fair presentation of the financial statements in accordance with the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and approved accounting standards as applicable in Pakistan and for such internal control as the Management Company 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, the Management Company 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 the Management Company either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Management Company is 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 the Management Company.

- Conclude on the appropriateness of the Management Company'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 the Board of Directors of the Management Company 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 the Board of Directors of the Management Company 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 the Board of Directors of the Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period 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

Based on our audit, we further report that in our opinion the financial statements have been prepared in accordance with the relevant provisions of the Trust Deed, NBFC Rules and NBFC Regulations.

The engagement partner on the audit resulting in this independent auditor's report is Zulfikar Ali Causer.

Date: September 03, 2019

Karachi

BDO EBRAHIM & CO.
Chartered Accountants

Statement of Assets and Liabilities
As at June 30, 2019

	Note	2019	2018
		(Rupees)	
ASSETS			
Bank balances	5	**8,615,306,057**	5,121,706,902
Investments	6	-	675,000,000
Markup receivable	7	**64,023,028**	33,477,996
Advance tax	8	**9,793,403**	2,312,971
Prepayments		**133,569**	-
TOTAL ASSETS		**8,689,256,057**	5,832,497,869
LIABILITIES			
Payable to the Management Company	9	**44,364,429**	39,839,165
Remuneration payable to the Trustee	10	**734,675**	504,229
Annual fee payable to Securities and Exchange Commission of Pakistan	11	**6,710,153**	4,717,515
Accrued expenses and other liabilities	12	**29,279,235**	13,657,854
TOTAL LIABILITIES		**81,088,492**	58,718,763
NET ASSETS		**8,608,167,565**	5,773,779,106
UNIT HOLDERS' FUND (as per attached statement of movement in unit holders' fund)		**8,608,167,565**	5,773,779,106
CONTINGENCIES AND COMMITMENTS	13		
		(Number of units)	
Number of units in issue	14	**85,632,524**	54,663,202
		(Rupees)	
Net assets value per unit		**100.5246**	105.6246

The annexed notes from 1 to 25 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, 2018

	Note	2019	2018
		(Rupees)	
INCOME			
Mark-up income	15	**916,061,099**	398,219,841
Loss on sale of investments - net		**(16,539,324)**	(195,161)
		899,521,775	398,024,680
EXPENSES			
Remuneration to the Management Company	9.1	**71,565,407**	39,972,765
Sindh Sales Tax on remuneration to Management Company	9.2	**9,303,503**	5,196,459
Remuneration to the Trustee	10	**8,281,382**	6,178,292
Annual fee to the Securities and Exchange Commission of Pakistan	11	**6,710,153**	4,717,515
Annual SECP Supervisory fee on PSX Listing Fee		**2,500**	-
Auditors' remuneration	16	**294,008**	321,426
Fees and subscription		**359,846**	268,001
Legal and professional charges		**635,000**	58,500
Printing charges		-	105,844
Brokerage, custody, settlement and bank charges		**809,067**	350,613
		97,960,866	57,169,415
Net income from operating activities		**801,560,909**	340,855,265
Sindh Workers' Welfare Fund	12.1	**(16,031,218)**	(6,817,105)
Net income for the year before taxation		**785,529,691**	334,038,160
Taxation	17	-	-
Net income for the year after taxation		**785,529,691**	334,038,160
Allocation of Net Income for the year			
Net income for the year after taxation		**785,529,691**	334,038,160
Less: Income already paid on units redeemed		**(322,981,814)**	(121,665,035)
		462,547,877	212,373,125
Accounting income available for distribution			
Relating to capital gains		-	-
Excluding capital gains		**462,547,877**	212,373,125
Accounting income available for distribution		**462,547,877**	212,373,125

The annexed notes from 1 to 25 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 income for the year after taxation	**785,529,691**	334,038,160
Other comprehensive income	-	-
Total comprehensive income for the year	**785,529,691**	334,038,160

The annexed notes from 1 to 25 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

	2019 Capital value	2019 Undistributed income	2019 Total	2018 Capital value	2018 Undistributed income	2018 Total
	----------	----------	(Rupees)	----------	----------	----------
Net assets at beginning of the year	5,553,837,584	219,941,522	5,773,779,106	4,672,114,551	7,568,397	4,679,682,948
Issuance of 171,667,590 units (2018: 58,097,377 units)						
Capital value (at net asset value per unit at the beginning of the year)	17,593,149,292	-	17,593,149,292	5,819,149,536	-	5,819,149,536
Element of income	189,905,003	-	189,905,003	145,976,184	-	145,976,184
	17,783,054,295	-	17,783,054,295	5,965,125,720	-	5,965,125,720
Redemption of 140,698,268 units (2018: 50,155,325 units)						
Capital value (at net asset value per unit at the beginning of the year)	(14,130,313,003)	-	(14,130,313,003)	(5,023,657,661)	-	(5,023,657,661)
Income already paid on units redeemed	(272,210,526)	(322,981,814)	(595,192,340)	(59,745,028)	(121,665,035)	(181,410,063)
	(14,402,523,529)	(322,981,814)	(14,725,505,343)	(5,083,402,687)	(121,665,035)	(5,205,067,722)
Total comprehensive income for the year	-	785,529,691	785,529,691	-	334,038,160	334,038,160
Distribution during the period:						
Final Distribution @ Rs. 5.1947 per unit declared on July 3,2018						
Cash Distribution	-	(201,673,562)	(201,673,562)	-	-	-
Refund of Capital	(82,285,375)	-	(82,285,375)	-	-	-
Interim Distribution @ Rs. 7.7082 per unit declared on May 31, 2019						
Cash Distribution	-	(386,241,476)	(386,241,476)	-	-	-
Refund of Capital	(265,494,377)	-	(265,494,377)	-	-	-
Interim Distribution @ Rs. 0.8545 per unit declared on June 27, 2019						
Cash Distribution	-	(68,201,558)	(68,201,558)	-	-	-
Refund of Capital	(4,793,837)	-	(4,793,837)	-	-	-
Net income for the year less distribution	(352,573,589)	129,413,096	(223,160,493)	-	334,038,160.00	334,038,160.00
	(352,573,589)	914,942,787	562,369,198	-	668,076,320	668,076,320
Net assets at end of the year	8,581,794,761	26,372,803	8,608,167,565	5,553,837,584	219,941,522	5,773,779,106
Undistributed income brought forward						
Realised gain		219,941,522			7,568,397	
Unrealised gain		-			-	
		219,941,522			7,568,397	
Accounting income available for distribution						
Relating to capital gains		-			-	
Excluding capital gains		462,547,877			212,373,125	
		462,547,877			212,373,125	
Net income for the year after taxation						
Distribution during the period						
Final Distribution @ Rs. 5.1947 per unit declared on July 3, 2018						
Cash Distribution		(201,673,562)			-	
Interim Distribution @ Rs. 7.7082 per unit declared on May 31, 2019, Interim Distribution @ Rs. 0.8545 per unit declared on June 27, 2019						
Cash Distribution		(454,443,034)			-	
Undistributed income carried forward		26,372,803			219,941,522	
Undistributed income carried forward comprises of:						
Realised income		26,372,803			219,941,522	
Unrealised loss		-			-	
		26,372,803			219,941,522	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the year			105.6246			100.1620
Net assets value per unit at end of the year			100.5246			105.6246

The annexed notes from 1 to 25 form an integral part of these financial statements.

For Lakson Investments Limited
(Management Company)

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

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

	Note	2019	2018
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year before taxation		**785,529,691**	334,038,160
Adjustment for :			
Mark-up income		**(916,061,099)**	(398,219,841)
Loss on sale of investments - net		**16,539,324**	195,161
Sindh Workers' Welfare Fund		**16,031,218**	6,817,105
		(97,960,866)	(57,169,415)
Decrease / (increase) in assets			
Investments		**658,460,675**	(675,195,161)
Advance tax		**(7,480,432)**	(337,211)
Prepayments		**(133,569)**	121,238
		650,846,674	(675,411,134)
Increase / (decrease) in liabilities			
Payable to the Management Company		**4,525,264**	1,292,819
Remuneration payable to the Trustee		**230,446**	98,201
Dividend payable		**-**	(2,752,544)
Annual fee payable to Securities and Exchange Commission of Pakistan		**1,992,639**	1,007,117
Accrued expenses and other liabilities		**(409,837)**	(32,536,517)
		6,338,512	(32,890,924)
Profit received on bank balances and investments		**885,516,068**	385,652,915
Net cash generated from / (used in) operating activities		**1,444,740,388**	(379,818,558)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts from issuance of units		**17,430,480,706**	5,965,125,720
Payment against redemption of units		**(14,725,505,343)**	(5,205,067,722)
Dividend paid		**(656,116,596)**	-
Net cash generated from financing activities		**2,048,858,767**	760,057,998
Net increase in cash and cash equivalents		**3,493,599,155**	380,239,440
Cash and cash equivalents at the beginning of the year		**5,121,706,902**	4,741,467,462
Cash and cash equivalents at the end of the year		**8,615,306,057**	5,121,706,902

The annexed notes from 1 to 25 form an integral part of these financial statements.

For Lakson Investments Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

Notes to the Financial Statements
For the year ended June 30, 2019

1. LEGAL STATUS AND NATURE OF BUSINESS

Lakson Money Market Fund (the "Fund") was established under the Trust Deed executed on September 2, 2009 between the Lakson Investments Limited as its Management Company and the Central Depository Company of Pakistan Limited (CDC) as its Trustee. The Fund has been registered as a Notified Entity on September 18, 2009 by the Securities and Exchange Commission of Pakistan (SECP) in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations). 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.

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

The Fund is categorised as "Money Market Scheme" as per the Circular 07 of 2009 issued by Securities and Exchange Commission of Pakistan (SECP) and the Fund primarily invests in Government securities, certificates of investment, certificates of deposits, term deposit receipts, commercial papers, reverse repo, etc. subject to the guidelines issued by SECP from time to time.

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

The Pakistan Credit Rating Agency Limited (PACRA) has maintained AA(f) (Fund Stability Rating) to the Fund on April 24, 2019 and (PACRA) has also maintained asset manager rating of the Company to AM2+ (stable outlook), on August 29, 2019 (2018: AM2+ as on February 27, 2019).

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, 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 certain investments that are stated at fair values.

These financial statements have been prepared following accrual basis of accounting except for cash flow information.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Fund's functional and presentation currency.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material judgment in the next year are as follows:

Classification and valuation of investments

For details please refer notes 4.1.1.1 and 21 to these financial statements.

Impairment of investment

For details please refer notes 4.1.1.2 to these financial statements.

Provision for taxation

For details please refer notes 4.6 and 17 to these financial statements.

Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - net

For details please refer notes 4.8 to these financial statements.

Workers' Welfare Fund

For details please refer note 12.1 to these financial statements.

Other assets

Judgment is involved in assessing the realisability of other assets balances.

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

3.1 Amendments that are effective in current year and relevant to the Fund

The Fund has adopted the amendments to the following approved accounting standards as applicable in Pakistan which became effective during the year from the dates mentioned below against the respective standard:

		Effective date (annual periods beginning on or after)
Conceptual Framework for Financial Reporting 2018 - Original Issue		March 01, 2018
IFRS 7	Financial Instruments : Disclosures - additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9	July 01, 2018
IFRS 9	Financial Instruments - reissue to incorporate a hedge accounting chapter and permit the early application of the requirements for presenting in other comprehensive income the 'own credit' gains or losses on financial liabilities designated under the fair value option without early applying the other requirements of IFRS 9	July 01, 2018
IFRS 9	Financial Instruments - finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition	July 01, 2018
IAS 39	Financial Instruments: Recognition and Measurements-amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception	July 01, 2018

3.2 Standards / Amendments that are effective in current year and not relevant to the Fund

The Fund has adopted the standards / amendments to the following approved accounting standards as applicable in Pakistan which became effective during the year from the dates mentioned below against the respective standard:

IFRS 2	Share-based Payment - amendments to clarify the classification and measurement of share-based payment transactions	January 01, 2018
IFRS 4	Insurance Contracts - amendments regarding the interaction of IFRS 4 and IFRS 9	January 01, 2018

		Effective date (annual periods beginning on or after)
IFRS 5	Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9	July 01, 2018
IFRS 8	Amendments regarding the interaction of IFRS 4 and IFRS 9	January 01, 2018
IFRS 15	Original issue	July 01, 2018
IFRS 15	Clarifications to IFRS 15	July 01, 2018
IAS 40	Investment Property - amendments to clarify transfers of property to, or from, investment property	January 01, 2018

Other than the amendments to standards mentioned above, there are certain annual improvements made to IFRS that became effective during the year:

Annual Improvements to IFRSs (2014 – 2016) Cycle:

IFRS 1	First-time Adoption of International Financial Reporting Standards	January 01, 2018
IAS 28	Investments in Associates and Joint Ventures	January 01, 2018

3.3 Amendments not yet effective

The following amendments to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard:

	Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38,IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update these pronouncements with regard to references to and quotes from the framework or to indicate where they refer to different version of the Conceptual Framework.	January 01, 2020
IFRS 3	Business Combinations - amendments to clarify the definition of a business	January 01, 2020
IFRS 8	Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 01, 2019
IFRS 9	Financial Instruments - amendments regarding prepayment features with negative compensation and modifications of financial liabilities negative compensation and modifications of financial liabilities.	January 01, 2019
IAS 1	Presentation of Financial Statements - amendments regarding the definition of materiality.	January 01, 2020

		Effective date (annual periods beginning on or after)
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - amendments regarding the definition of materiality.	January 01, 2020
IAS 19	Employee benefits - amendments regarding plan amendments, curtailments or settlements.	January 01, 2019
IAS 17	Amendments regarding plan amendments, curtailments or settlements.	January 01, 2019
IAS 28	Investments in Associates and Joint Ventures - amendments regarding long-term interests in associates and joint ventures.	January 01, 2019

The annual improvements to IFRSs that are effective from the dates mentioned below against respective standards:

Annual improvements to IFRSs (2015 – 2017) Cycle:

IFRS 3	Business Combinations	January 01, 2019
IFRS 11	Joint Arrangements	January 01, 2019
IAS 12	Income Taxes	January 01, 2019
IAS 23	Borrowing Costs	January 01, 2019

3.4 Standards or interpretations not yet effective

The following new standards have been issued by the International Accounting Standards Board (IASB), which have been adopted locally by the Securities and Exchange Commission of Pakistan effective from the dates mentioned against the respective standard:

IFRS 16	Leases	January 01, 2019

The Funds expects that the adoption of IFRS 16 will not have any material impact and therefore will not affect the Funds's financial statements in the period of initial application.

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 14	Regulatory Deferral Accounts
IFRS 17	Insurance Contracts

The Funds expects that the adoption of the other amendments and interpretations of the standards will not have any material impact and therefore will not affect the Fund's financial statements in the period of initial application.

4. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies have been consistently applied to all the periods presented in the preparation of these financial statements and are set out below:

4.1 Financial instruments

IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the Securities and Exchange Commission of Pakistan and is effective for reporting period / year ending on or after June 30, 2019.

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 details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

4.1.1 Financial assets

4.1.1.1 Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

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 on the principal amount outstanding.

A debt investment is measured at FVOCI 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 achieved by both collecting contractual cash flows and selling financial assets; and

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

On initial recognition of an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes 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 or FVOCI 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 or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

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 interest or dividend income, are recognised in profit or loss.
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 (see (ii) below). Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

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 each class of the Fund's financial assets as at July 1, 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
Letter of placement	(a)	Loans and receivables	Amortised cost	675,000,000	675,000,000
Bank balances	(a)	Loans and receivables	Amortised cost	5,121,706,902	5,121,706,902
Mark-up receivable	(a)	Loans and receivables	Amortised cost	33,477,996	33,477,996
				5,830,184,898	5,830,184,898

(a) Those financial assets which were classified as 'loans and receivables' have now been classified as amortised cost.

4.1.1.2 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.

SECP through its SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 have deferred the applicability of above impairment requirements in relation to debt securities for mutual funds. Meanwhile, asset management companies shall continue to follow the requirements of Circular 33 of 2012 dated October 24, 2012 in relation to impairment of debt securities.

Management Company assesses at each reporting date whether there is objective evidence that the Fund's financial assets or a group of financial assets are impaired. If any such indication exists, the recoverable amount of such assets is estimated. An impairment loss is recognised whenever the carrying value of an asset exceeds its recoverable amount.

For financial assets classified as 'at amortized cost', 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 provision against these amounts is made as per the provisioning policy duly formulated and approved by the Board of Directors of the Management Company in accordance with the requirements of the SECP.

4.1.1.3 Transition

The Fund has used the exemption not to restate comparative periods .Comparative periods have not generally been restated. Differences, if any, in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognised in net assets attributable to unit holders as at July 1, 2018. Accordingly, the comparative information does not reflect the requirements of IFRS 9, but rather those of IAS 39.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

- The determination of the business model within which a financial asset is held.

- The revocation of previous designations of certain financial assets as measured at FVTPL.

4.1.1.4 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.

4.1.2 Financial liabilities

The adoption of IFRS 9 has not had a significant effect on the Fund’s accounting policies related to financial liabilities.

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised 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.

4.1.3 Basis of valuation of investments

Fair value of the investments in Government securities comprising Market Treasury Bills and Pakistan Investment Bond are determined by reference to the quotations obtained from the PKRV rates notified by the Mutual Fund Association of Pakistan (MUFAP) as at the year end.

All regular way of purchases and sales of investments are recognised on the trade date i.e. the date the Fund commits to purchase / sell the investments.

Income accrued on Market Treasury Bills are included in the carrying value of investments.

4.2 Securities under resale / repurchase agreements

Transactions of purchase under resale (reverse-repo) of authorized investments are entered into at contracted rates for specified periods of time. Securities purchased with a corresponding commitment to resell at a specified future date (reverse-repos) are not recognised in the statement of assets and liabilities. Amounts paid under these agreements are included in receivable in respect of reverse repurchase transactions. The difference between purchase and resale price is treated as income from reverse repurchase transactions and accrued over the life of the reverse-repo agreement.

Transactions of sale under repurchase (repo) of authorized investments are entered into at contracted rates for specified periods of time. Securities sold with a simultaneous commitment to repurchase at specified future date (repos) continue to be recognised in the statement of assets and liabilities and are measured in accordance with accounting policies for investment securities. The counterparty liabilities for amounts received under these transactions are recorded as liabilities. The difference between sale and repurchase price is treated as borrowing charges and accrued over the life of the repo agreement.

4.3 Unit holders' fund

Unit holders' fund representing the units issued by the Fund, is carried at the redemption amount representing the investors' right to a residual interest in the Fund's assets.

4.4 Issue and redemption of units

Units are allocated at the offer price prevalent on the day on which applications for the purchase of units are received (however units are issued on realisation of cheques). The offer price represents the net assets value of units at end of the day plus the allowable sales load (if any). Units are redeemed at the redemption price prevalent on the day on which the applications for the redemption of units are received. The redemption price represents the net assets value at end of the day.

4.5 Net asset 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.

4.6 Taxation

The Fund is exempt from taxation on income under clause 99 of Part I to the Second Schedule of the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its income excluding realised and unrealised capital gain for the year is distributed amongst the unit holders.

4.7 Revenue recognition

- Gains / (losses) arising on sale of investments are included in the income on the date at which the transaction takes place.

- Unrealised gains / (losses) arising on revaluation of investments classified as held for trading are included in the income statement in the period in which they arise.

- Interest income on Government securities, reverse repurchase arrangements, certificates of investment, certificates of deposits, term deposit receipts, commercial paper, placements and bank deposits are recognised in the income statement at rate of return implicit in the instrument on time proportionate basis.

4.8 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net

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 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 guideline provided by MUFAP (MUFAP Guidelines consented upon by SECP) the refund of capital is made in the form of additional units at zero price. The income already paid on redemption of units during the year are taken separately in statement of movement in unitholders' fund.

4.9 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 amount and the Fund intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

4.10 Provisions

A provision is recognised in the balance sheet when the Fund has a present legal or constructive obligation as result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

4.11 Cash and cash equivalents

Cash and cash equivalents comprise balances with banks and short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried in the statement of assets and liabilities at nominal values.

4.12 Cash and bank balances

Cash and bank balances are carried at nominal value, except the foreign currency account balances which are translated into rupees at the rates of exchange approximating those prevailing at the balance sheet date.

4.13 Dividend (including bonus units)

Dividend (including bonus units) declared are recorded in the period in which they are approved.

4.14 Transactions with related parties / connected persons

Transactions with related parties / connected persons are based at arm's length at normal commercial rates on the same terms and conditions as applicable to third party transactions.

Remuneration to the Management Company and the Trustee is determined in accordance with the provision of NBFC Rules, NBFC Regulations and the Trust Deed respectively.

4.15 Other assets

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

5 BANK BALANCES	Note	2019	2018
		(Rupees)	
Cash at bank in :			
Local currency			
In profit and loss sharing accounts	5.1	**8,615,298,617**	5,121,699,428
In current accounts		**7,440**	7,474
		8,615,306,057	5,121,706,902

5.1 These represents profit and loss sharing account maintained with banks carrying mark-up rates ranging from 10.50% to 13.20% (June 30, 2018: 3.75% to 7.30%) per annum.

6 INVESTMENTS

	2019	2018
Amortised cost		
Certificate of Investments	**-**	675,000,000

6.1 Market Treasury Bills

	Note	Number of treasury bills: Number of holdings at beginning of the year	Acquired during the year	Disposed/ matured during the year	Number of holdings at the end of the year	Balance as at June 30, 2019: Carrying Value (Rupees)	Market value (Rupees)	Unrealized appreciation (Rupees)	Market value as percentage of net assets of the Fund	Market value as percentage of total investment
Government Securities										
3 Months Market Treasury Bills (face value of Rs. 100,000 each)		-	719,344	719,344	-	-	-	-	-	-
6 Months Market Treasury Bills (face value of Rs. 100,000 each)		-	3,900	3,900	-	-	-	-	-	-
				June 30, 2019		-	-	-	-	-
				June 30, 2018		-	-	-	-	-

6.2 Pakistan Investment Bonds - Fixed Rate

	Note	Number of Pakistan Investment Bonds: Number of holdings at beginning of the year	Acquired during the year	Disposed/ matured during the year	Number of holdings at the end of the year	Balance as at June 30, 2019: Carrying Value (Rupees)	Market value (Rupees)	Unrealized appreciation (Rupees)	Market value as percentage of net assets of the Fund	Market value as percentage of total investment
3 Years Pakistan Investment Bonds (Face value of Rs. 100,000 each)		-	10,000	10,000	-	-	-	-	-	-
				June 30, 2019		-	-	-	-	-
				June 30, 2018		-	-	-	-	-

7 MARKUP RECEIVABLE	2019	2018
	(Rupees)	
Considered good		
Markup / profit receivable on:		
Profit and loss sharing accounts	**64,023,028**	26,440,428
Certificate of Investments	-	7,037,568
	64,023,028	33,477,996

8. ADVANCE TAX

Income of the fund is exempt from taxation under Income Tax Ordinance, 2001. However, withholding tax of Rs. 9.793 million as of June 30, 2019 has been deducted by certain entities. Management is of the view that it is recoverable and shall be received from the taxation authorities.

9. PAYABLE TO THE MANAGEMENT COMPANY

	Note	2019	2018
		(Rupees)	
Remuneration payable to the Management Company	9.1	**7,648,998**	3,644,340
Sales tax payable on remuneration to the Management Company	9.2	**5,737,521**	5,216,915
Federal excise duty payable on remuneration to the Management Company	9.3	**30,977,910**	30,977,910
		44,364,429	39,839,165

9.1 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 one percent per annum of the average daily net assets of the Fund. Currently the Management Company is charging its remuneration at the rate of 7.5% of the gross earnings of the Fund, calculated on a daily basis. The fee is subject to a minimum of 0.5% and maximum of 1.00% of the average annual net assets of the Fund. The effective rate of charging of its remuneration for service rendered for the year ended June 2019 is 0.83% (June 30, 2018: 0.64%).

9.2 The Provincial Government of Sindh has levied Sindh Sales Tax at the rate of 13% on Management Company's remuneration. Above liability includes Sindh Sales Tax amounting to Rs. 4.743 million (June 30, 2018: Rs. 4.743 million) accrued on Federal Excise Duty (FED) on the management remuneration as more fully explained in note 9.3 below. Had the provision relating to FED not been retained, net asset value per unit of the Fund as at June 30, 2019 would have been higher by Re. 0.0554 (June 30, 2018: Re. 0.0868) per unit.

9.3 As per the requirements of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective from June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which 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 September 4,2013.

While disposing the above petition through order dated July 16, 2016, the SHC declared the said provisions to be ultra vires and as a result no FED is payable with effect from July 1, 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 June 30, 2016 aggregating to Rs. 30.978 million. Had the provision not been retained, net asset value per unit of the Fund as at June 30, 2019 would have been higher by Re. 0.36 (2018: Re. 0.57) per unit

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

10. 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.

Net assets ranging from Rs. 1 million to Rs. 1 billion

0.15% per annum of the daily average net assets of the Fund.

Net assets ranging between Rs. 1 billion to Rs. 10 billion

Rs. 1.5 million plus 0.075% per annum of the daily average net assets of the Fund exceeding Rs. 1 billion.

Exceeding Rs. 10 billion

Rs. 8.25 million plus 0.06% per annum of the daily average net assets of the Fund exceeding Rs. 10 billion.

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

This represents annual fee payable to Securities and Exchange Commission of Pakistan (SECP) in accordance with Regulation 62 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008. Currently, the Fund is required to pay annual fee to SECP at the rate of 0.075% of the average daily net assets of the Fund.

	Note	2019	2018
		(Rupees)	
12. ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration		**207,933**	234,626
Sindh Workers' Welfare Fund	12.1	**28,220,046**	12,188,827
Brokerage payable		**199,223**	12,954
Withholding tax		**652,033**	997,102
Rating fee payable		-	119,262
Others			105,083
		29,279,235	13,657,854

12.1 Sindh Workers' Welfare Fund

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 January 12, 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 December 31, 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 July 1, 2014). Total provision for SWWF till June 30, 2019 is Rs. 28.220 million (June 30, 2018 : Rs. 12.189 million). Had the provision for SWWF not been recorded in the financial statements of the Fund, the net asset value of the Fund as at June 30, 2019 would have been higher by Re 0.33 / 0.33% per unit (June 30, 2018: Re 0.22 / 0.22% per unit).

Furthermore on November 10, 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 High Court of Sindh (HCS), 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 HCS. 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 HCS or lower appellate forums will now be disposed of in light of the earlier judgement of the SCP.

Based on the above facts and on the recommendation of MUFAP, the entire provision of Rs. 53.035 million against WWF held by the CIS till June 30, 2015, was reversed on January 12, 2017.

13. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30, 2019 except as disclosed in note 18 (2018: nil) to the financial statements.

	Note	2019	2018
		(Number of units)	
14. NUMBER OF UNITS IN ISSUE			
Units in issue at beginning of the year		**54,663,202**	46,721,150
Units issued during the year		**171,667,590**	58,097,377
Units redeemed during the year		**(140,698,268)**	(50,155,325)
Units in issue at the end of the year		**85,632,524**	54,663,202

Face value of the unit is Rs. 100 each.

15. MARK-UP INCOME

	2019	2018
Mark-up / return on financial assets comprises of:		
Letters of Placements	**112,271,643**	2,761,480
Certificates of Investments	**2,624,178**	25,991,746
Profit and loss sharing account	**467,089,852**	153,986,623
Term Deposits Receipts with banks	-	3,671,233
Market Treasury Bills	**325,048,685**	211,808,759
Pakistan Investment Bonds	**9,026,741**	-
	916,061,099	398,219,841

16. AUDITORS' REMUNERATION

	2019	2018
Annual audit fee	**178,200**	165,000
Fee for half yearly review	**81,000**	81,000
Other services	-	16,200
Out of pocket expenses	**34,808**	59,226
	294,008	321,426

17. TAXATION

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

17.2 A new section 4B has been introduced in the Income Tax Ordinance, 2001 vide the Finance Act, 2015, according to which super tax has been imposed for Tax Year 2015 on the income of individuals, association of persons and companies who are earning income of Rs. 500 million or above in Tax Year 2015. Super Tax shall be charged at the rate of 3% for person other than banking companies.

During the year ended June 30, 2017, the Management Company has received an order under the aforementioned section for recovery of super tax not paid with return of income in respect of the Fund for the Tax Year 2015. The Deputy Commissioner considered that the Fund was required to pay super tax as the income of the Fund was more than Rs. 500 million and raised a demand of Rs. 18.819 million in this respect.

The Management Company has filed an appeal before Commissioner Appeals (Inland Revenue) against the order which has been decided in favor of the Company whereby super tax demand has been deleted. The department has filed an appeal against the decision at the Appellate Tribunal which is pending adjudication and no provision has been made for super tax in the financial statement for the year ended June 30, 2019.

17.3 During current period, the Fund has received an order for Tax Year 2016 whereby demand amounting to Rs. 24 million has been created mainly on account that the Fund has made less than 90% distribution out of its distributable profit due to misinterpretation of the facts of the case. The Fund has filed the appeal against the said order to CIT (Appeals) and based on the opinion of the lawyer is positive that the case will be decided in Fund's favor. Hence, no provision has been in the financial statements for the year ended June 30, 2019.

18. TRANSACTIONS AND BALANCES WITH RELATED PARTIES / CONNECTED PERSONS

Related parties / connected persons include Lakson Investments Limited being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the Trustee of the Fund, SIZA Services (Private) Limited being the holding company of the Management Company, associated companies of the Management Company, key management personnel, other funds being managed by the Management Company, staff retirement benefits of related parties and other entities having holding more than 10% in the units of the Fund as at June 30, 2019.

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

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

		Note	2019	2018
			(Rupees)	
18.1	**Balance as at year end**			
	Lakson Investments Limited - Management Company			
	Remuneration payable	9.1	**7,648,998**	3,644,340
	Sindh Sales Tax and Federal Excise Duty on remuneration to Management Company	9.2 & 9.3	**36,715,431**	36,194,825
	Central Depository Company of Pakistan Limited - Trustee of the Fund			
	Remuneration payable	10	**734,675**	504,229

18.2 Unit Holders' Fund

	For the Year ended June 30, 2019									
	Number of Units					Rupees				
	Number of Units as at July 01, 2018	Units issued during the year	Refund / Adjustment of units as element of income	Units redeemed during the year	Number of units as at June 30, 2019	Balance as at July 01, 2018	Units issued during the year	Refund / Adjustment of units as element of income	Units redeemed during the year	Balance as at June 30, 2018 (Investment at current NAV)
Lakson Investments Limited - Management Company	2,036,870	4,963,863	300,701	4,794,608	2,506,825	215,143,562	519,469,060	-	501,211,900	251,997,558
Directors, Chief Executive and their spouse and minors	8,890,912	980,205	4,054	2,666,124	7,209,047	939,099,038	98,524,536	-	265,000,000	724,686,518
Key management personnel, employees and connected persons of the Management Company	37,288	35,087	718	43,945	29,148	3,938,530	3,633,217	-	4,624,788	2,930,091
Holding company / associated companies / undertakings of the Management Company										
SIZA Services (Private) Limited (Holding Company of the Management Company)	294,139	5,290,828	135,716	2,570,785	3,149,897	31,068,279	548,429,882	-	266,087,082	316,642,139
SIZA (Private) Limited	963,577	13,445,589	255,627	11,814,823	2,849,970	101,777,414	1,396,197,330	-	1,230,668,203	286,492,064
Hasanali & Gulbanoo Lakhani Foundation	487,907	119,698	6,678	47,975	566,308	51,534,982	12,070,620	-	5,000,000	56,927,847
Premier Fashions (Private) Limited	1,748,182	2,628,685	67,446	4,301,976	142,337	184,650,981	272,263,391	-	444,418,852	14,308,360
Lakson Power Limited	3,681	425	-	242	3,864	395,564	42,636	-	24,967	388,427
Colgate Palmolive (Pakistan) Limited	-	26,721,875	682,235	2,880,807	24,523,303	-	2,758,567,830	-	300,000,000	2,465,195,264
SIZA Commodities (Private) Limited	2,079,234	1,546,510	107,962	1,029,984	2,703,722	219,618,264	159,392,287	-	104,600,000	271,790,541
Baluchistan Polyproducts (Private) Limited	14,279	246	661	13,440	1,746	1,508,183	24,763	-	1,400,000	175,550
Accuray Surgical Limited	106,682	61,505	4,137	-	172,324	11,268,244	6,293,382	-	-	17,322,771
Express Publications Private Limited	-	445,829	2,887	330,599	118,116	-	45,768,871	-	35,500,000	11,873,609
Book ME Tickets Private Limited	-	201,890	120	-	202,010	-	20,287,945	-	-	20,306,974
Connected person due to holding more than 10% units										
Bashir Dawood	9,886,216	366,438	92,575	-	-	1,044,227,660	36,801,290	-	-	-
Millat Tractors Limited	4,886,438	-	-	-	-	516,128,059	-	-	-	-
Fauji Fertilizer Company Limited	-	27,576,479	630,593	10,708,031	17,499,041	-	2,855,324,554	-	1,119,000,000	1,759,084,130
Mobilink Microfinance Bank Limited	7,105,550	141,895	200,597	-	-	750,520,837	14,250,483	-	-	-

	For the Year ended June 30, 2018									
	------------ Number of Units ------------					------------ Rupees ------------				
	Number of Units as at July 01, 2017	Units issued during the year	Bonus units issued during the period	Units redeemed during the year	Number of units as at June 30, 2018	Balance as at July 01, 2017	Units issued during the year	Bonus units issued during the period	Units redeemed during the year	Balance as at June 30, 2018 (Investment at current NAV)
Lakson Investments Limited - Management Company	2,399,997	2,369,625	-	2,732,752	2,036,870	240,388,500	250,068,465	-	288,515,003	215,143,562
Directors, Chief Executive and their spouse and minors	9,764,826	42,894	-	1,964,961	7,842,759	978,064,502	4,500,037	-	202,677,781	828,388,277
Key management personnel, employees and connected persons of the Management Company	705,291	19,621	-	19,601	705,311	70,643,393	-	-	2,037,796	74,498,203
Holding company / associated companies / undertakings of the Management Company										
SIZA Services (Private) Limited (Holding Company of the Management Company)	1,692,598	1,962,200	-	3,360,660	294,139	169,534,001	204,000,000	-	350,000,000	31,068,279
SIZA (Private) Limited	3,799,996	963,577	-	3,799,996	963,577	380,615,199	100,000,000	-	385,164,403	101,777,414
Hasanali & Gulbanoo Lakhani Foundation	535,277	12,782,597	-	240,373	13,077,501	60,885,675	19,985,000	-	25,000,000	1,381,305.763
Premier Fashions (Private) Limited	820,692	1,963,229	-	1,035,740	1,748,182	82,202,152	203,002,536	-	106,500,000	184,650,981
Colgate Palmolive (Pakistan) Limited	4,999,994	1,971,747	-	6,971,741	-	500,809,399	200,000,000	-	726,012,097	-
Clover Pakistan Limited	189,142	14	-	189,156	-	18,944,841	800,000	-	19,097,796	-
Lakson Power Limited	4,326	-	-	-	3,801	433,301	12,031	-	55,000	413,999
SIZA Commodities (Private) Limited	1,521,253	3,108,504	-	2,550,523	2,079,234	152,371,743	321,611,176	-	268,000,000	219,618,264
Baluchistan Polyproducts (Private) Limited	34,407	14,288	-	34,416	14,279	3,062,053	1,500,905	-	3,549,246	1,508,183
Accuray Surgical Limited	-	106,682	-	-	106,682	-	11,000,000	-	-	11,268,244
Connected person due to holding more than 10% units										
Bashir Dawood	-	9,886,216	-	-	9,886,216	-	1,000,000,000	-	-	1,044,227,660
Millat Tractors Limited	4,886,094	344	-	-	4,886,438	25,375,943	-	-	-	516,128,059
Mobilink Microfinance Bank Limited	-	2,408,295	-	166,426	7,105,550	-	250,000,000	-	17,566,447	750,520,837

18.3	Transactions during the year	Note	2019	2018
			(Rupees)	
	Lakson Investments Limited - Management Company			
	Remuneration to the Management Company	9.1	**71,565,407**	39,972,765
	Sindh Sales Tax on remuneration to the Management Company	9.2	**9,303,503**	5,196,459
	Dividend paid during the year		**19,992,392**	-
	Central Depository Company of Pakistan Limited - Trustee of the Fund			
	Remuneration to the Trustee		**8,281,382**	6,178,292
	Directors, Chief Executive and their spouse and minors			
	Dividend paid during the year		**100,714,822**	-
	Key management personnel, employees persons of the Management Company and connected			
	Dividend paid during the year		**492,278**	-
	SIZA (Private) Limited			
	Dividend paid during the year		**24,309,838**	-
	SIZA Services (Private) Limited			
	Dividend paid during the year		**26,137,403**	-
	Hasanali & Gulbanoo Lakhani Foundation			
	Dividend paid during the year		**6,028,623**	-
	Lakson Power Limited			
	Dividend paid during the year		**50,161**	-
	SIZA Commodities (Private) Limited			
	Dividend paid during the year		**25,708,005**	-
	Baluchistan Polyproducts (Private) Limited			
	Dividend paid during the year		**28,952**	-
	Millat Tractors Limited			
	Dividend paid during the year		**25,278,869**	-
	Bashir Dawood			
	Dividend paid during the year		**42,058,412**	-
	Accuray Surgicals Limited			
	Dividend paid during the year		**1,638,050**	-

	Note	2019	2018
		(Rupees)	
Colgate Palmolive (Pakistan) Limited			
Dividend paid during the year		**196,243,623**	-
Fauji Fertilizer Company Limited			
Dividend paid during the year		**157,829,877**	-
Express Publications (Private) Limited			
Dividend paid during the year		**945,641**	-
Book ME Tickets (Private) Limited			
Dividend paid during the year		**170,066**	-
Premier Fashions (Private) Limited			
Dividend paid during the year		**1,189,172**	-

19. FINANCIAL RISK MANAGEMENT

Introduction and overview

The Fund has exposure to following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk
- Operational Risk

This disclosure presents information about the Fund's exposure to each of the above risks, the Fund's objectives, policies and processes for measuring and managing risk, and the Fund's management of capital.

Risk management framework

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up based on limits established by the Management Company, Fund's constitutive documents and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund.

19.1 Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. At the year-end it arises principally from bank balances and mark-up / return recoverable, etc.

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 and guidelines given by SECP from time to time.

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 minimise the risk of default.

- Analysing 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 minimum long term credit rating of AA.

Exposure to credit risk

In summary, compared to the maximum amount included in Statement of Assets and Liabilities, the maximum exposure to credit risk at year end was as follows:

		June 30, 2019		June 30, 2018	
		Statement of Assets and Liabilities	**Maximum exposure**	Statement of Assets and Liabilities	Maximum exposure
	Note	**---------- (Rupees) ----------**		---------- (Rupees) ----------	
Bank balances including profit receivables	5 & 7	8,679,329,085	8,679,329,085	5,148,147,330	5,148,147,330
Investments including profit receivables	6 & 7	-	-	682,037,568	682,037,568
		8,679,329,085	8,679,329,085	5,830,184,898	5,830,184,898

Past due / impaired assets

None of the financial assets of the Fund are past due or impaired as at year end.

Credit ratings and Collaterals

Credit risk arising from bank balances is mitigated through deposit held with banks which are rated AA or above. The Fund is required to follow the guidelines / restrictions imposed in its offering document and the SECP in respect of the minimum ratings prior to any investment.

Details of the credit ratings (entitles' credit rating) of investments, (other than Government securities) and bank balances including term deposits receipts as at year end are as follows:

Ratings	**2019**	2018
	(Percentage)	
AAA	**74.66**	99.80
AA+	**24.93**	0.20
AA	**0.41**	0.00
Total	**100.00**	100.00

Above ratings are on the basis of available ratings assigned by PACRA and VIS (Formerly: JCR-VIS) on year end dates. The bank balances are unsecured.

Concentration of credit risk

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

Around 0% (2018: 0%) of the Fund's financial assets are in Government securities which are not exposed to the credit risk, while the remaining portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk. The Fund's concentration of credit risk of financial assets by industrial distribution are with Commercial banks and Investment Finance Company.

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

	2019		2018	
	(**Rupees)**	**(%)**	(Rupees)	(%)
Commercial banks	8,679,329,085	100.00%	5,184,147,330	100.00%
	8,679,329,085	100.00%	5,184,147,330	100.00%

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.

19.2 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Fund.

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 Government securities, marketable debt securities and other financial instruments having remaining maturity less than 6 months, 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 Fund has the ability to borrow, with prior approval of trustee, for meeting redemption requests. The maximum amount available to the Fund from borrowings is limited to the extent of 15% of total assets at the time of borrowing with repayment with in 90 days of such borrowings. No such borrowings were made during the year.

In order to manage the Fund's overall liquidity, the Fund also has the option to withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests 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. However, during the year no such option was exercised or considered necessary.

Maturity analysis for financial liabilities

The table below analyses the Fund's liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	June 30, 2019		
Financial liabilities	**Less than 3 months**	**3 to 12 months**	**Total**
	------------ (Rupees) ------------		
Non-derivative liabilities			
Payable to the Management Company	44,364,429	-	44,364,429
Remuneration payable to the Trustee	734,675	-	734,675
Accrued expenses and other liabilities	407,156	-	407,156
	45,506,260	-	45,506,260

	June 30, 2018		
Financial liabilities	**Less than 3 months**	**3 to 12 months**	**Total**
	------------ (Rupees) ------------		
Non-derivative liabilities			
Payable to the Management Company	39,839,165	-	39,839,165
Remuneration payable to the Trustee	504,229	-	504,229
Accrued expenses and other liabilities	471,925	-	471,925
	40,815,319	-	40,815,319

Above financial liabilities do not carry any mark-up.

19.3 Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will effect the Fund's income or the fair 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 on risk.

Management of market risks

The Management Company 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.

Market risk comprise of three types of risk: interest rate risk, currency risk and other price risk.

19.3.1 Interest rate risk

19.3.1.1 Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Currently the Funds interest rate exposure arises on investment in Government Securities, Term Deposits with banks, bank balances in profit and loss sharing accounts and placement with and certificate of investments of financial institutions. Currently all of the Fund's investment carry fixed interest rates. The Management Company monitors the interest rate environment on a regular basis and may change the mix of its portfolio to enhance the earning potential of the Fund subject to the above defined guidelines. Other risk management procedures are the same as those mentioned in the credit risk management.

19.3.1.2 Details of the interest rate profile of the Fund's interest bearing financial assets were as follows:

		2019	2018
Fixed rate instruments	**Note**	**(Rupees)**	
Financial assets			
Certificate of Investment		-	675,000,000
Bank balances	5.1	8,615,298,617	5,121,699,428
		8,615,298,617	5,796,699,428

None of the financial liabilities carry any interest rate. In addition, none of the financial assets bear variable interest rate.

Fair value sensitivity analysis for fixed rate instruments

No financial assets are carried at fair value through profit and loss. Therefore a change in interest rate during the year would not effect the income statement and unit holder's fund.

19.3.1.3 A summary of the Fund's interest rate gap position, categorised by the earlier of contractual re-pricing or maturity date is as follows:

June 30, 2019	**Mark-up/ profit rate (%)**	**Less than one month**	**One to three month**	**More than three months & upto one year**	**Total**
		(Rupees)			
Financial assets					
Bank balances	10.25 to 13.20	**8,615,298,617**	-	-	**8,615,298,617**
Investments		-	-	-	-
Markup receivable		**64,023,028**	-	-	**64,023,028**
Total assets		**8,679,321,645**	-	-	**8,679,321,645**
June 30, 2018					
Financial assets					
Bank balances	3.75 to 7.30	5,121,699,428	675,000,000	-	5,796,699,428
Investments		-	-	-	-
Markup receivable		33,477,996	-	-	33,477,996
Total assets		5,155,177,424	675,000,000	-	5,830,177,424

None of the Fund's financial liability is exposed to interest rate risk.

19.3.2 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, at present, is not exposed to currency risk as all transactions are carried out in Pak Rupees.

19.3.3 Other price risk

Other price risk is the risk that the fair value of financial instrument will fluctuate as a result of change in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or factors affecting all instruments traded in the market. The Fund is not exposed to other price risk.

19.4 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.

19.5 Unit Holders' Fund risk management

Management's objective when managing unit holders' funds is to safeguard the Fund's ability to continue as a going concern so that it can continue to provide optimum returns to its unit holders and to ensure reasonable safety of unit holders' funds.

The Fund manages its investment portfolio and other assets by monitoring return on net assets and makes adjustments to it in the light of changes in markets' conditions. The capital structure depends on the issuance and redemption of units and with effect from July 1, 2012, the Fund is subject to maintain minimum fund size of Rs. 100 million at all times.

19.6 Financial instruments by category

	----------------- As at June 30, 2019 -----------------		
	Authorized coast	**Financial assets at fair value through profit or loss**	**Total**
	------------------- (Rupees) -------------------		
Assets			
Bank balances	**8,615,306,057**	**-**	**8,615,306,057**
Investments	**-**	**-**	**-**
Markup receivable	**64,023,028**	**-**	**64,023,028**
	8,679,329,085	**-**	**8,679,329,085**

	----- As at June 30, 2019 -----		
	Liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Total
	----- (Rupees) -----		
Liabilities			
Payable to the Management Company	-	**7,648,998**	**7,648,998**
Remuneration payable to the Trustee	-	**651,294**	**651,294**
Accrued expenses and other liabilities	-	**407,156**	**407,156**
	-	**8,707,448**	**8,707,448**

	----- As at June 30, 2018 -----		
	Loans and receivables	Financial assets at fair value through profit or loss	Total
	----- (Rupees) -----		
Assets			
Bank balances	5,121,706,902	-	5,121,706,902
Investments	675,000,000	-	675,000,000
Markup receivable	33,477,996	-	33,477,996
	5,830,184,898	-	5,830,184,898

	----- As at June 30, 2018 -----		
	Liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Total
	----- (Rupees) -----		
Liabilities			
Payable to the Management Company	-	3,644,340	3,644,340
Remuneration payable to the Trustee	-	504,229	504,229
Accrued expenses and other liabilities	-	471,925	471,925
	-	4,620,494	4,620,494

20 TOTAL EXPENSE RATIO (TER)

As per the SECP circular vide direction no. 23 dated July 20, 2016 and as referred in Regulations 60(5) the Non-Banking Finance Companies and Notified Entities Regulations, 2008, Total Expense Ratio (TER) calculated inclusive of Sindh Sales Tax and SECP fee is 1.27% as of June 30, 2019 and this includes 0.38% representing Sindh Sales tax and SECP fee.

21 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. The Fund's accounting policy on fair value measurements of the investments is discussed in note 4.1 to these financial statements.

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 (level 1);

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and

- Inputs for the assets or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

		June 2019						
		Carrying amount			Fair Value			
On-balance sheet financial instruments		Fair value through profit and loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
		---------- (Rupees) ----------						
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investments	6	-	-	-	-	-	-	-
		-	-	-	-	-	-	-
Financial assets not measured at fair value	21.1							
Bank balances		-	8,615,306,057	8,615,306,057	-	-	-	-
Certificate of Investment		-	-	-				
Markup receivable		-	64,023,028	64,023,028	-	-	-	-
		-	8,679,329,085	8,679,329,085	-	-	-	-
Financial liabilities not measured at fair value	21.1							
Payable to the Management Company		-	7,648,998	7,648,998	-	-	-	-
Payable to the Trustee		-	651,294	651,294	-	-	-	-
Accrued expenses and other liabilities		-	407,156	407,156				
		-	8,707,448	8,707,448	-	-	-	-

		June 2018							
		Carrying amount				Fair Value			
		Fair value through profit and loss	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		---------- (Rupees) ----------							
On-balance sheet financial instruments									
Financial assets measured at fair value									
Investments	6	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
Financial assets not measured at fair value	21.1								
Bank balances		-	5,121,706,902	-	5,121,706,902	-	-	-	-
Markup receivable		-	33,477,996	-	33,477,996	-	-	-	-
		-	5,155,184,898	-	5,155,184,898	-	-	-	-
Financial liabilities not measured at fair value	21.1								
Payable to the Management Company		-	-	3,644,340	3,644,340	-	-	-	-
Payable to the Trustee		-	-	504,229	504,229	-	-	-	-
Accrued expenses and other liabilities		-	-	471,925	471,925	-	-	-	-
		-	-	4,620,494	4,620,494	-	-	-	-

21.1 The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or reprice periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

Valuation techniques

For level 2 investments at fair value through profit or loss - held for trading investment in respect of Treasury Bills Fund uses rates derived from PKRV rates at reporting date per certificates multiplied by the number of certificates held .

Transfers during the year

During the year ended June 30, 2019, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 financial instruments.

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 Investors	Investment amount (Rupees)	% of total net assets
Individuals	58	889,606,102	10.33
Associated Companies and Directors	24	4,171,254,003	48.46
Insurance Companies	2	27,288,006	0.32
NBFC (Management Company)	1	251,997,580	2.93
Retirement Funds	6	22,265,093	0.26
Corporate	13	3,245,756,781	37.71
	104	8,608,167,565	100.00

	June 30, 2018		
Category	No of Investors	Investment amount (Rupees)	% of total net assets
Individuals	49	1,163,395,354	20.15
Associated Companies and Directors	20	1,334,107,562	23.11
Insurance Companies	2	25,597,694	0.44
Banks	1	750,520,837	13.00
NBFC (Management Company)	1	215,143,625	3.73
Retirement Funds	5	101,049,887	1.75
Others	12	2,183,964,147	37.83
	90	5,773,779,106	100.00

22.2 List of brokers by percentage of commission paid

	(Percentage %)	
Name of broker	**2019**	2018
- Invest & Finance Securities Limited	2.43	48.80
- Continental Exchange Limited	0.24	27.59
- Vector Capital (Private) Limited	18.08	-
- Magenta Capital (Private) Limited	56.82	17.68
- Invest One Market Limited	22.19	-
- Next Capital Limited	0.24	5.64
- Arif Habib Limited	-	0.29

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, CFA
- Mr. Hassan Bin Nasir (Fund Manager)
- Mr. Uzair Nasir
- Mr. Junaid Arshad

Mr. Babar Ali Lakhani - Chief Executive Officer

Mr. Babar Lakhani has over 19 years of investment and portfolio management experience in domestic and international equity and fixed income markets. Babar most recently served as the CIO of Century Insurance, a Public Limited company listed on the Karachi Stock Exchange of Pakistan. His first positions were as an Investment Associate at High Street Advisors and a Research Analyst at Credit Suisse Equity Group. Babar brings extensive investment experience, globally practiced portfolio management discipline, and a comprehensive understanding of the global asset management industry to Lakson Investments Limited. He received his BA in Finance from Bentley College, and his MBA from Brandeis University. Babar is a member of the Global Association of Risk Professionals (GARP), the Society of Financial Service Professionals and the Young Presidents' Organisation (YPO Pakistan and YPO Emirates). He is also a member of the Alumni Trustee Committee of Brandeis University and is the school’s representative in Pakistan.

Mr. Lakhani’s passions include philanthropy, competing in triathlons and marathons, spending time with his family, trying to stay abreast of new Technology (AI, IOT, Machine Learning, Disruptiveness), reading and film

Mr. Kashif Mustafa- Executive Director & COO

Mr. Mustafa joined the Company in 2011. He is part of the core team at Lakson Investments and serving as the Executive Director and Chief Operating Officer. He serves as a member of the Investment Committee for public and private equity. He also overseas the countrywide Business Operations. During his tenure, the firm has emerged as a key preferred choice in the discretionary investment advisory management for the UHNIs and family offices mainly. Mr. Mustafa has also played a crucial role with the Regulator in establishing first ever Private Funds’ Regulations in Pakistan and as part of the Lakson Private Equity team has successfully launched the first Lakson Private Equity Fund.

Mr. Mustafa has over twelve years of successful experience of working in leading financial institutions in different key roles. His core specialized areas include Mutual Funds, Investment Advisory, Private Equity, Family Governance Structuring, Economic Research, Financial Analysis and lead Negotiation/Business Development.

Prior to joining 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 media for discussion on the financial, economy, regulatory and political issues.

Mr. Mustafa holds a Master’s degree in Wealth Management from Singapore Management University which is a partnership program with Yale School of Management, USA and St. Gallen University, Switzerland. His second Master’s is in Economics, and graduation in Mathematics. He is Certified- Institute of Banking & Finance (Advanced), Singapore. His multiple certifications include, Alternative Investments from Yale SOM and Preserving Wealth for Generations from St. Gallen, SL. He is an alumnus from Wealth Management Institute-NTU, Singapore.

Mr. Mustafa O. Pasha, CFA – Head of Investment

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 Limited 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 managing the following funds:

1. Lakson Equity Fund
2. Lakson Tactical Fund
3. Lakson Islamic Tactical Fund

Mr. Muhammad Shahbaz Ashraf, CFA –Chief Investment Professional

Mr. Ashraf has approximately eleven years of experience, primarily in Research. Prior to joining Lakson Investments Limited, he was associated with Askari Investment Management, Foundation Securities Limited and Taurus Securities Limited. 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 – VP - Fixed Income

Mr. Bin Nasir has over nine 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 also managing the following funds:

1. Lakson Income Fund
2. Lakson Asset Allocation Developed Market Fund

Mr. Uzair Nasir– Risk Management Professional

Mr. Uzair Nasir is a risk management professional at Lakson Investments Limited. 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. He likes travelling, music & reading books.

Mr. Junaid Arshad – Manager Compliance

Mr. Junaid Arshad an ACCA member, having over eight 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 and 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.

22.4 Directors meeting attendance

Information in respect of attendance by Directors in the meeting is given below:

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

PACRA Rating	Management Quality Rating	Stability Rating
Lakson Investments Limited (Management Company)	AM2+	-
Lakson Money Market Fund	-	AA(f)

23. DATE OF AUTHORIZATION FOR ISSUE

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

24. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and for better presentation. However, no significant reclassification has been made during the year.

25. GENERAL

Figures have been rounded off to the nearest rupee unless otherwise stated.

For Lakson Investments Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

Performance Table	FY19	FY18	FY17	FY16	FY15	FY14
Net Assets - Beginning (PKR Mil.)	5,774	4,680	5,297	4,209	7,490	10,423
Net Assets - Ending (PKR Mil.)	8,608	5,774	4,680	5,297	4,209	7,490
Net Asset value per share	100.5246	105.6246	100.1620	100.1430	100.2271	100.1170
Selling Price for units	100.5246	105.6246	100.1620	100.1430	100.2271	100.1170
Repurchase Price for units	100.5246	105.6246	100.1620	100.1430	100.2271	100.1170
Highest Offer Price (PKR)	108.1381	105.6246	106.3721	105.6989	108.3718	101.1451
Lowest Offer Price (PKR)	100.4299	100.1776	100.0001	100.0257	100.1206	100.0039
Highest Redemption Price (PKR)	108.1381	105.6246	106.3721	105.6989	108.3718	101.1451
Lowest Redemption Price (PKR)	100.4299	100.1776	100.0001	100.0257	100.1206	100.0039
Beginning NAV - Ex-Div. (PKR)	100.4299	100.1620	100.1430	100.2599	108.5450	100.0029
Interim Distributions (PKR)	8.5627	Nil	6.7764	5.7016	8.4431	6.875
Final Distribution (PKR)	Nil	5.1947	-	-	-	0.6561
Ending NAV - Ex-Div. (PKR)	100.5246	100.4299	100.0001	100.0095	100.1019	100.0001
Return	8.69%	5.45%	6.80%	5.60%	8.57%	7.90%
Net Income (PKR Mil.)	463	212	79	66	119	594
Total Distribution	454	202	79	68	118	659
Accumulated Capital Growth	26	17	7	7	9	8
WAM (Days)	1	4	1	15	58	34
Average Annual return of the Fund						
One Year	8.69%	5.45%	5.72%	5.60%	8.57%	7.92%
Two year	7.31%	6.31%	6.39%	7.32%	8.07%	8.69%
Three year	7.47%	6.31%	7.47%	7.70%	8.51%	10.17%
Since inception	11.22%	10.59%	10.68%	10.55%	10.83%	11.07%

Distributions	FY19	FY18	FY17	FY16	FY15	FY14
1st Interim Distribution	7.7082	Nil	6.7764	5.7016	8.4431	0.5783
NAV before Distribution	108.1381	Nil	106.7765	105.7111	108.5450	100.5903
NAV after Distribution	100.4299	Nil	100.0001	100.0095	100.1019	100.0120
Distribution Date	31-May-19	Nil	20-Jun-17	21-Jun-16	22-Jun-15	29-Jul-13
2nd Interim Distribution	0.8545					0.5565
NAV before Distribution	101.2844					100.5658
NAV after Distribution	100.4299					100.0093
Distribution Date	27-Jun-19					28-Aug-13
3rd Interim Distribution						0.5197
NAV before Distribution						100.5235
NAV after Distribution						100.0038
Distribution Date						25-Sep-13
4th Interim Distribution						0.5414
NAV before Distribution						100.5454
NAV after Distribution						100.0040
Distribution Date						23-Oct-13
5th Interim Distribution						0.6546
NAV before Distribution						100.6586
NAV after Distribution						100.0040
Distribution Date						26-Nov-13
6th Interim Distribution						0.6039
NAV before Distribution						100.6134
NAV after Distribution						100.0095
Distribution Date						25-Dec-13
7th Interim Distribution						0.7497
NAV before Distribution						100.7535
NAV after Distribution						100.0038
Distribution Date						28-Jan-14
8th Interim Distribution						0.6397
NAV before Distribution						100.6510
NAV after Distribution						100.0113
Distribution Date						25-Feb-14
9th Interim Distribution						0.6040
NAV before Distribution						100.6079
NAV after Distribution						100.0039
Distribution Date						25-Mar-14
10th Interim Distribution						0.6549
NAV before Distribution						100.6588
NAV after Distribution						100.0039
Distribution Date						23-Apr-14
11th Interim Distribution						0.7725
NAV before Distribution						100.7764
NAV after Distribution						100.0039
Distribution Date						27-May-14
12th Interim Distribution						0.6561
Final Distribution	Nil	5.1947				-
NAV before Distribution	Nil	105.6246				100.6562
NAV after Distribution	Nil	100.4299				100.0001
Distribution Date	Nil	03-Jul-18				24-Jun-14

Disclaimer

Past performance is not Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

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