LAKSON ASSET ALLOCATION DEVELOPED MARKETS FUND

Quarterly Report (September 30, 2019)

LAKSON INVESTMENTS

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Fund's Information

Management Company	Lakson Investments Limited Head Office Lakson Square, Building No.2, Sarwar Shaheed Road, Karachi-74200, Pakistan. Phone: (9221) 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 Ms. Gaite Ali Ms. Kathleen Kennedy Townsend
Chief Financial Officer & Company Secretary of the Management Company	Mr. Salman Shafiq Hashmi
Audit Committee	Mr. Jacques John Visser - Chairman Mr. Amin Mohammed Lakhani Mr. Iqbal Ali Lakhani Mr. Jamil Ahmed Mughal
Human Resource and Remuneration Committee	Ms. Gaite Ali - Chairman Mr. Babar Ali Lakhani Mr. Iqbal Ali Lakhani
Trustee	Central Depository Company of Pakistan Limited CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahra-e-Faisal, Karachi, Pakistan.
Auditors	KPMG Taseer Hadi & Co. Chartered Accountants Sheikh Sultan Trust Building No.2, Beaumont Road, Karachi - 75530, Pakistan

Bankers to the Fund	Allied Bank Limited Bank Alfalah Limited Habib Bank Limited Habib Metropolitan Bank Limited Habib Bank AG Zurich National Bank of Pakistan United Bank Limited
Legal Adviser	Fazleghani Advocates F-72/I, Block 8, KDA-5, Kehkashan, Clifton, Karachi, Pakistan.
Registrar	Lakson Investments Limited Lakson Square Building No.2, Sarwar Shaheed Road, Karachi-74200, Pakistan
Distributor	Rabia Fida BMA Capital Management Limited
Rating	5-Star (One Year) 5-Star (Three Years) 5-Star (Five Years) Fund Performance Ranking AM2+ : Asset Manager Rating by PACRA

Review Report of the Directors of the Management Company
For the quarter ended September 30, 2019

The Board of Directors of Lakson Investments Limited, the Management Company of the Lakson Asset Allocation Developed Markets Fund ("LAADMF") is pleased to submit its review report together with Condensed Interim Financial Information for the period ended September 30, 2019

Fund Objective

The investment objective of the Fund is to provide long-term capital appreciation by investing in a mix of domestic debt and Developed Markets Securities.

Principal activities

LAADMF is an open-end asset allocation scheme and is listed on Pakistan Stock Exchange Limited. The Scheme is managed using an active investment management style which focuses on an analysis of the macro factors such as government policies, global economic data, commodities prices and supply/demand dynamics. The Scheme switches exposure between the domestic Government Securities and the Developed Markets securities based on the outlook of the Investments Team of the performance of the Developed Markets. The Scheme may overweight or underweight countries relative to its benchmark for Developed Markets investments, the MSCI World Index. Exposure of the Scheme in the fixed income securities is managed through duration and yield curve management by shifting between different maturities of the Government Securities.

Fund performance

Lakson Asset Allocation Developed Markets Fund generated an absolute return of 1.18% in the 1QFY20 compared to the Benchmark return of 1.61%. The LAADMF has underperformed the benchmark by 0.43%. As of September 30, 2019, allocation in Developed Market Equities was 35% and majorly remained in Cash (65%).

Earning per Unit (EPU)

EPU has not been disclosed as we feel the determination of weighted average units for calculating EPU is not practicable for open end funds.

Economic Market Review

After 8 consecutive rate hikes, SBP maintained the key policy rate at 13.75% in the Sep'19 Monetary Policy. SBP's stance was led by an unchanged inflation outlook (SBP guidance for 11-12% range) where CPI remained on track, averaging 9.45% in 2MFY20 on new 2015-16 base (11.0% on old 2007-08 base). Moreover, with bulk of the exchange rate correction achieved in the previous quarters, REER for 1QFY20 remained well below 100 (provisional). The external sector continued to show significant improvement with a sizeable reduction of 53%yoy during 2MFY20 to US$1.3bn. This, together with the disbursement of program related inflows and activation of the Saudi oil facility, helped to build SBP's fx reserves, which stood at US$8.47bn as at 20th Sep'19, however import cover still remains weak at 2x monthly cover. However, some support has come in the form of hot money following central bank's decision to open up debt markets for foreign investors. Interest has been largely focused in T-Bills (US$234mn) with year-to-date SCRA (special convertible rupee account) returns clocking in at US$327mn, indicating immense potential for future participation. That said, SBP Governor has made clear that monetary policy is to be based on inflationary expectations and not flows. While upcoming electricity tariff hikes may lead to inflationary pressures, we think the interest rates have largely peaked, however, the central bank may wait until 2020 before commencing monetary easing.

Fixed Income Market Review

Participation in T-Bill auctions picked up significantly during 1QFY20 to PKR6.1tn vs. PKR4.9tn in 4QFY19 (and vs. PKR4.6tn in SPLY) with major traction witnessed in the 3-6months tenor. Cut-off yields for 3M/6M/12M tenors rose 90bps qoq on average to 13.73%/13.78%/13.74% in Sep'19, (from 12.73%/12.84%/12.97% on avg. in Jun'19). That said, yield curves began to invert following central bank's decision to maintain the key policy rate at 13.25% in the Sep'19 MPS, sparking expectations for monetary easing to follow soon (yields inverted 18bps MoM in Sep'19). Participation in PIB auctions rose significantly, however, bids accepted by SBP were lower at PKR963bn in 1QFY20 vs. PKR431bn in 4QFY19 (and PKR21bn in 1QFY19). PIB yields for 3YR/5YR/10YR tenors witnessed a sharp inversion, dropping 117bps qoq on average to 12.84%/12.40%/12.31% in Sep'19 (vs. 13.69%/13.75%/13.64% in Jun'19 on average).

Developed Markets Review

USA's S&P 500 index was up 1.7% MoM in September with CYTD return now 18.7%. Investors were encouraged that trade talks with China are set to resume by October 10-11 and President Trump delayed a planned escalation of tariffs from October 1, which falls on China's National Day. However, news toward the end of the month that US government will be restricting US investment in China and force US exchanges to delist shares of Chinese companies kept equities under pressure. Last week of September also saw further political divisiveness in US as the Congress launched a formal impeachment inquiry against President Trump.

European markets remained positive in September. FTSE-100 Index closed up 2.8% MoM even as political turmoil prevailed. British PM suspended the UK parliament till mid-October, but the Supreme Court reversed the decision. The British PM wants to push ahead with Brexit even if there is no deal finalized by end of next month while the Parliament wants to ask for an extension in deadline if a deal is not reached. Germany's DAX Index recovered some of its previous month's losses closing up 4.1% MoM with Germany economy continuing to weaken. Italy's FTSEMIB Index closed up 3.7% for the month. France's CAC Index was also up 3.6% MoM and Spain's IBEX Index was up 4.9% MoM.

Euro zone composite Purchasing Managers' Index (PMI) came down in September to 50.1, falling from August's 51.9. This has further lowered expectations of 3Q GDP growth for Eurozone to 0.1% as economy loses momentum. The slowdown is led by Germany, but economies of France and Italy are also plateauing while Spain's economy slows considerably. Services also saw slower activity in September with Eurozone PMI services coming in at 51.6, down from 53.5 in the previous month.

In Asia, Japan's Nikkei 225 Index recovered in September with the market closing up 5.1% MoM in September after market closed negative in September. Australia's stock market was up 1.3% MoM while Singapore's FSSTI Index was up 0.4% MoM.

Future Outlook

Economic growth is expected to remain weak in FY20 given high levels of interest rates and inflation. GDP growth rate is forecasted at 2.5%-3.0 by SBP.

Entry into the IMF program for Extended Fund Facility of USD 6bn, will help unlock USD 38bn in external borrowing and grants over the next few years and improve external account position and outlook on PKR. Fiscal position remains challenging but is expected to further improve on the back of tax reforms aimed to increase tax revenue generation. 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 FY20, the deficit is expected to cross 7% compared to 8.9% in FY19. This is expected to be curtailed going forward with aggressive tax collection targets.

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 REER stood at 93 for August 2019. (as per SBP) and is likely to stay at current levels for the remainder of FY20. 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.

Acknowledgement

The Board is thankful to its valued investors, the Securities & Exchange Commission of Pakistan, the State Bank of Pakistan, the Trustee of the Fund - Central Depository Company of Pakistan Limited and the management of the Pakistan Stock Exchange Limited for their continued cooperation and support. The Directors of the Management Company also acknowledge the efforts put in by the team of the Management Company for the growth and the prudent management of the Fund.

For and on Behalf of the Board

Director **Chief Executive Officer**

Dated: October 22, 2019

لیکسن ایسیٹ ایلوکیشن ڈیویلپڈ مارکیٹس فنڈ
30 ستمبر 2019ءکوختم ہونے والے سال کے لیے
مینجمنٹ کمپنی کے ڈائریکٹرز کی رپورٹ

لیکسن انویسٹمنٹس لمیٹڈ کے بورڈ آف ڈائریکٹرز، لیکسن ایسیٹ ایلوکیشن ڈیویلپڈ مارکیٹس فنڈ ("LAADMF" یا فنڈ) کی مینجمنٹ کمپنی 30 ستمبر 2019ء کوختم ہونے والے سال کے لیے اپنی رپورٹ مع آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتا ہے۔

فنڈ کا مقصد

لیکسن ایسیٹ ایلوکیشن ڈیویلپڈ مارکیٹس فنڈ کی سرمایہ کاری کا مقصد، مختلف طرح کے ملکی قرضوں اور ڈیویلپڈ مارکیٹس سیکیوریٹیز میں سرمایہ کاری کرتے ہوئے طویل مدت کے لیے اصل سرمائے کی قدر میں اضافہ کرنا ہے۔

نمایاں سرگرمیاں

LAADMF ایک اوپن اینڈ ایسیٹ ایلوکیشن اسکیم ہے اور پاکستان اسٹاک ایکسچینج لمیٹڈ میں لسٹڈ ہے۔ اسکیم کو انویسٹمنٹ مینجمنٹ کے ایک فعال انداز کو اختیار کرتے ہوئے چلایا جائے گا جس میں بڑے عوامل جیسے حکومتی پالیسیز، گلوبل اکنامک ڈیٹا، کموڈیٹیز کی قیمتیں اور سپلائی/ ڈیمانڈ ڈائنامکس کے تجزیوں کو پیش نظر رکھا جائے گا۔ اس اسکیم سے ڈومیسٹک گورنمنٹ سیکیوریٹیز اور ایسی ڈیویلپڈ مارکیٹس سیکیوریٹیز کے درمیان تبدیلیوں کے ساتھ سرمایہ کاری کی جاتی ہے، جس کا ڈیویلپڈ مارکیٹس کی سرمایہ کاری کے منظرنامے اور اپنی انویسٹمنس ٹیم کی پیشنگوئیوں پر انحصار ہوتا ہے۔ یہ اسکیم ڈیویلپڈ مارکیٹس کی سرمایہ کاری سے متعلق بینچ مارک MSCI World Index کے حوالے سے متعلق ممالک کو اوورویٹ یا انڈرویٹ کرسکتی ہے۔ اسکیم کی سرمایہ کاری کو فکسڈ انکم سیکیوریٹیز میں اس کی مدت اور yield curve مینجمنٹ کے ذریعے مختلف میچورٹیز اور حکومتی سیکیوریٹیز کے درمیان منتقل کرتے ہوئے منظم کیا جائے گا۔

فی یونٹ آمدنی (EPU)

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

فنڈ کی کارکردگی

لیکسن ایسیٹ ایلوکیشن ڈیویلپڈ مارکیٹس فنڈ نے بینچ مارک منافع 1.61% کے مقابلے میں مالی سال 2020 کی پہلی سہ ماہی میں 1.18% کا مطلق منافع فراہم کیا۔ LAADMF نے بینچ مارک کے مقابلے میں 0.43% کم تر کارکردگی دکھائی۔ 30 ستمبر 2019 کے مطابق ڈیویلپڈ مارکیٹ ایکویٹیز میں 35% اور باقی کیش (65%) میں سرمایہ کاری کی گئی۔

معاشی جائزہ

ریٹ میں لگاتار 8 اضافوں کے بعد، ایس بی پی نے ستمبر 2019 کی مانیٹری پالیسی میں مرکزی پالیسی ریٹ کو 13.75% پر برقرار رکھا۔ ایس بی پی کا مؤقف افراطِ زر کی توقعات میں کوئی تبدیلی نہ ہونے (11-12% رینج کے لیے ایس بی پی کی رہنمائی) کا نتیجہ تھا جہاں سی پی آئی ٹریک پر رہی، جس کی اوسط 2015-15 کی نئی بنیادی سطح پر مالی سال 2020 کے 2 ماہ میں 9.45% رہی (2007-08 کی پرانی بنیادی سطح پر 11.0%) تھی۔ اس کے علاوہ، پچھلے سہ ماہیوں میں زرِ مبادلہ کی شرح میں بھاری اصلاح کے ساتھ مالی سال 2020 کی پہلی سہ ماہی کے لئے REER، 100 سے (عبوری) سے بھی کم رہا۔ بیرونی شعبے نے مالی سال 2020 کے 2 ماہ کے دوران سال بہ سال بنیاد پر 53% کیبھاری کمی کے ساتھ 1.3 ارب ڈالر تک نمایاں بہتری دکھائی۔ اس نے، پروگرام سے متعلق زرِ مبادلہ کی آمد اور سعودی تیل کی سہولت فعال ہونے کے ساتھ، ایس بی پی کے زرِ مبادلہ کے ذخائر بڑھنے میں مدد ملی، جو 20 ستمبر 2019 کو 8.47 ارب ڈالر تھے۔ تاہم درآمدی حفاظتی حد (امپورٹ کور) اب بھی 2x ماہ کی حفاظتی حد پر کمزور ہے۔ تاہم، غیر ملکی سرمایہ کاروں کے لئے قرضوں کی منڈیوں کو کھولنے کے مرکزی بینک کے فیصلے کے بعد کچھ مالی معاونت مختصر مدتی سرمایہ کاری کی شکل میں آئی ہے۔ سرمایہ کاروں کی دلچسپی بڑی حد تک ٹی بلز (234 ملین ڈالر) پر مرکوز رہی ہے جس میں کے ایس سی آر اے (اسپیشل کنورٹیبل روپی اکاؤنٹ) کے گزشتہ سال تا حال منافع جات 327 ملین امریکی ڈالر رہے ہے جس سے مستقبل میں سرمایہ کاری کے بے پناہ امکانات کی نشاندہی ہوتی ہے۔ اس سے قطع نظر، اسٹیٹ بینک کے گورنر نے واضح کیا ہے کہ مالیاتی پالیسی سرمایہ آمد کے بجائے افراطِ زر کی توقعات پر مبنی ہے جہاں بجلی کے نرخوں میں آیندہ اضافے کا نتیجہ افراطِ زر کے دباؤ کا سبب بن سکتا ہے، ہم سمجھتے ہیں کہ سود کی شرحیں اپنی بلندترین حد تک پہنچ چکی ہیں، تاہم، مالیاتی نرمی شروع کرنے سے قبل مرکزی بینک 2020 تک انتظار کرسکتا ہے۔

فکسڈ انکم مارکیٹ کا جائزہ

مالی سال 2019 کی چوتھی سہ ماہی میں 4.9 ٹریلین روپے کے مقابلے میں مالی سال 2020 کی پہلی سہ ماہی کے دوران 6.1 ٹریلین روپے کے ساتھ ٹی بلز میں سرمایہ کاری میں (گزشتہ سال اسی مدت میں 4.6 ٹریلین روپے کے مقابلے میں) نمایاں اضافہ ہوا جہاں 3 سے 6 ماہ کی میعادوں میں بھاری تیزی دیکھنے میں آئی۔ 3 ماہ/6 ماہ/12 ماہ کی میعادوں کے لیے حتمی (Cut-off) منافع جات میں سہ ماہی بہ سہ ماہی بنیاد پر 90 بنیادی پوائنٹ کا اضافہ ہوا جس کی ستمبر 2019 میں اوسط (جون 2019 میں 12.97% / 12.84% / 12.73% کی اوسط کے مقابلے میں) بالترتیب 13.74%/13.78%/13.73% رہی۔ اس کے باوجود مرکزی بینک کی طرف سے ستمبر 2019 میں مالیاتی پالیسی میں مرکزی پالیسی ریٹ 13.25% پالیسی برقرار رکھنے کے بعد جلد ہی مالی نرمی کی روشن توقعات کے ساتھ منافع جات کے خطوط (yield curves) بلندی کی طرف بحال ہونے شروع ہوگئے ہیں (ستمبر 2019 میں منافع جات میں ماہ بہ ماہ بنیاد پر 18 بنیادی پوائنٹس کی بحالی ہوئی)۔ PIB کی نیلامیوں میں سرمایہ کاری میں نمایاں اضافہ ہوا، تاہم مالی سال 2020 کی پہلی سہ ماہی میں ایس بی پی طرف سے قبول کردہ 963 ارب روپے کی پیشکشیں مالی سال 2019 کی چوتھی سہ ماہی میں 431 ارب روپے (اور مالی سال 2019 کی پہلی سہ ماہی میں 21 ارب روپے) کے مقابلے میں کم تھیں۔

3 سال/5 سال/10 سال کی میعادوں کے لیے PIB کے منافع جات میں تیزی سے گراوٹ آئی جو ستمبر 2019 میں 12.31%/12.40%/12.84% کی اوسط کے ساتھ سہ ماہی بہ سہ ماہی بنیاد پر (جون 2019 میں 13.64%/13.75%/13.69% کی اوسط کے مقابلے میں) 117 بنیادی پوائنٹس گر گئے۔

ڈیویلپڈ مارکیٹس کا جائزہ

امریکا کے S&P 500 انڈیکس ستمبر میں ماہ بہ ماہ بنیاد پر 1.7% اضافہ ہوا اور موجودہ سال تا حال منافع اب 18.7% ہے۔ سرمایہ کاروں کی حوصلہ افزائی ہوئی کہ چین کے ساتھ تجارتی مذاکرات 10 تا 11 اکتوبر تک دوبارہ شروع ہوں گے اور صدر ٹرمپ نے یکم اکتوبر سے، جو چین کے قومی دن پر پڑتا ہے، محصولات کے نرخوں میں منصوبہ شدہ اضافہ مؤخر کردیا۔ تاہم مہینے کے آخر میں امریکی حکومت کی طرف سے چین میں امریکی سرمایہ محدود کرنے اور امریکی ایکسچینجز کو چینی کمپنیوں کے شیئرز ڈی لسٹ کرنے پر مجبور کرنے کی خبر نے ایکویٹیز کو دباؤ میں رکھا۔ ستمبر کے آخری ہفتے میں بھی امریکہ میں مزید سیاسی انتشار دیکھنے میں آیا جب کانگریس نے صدر ٹرمپ کے خلاف مواخذے کی باضابطہ تحقیقات کا آغاز کیا۔

یورپی مارکیٹس ستمبر میں مثبت رہیں۔ سیاسی ہنگامہ برپا ہونے کے باوجود FTSE-100 انڈیکس ماہ بہ ماہ بنیاد پر % اضافے کے ساتھ بند ہوا۔ برطانوی وزیراعظم نے وسط اکتوبر تک برطانیہ کی پارلیمنٹ کو معطل کردیا، لیکن سپریم کورٹ نے اس فیصلے کو الٹ دیا۔ برطانوی وزیراعظم اگلے مہینے کے آخر تک کوئی معاہدہ طے نہ ہونے پر بھی بریگزٹ کے ساتھ آگے بڑھنا چاہتے ہیں جبکہ پارلیمنٹ چاہتی ہے کہ معاہدہ نہ ہونے پر ڈیڈ لائن میں توسیع کا مطالبہ کیا جائے۔

جرمنی کے DAX انڈیکس نے اپنے پچھلے مہینے کے کچھ نقصانات کی بازیابی کی اور ماہ بہ ماہ بنیاد پر 4.1% اضافے کے ساتھ اختتام کیا جب کہ جرمنی کی معیشت بدستور کمزور رہی۔

اٹلی کا FTSEMIB انڈیکس مہینے کے لیے 3.7% اضافے کے ساتھ بند ہوا۔ فرانس کے CAC انڈیکس میں بھی ماہ بہ ماہ بنیاد پر 3.6% اضافہ ہوا اور اسپین کا IBEX انڈیکس ماہ بہ ماہ بنیاد پر 4.9 بڑھا۔

ECB نے معیشت کی متوقع شرح نمو نومبر 2018 میں اعلان کردہ 1.9% سے مارچ 2019 میں 1.3% تک کم کردی جو 2020 میں 1.6% تک بڑھنے کی توقع ہے۔ مئی کے آخر میں یورپی پارلیمنٹ کے انتخابات بھی مستقبل کی معاشی پالیسیوں کا تعین کریں گے۔

اٹلی کا FTSEMIB انڈیکس اس مہینے میں 3.7 ÷ تک بند ہوا۔ فرانس کا سی اے سی انڈیکس بھی 6.6 فیصد اور ایم ایس اے انڈیکس میں .B ÷ فیصد اضافہ ہوا۔

یوروزون کمپوزٹ پرچیزنگ مینیجرز انڈیکس (PMI) میں اگست کے 51.9 سے ستمبر میں 50.1 تک کمی ہوئی۔ اس سے یوروزون کے لیے تیسری سہ ماہی کی جی ڈی پی نمو کی توقعات مزید کم ہو کر 0.1% تک توقع ہے جیسے کہ معیشت اپنی رفتار کھو بیٹھی ہے۔ اس مندی میں جرمنی سب سے آگے ہے تاہم فرانس اور اٹلی کی معیشتیں بھی غیر متحرک ہیں اور اسپین کی معیشت بھی خاطر خواہ سست روی کا شکار ہے۔ ستمبر میں خدمات میں بھی سست سرگرمی نظر آئی جیسا کہ یورو زون PMI کی خدمات پچھلے مہینے کے 53.5 سے کم ہو کر 51.6 پر آ گئیں۔

ایشیا میں جاپان کا Nikkei225 انڈیکس ستمبر میں بحال ہوا جو تمبر میں مارکیٹ منفی میں بند ہونے کے بعد ستمبر میں مارکیٹ ماہ بہ ماہ بنیاد پر 5.1% اضافے کے ساتھ بند ہوئی۔ آسٹریلیا کی اسٹاک مارکیٹ میں ماہ بہ ماہ بنیاد پر 1.3% اضافہ ہوا جب کہ سنگاپور کے FSSTI انڈیکس میں ماہ بہ ماہ بنیاد پر 0.4% اضافہ ہوا۔

مستقبل کی توقعات

سود اور افراط زر کی بلند شرحوں کی وجہ سے مالی سال 2020 میں معاشی نمو کمزور رہنے کی توقع ہے۔ اسٹیٹ بینک کی طرف سے جی ڈی پی کی 2.5%-3.0% شرح نمو کی پیش گوئی کی گئی ہے۔

6 ارب امریکی ڈالر کے توسیعی فنڈ کی سہولت کے لئے آئی ایم ایف پروگرام میں شمولیت سے آئندہ چند سالوں میں 38 بلین ڈالر کی بیرونی قرضے اور گرانٹ کے

دروازے کھولنے اور بیرونی اکاؤنٹ کی صورتِ حال اور پاکستانی روپے پر توقعات بہتر بنانے میں مدد ملے گی۔ مالیاتی صورتِ حال بدستور چیلنج سے بھرپور ہے تاہم ٹیکس آمدنی کی پیداوار میں اضافے کے ہدف کے ساتھ ٹیکس اصلاحات کی بدولت مزید بہتری کی توقع ہے۔ جس کا مقصد ٹیکس محصولات کی پیداوار میں اضافہ کرنا ہے۔ ہم خطہ ممالک کے مقابلے میں کمزور کرنسی اور برآمدات کو فروغ دینے کے اقدامات کی بدولت مالی سال 2020 میں برآمدات بڑھنے کا امکان ہے۔ اشیائے تعیش پر بلند محصولات کی بدولت درآمدات میں نمو محدود رہے گی۔

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

مالی سال 2020 کے لیے خسارہ، مالی سال 2019 میں 8.9 فیصد کے مقابلے میں 7 فیصد سے تجاوز کرنے کی توقع ہے۔ ٹیکس وصولی کے جارحانہ اہداف کے ساتھ آگے بڑھتے ہوئے اس میں کمی متوقع ہے۔

جیسا کہ مرکزی بینک نے مالی سال کے اختتام کے بعد پالیسی شرح میں مزید 100 بنیادی پوائنٹس کا اضافہ کیا ہے، افراطِ زر کے خطرات کے پیشِ نظر اسٹیٹ بینک آف پاکستان کی طرف پیشگی طے کردہ قیمتوں اور موجودہ سال 2019 کے دوسرے نصف میں سی پی آئی 10-12% کی حد میں رہنے کی رہنمائی کے ساتھ مزید سختی کی توقع نہیں ہے۔ زرِ مبادلہ کی شرح میں بہت حد تک درستی حاصل کر لی گئی ہے جہاں اگست 2019 کے لئے REER 93 پر کھڑا ہوا تھا (ایس بی پی کے مطابق) اور امکان ہے کہ مالی سال 2020 کے باقی عرصہ تک موجودہ سطح پر رہے گا۔ ہم توقع کرتے ہیں کہ قدر میں کمی کی رفتار 5-6% کی زیادہ معتدل رفتار اپنائے گی جس سے آگے بڑھنے پر افراطِ زر کے دباؤ میں مزید کمی آنی چاہیے۔

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: 22 اکتوبر 2019

Condensed Interim Statement of Assets and Liabilities
As at September 30, 2019

	Note	September 30, 2019 (Unaudited)	June 30, 2019 (Audited)
		(Rupees)	
ASSETS			
Bank balances	6	**409,516,945**	345,797,093
Investments	7	**222,217,924**	224,526,020
Dividend receivable		**1,237,581**	631,812
Accrued mark-up and other receivable		**1,312,688**	495,291
TOTAL ASSETS		**634,285,138**	571,450,216
LIABILITIES			
Payable to the Management Company	8	**5,612,368**	5,658,676
Payable to the Trustee	9	**107,763**	197,535
Annual fee payable to the Securities and Exchange Commission of Pakistan	10	**28,755**	320,403
Accrued expenses and other liabilities	11	**3,323,210**	2,975,288
TOTAL LIABILITIES		**9,072,096**	9,151,902
NET ASSETS		**625,213,042**	562,298,314
UNIT HOLDERS' FUND (as per statement of movement in unit holders' fund)		**625,213,042**	562,298,314
CONTINGENCIES AND COMMITMENTS	12		
		(Number of units)	
Number of units in issue		**4,095,349**	3,725,923
		(Rupees)	
Net assets value per unit		**152.6641**	150.9151

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

For Lakson Investments Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

Condensed Interim Income Statement (Unaudited)
For the quarter ended September 30, 2019

	Note	2019	2018
		(Rupees)	
INCOME			
Income from Government securities		**4,886,975**	3,056,508
Mark-up income		**6,916,626**	246,262
Dividend income		**605,770**	287,087
Exchange (loss) / gain on foreign currency deposits		**(20,342)**	123,796
		12,389,029	3,713,653
Capital loss on sale of investments - net		**(27,797)**	(50,386)
Unrealised (depreciation) / appreciation in the fair value of investments classified as 'held for trading' - net		**(2,308,096)**	9,786,109
		(2,335,893)	9,735,723
Total Income		**10,053,136**	13,449,376
EXPENSES			
Remuneration to the Management Company	8.1	**2,155,831**	1,119,402
Sindh Sales tax on remuneration to the Management Company	8.2	**280,258**	145,522
Remuneration to the Trustee		**325,212**	199,376
Annual fee to the Securities and Exchange Commission of Pakistan		**28,780**	68,756
Annual Supervisory fee of SECP on PSX Annual Fee		**628**	630
Custody charges		**155,564**	52,439
Auditors' remuneration		**75,262**	86,970
Fees and subscription		**153,614**	37,598
Credit rating fee		**47,711**	41,930
Printing charges		-	5,041
		3,222,860	1,757,664
Net income from operating activities		**6,830,276**	11,691,712
Sindh Worker's Welfare Fund	11.1	**(136,606)**	(233,834)
Net Income for the period before Taxation		**6,693,670**	11,457,878
Taxation	13	-	-
Net income for the period after taxation		**6,693,670**	11,457,878
Allocation of Net Income for the period:			
Net income for the year after taxation		**6,693,670**	11,457,878
Less: Income already paid on units redeemed		**(8,134)**	(19,338)
		6,685,536	11,438,540
Accounting income available for distribution:			
Relating to capital gains		-	9,719,003
Excluding capital gains		**6,685,536**	1,719,537
Accounting income available for distribution		**6,685,536**	11,438,540

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

For Lakson Investments Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

Condensed Interim Statement of Comprehensive Income (Unaudited)
For the quarter ended September 30, 2019

	2019	2018
	(Rupees)	
Net income for the period after taxation	**6,693,670**	11,457,878
Other comprehensive income	-	-
Total comprehensive income for the period	**6,693,670**	11,457,878

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

For Lakson Investments Limited
(Management Company)

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

Condensed Interim Statement of Movement In Reserve or Unit Holders' Fund (Unaudited)
For the quarter ended September 30, 2019

	2019			2018		
	Capital value	**Undistributed income**	**Total**	Capital value	Undistributed income	Total
			----(Rupees)----			
Net assets at beginning of the period	**486,339,263**	**75,959,051**	**562,298,314**	229,044,147	48,970,363	278,014,510
Issuance of 374,753 units (2018: 63,896 units) as capital refund						
- Capital value	**56,555,886**	**-**	**56,555,886**	5,544,549		5,544,549
- Element of income	**480,648**	**-**	**480,648**			
Total proceeds on issuance of units	**57,036,534**		**57,036,534**	5,544,549	-	5,544,549
Redemption of 5,327 units (2018: 15,740 units)						
- Capital value	**(803,925)**		**(803,925)**	(2,103,583)		(2,103,583)
- Element of loss	**(3,418)**	**(8,133)**	**(11,551)**		(19,338)	(19,338)
Total payments on redemption of units	**(807,343)**	**(8,133)**	**(815,476)**	(2,103,583)	(19,338)	(2,122,921)
Total comprehensive income for the period	**-**	**6,693,670**	**6,693,670**	-	11,457,878	11,457,878
Final Distribution during the period is Rs. 2.3801 on July 03, 2018 (2017: Nil)	**-**		**-**	-	(1,962,053)	(1,962,053.00)
Net income for the period less distribution	**-**	**6,693,670**	**6,693,670**	-	9,495,825	9,495,825
Net assets as at end of the period	**542,568,548**	**82,644,588**	**625,213,042**	232,485,113	58,446,850	290,931,963
Undistributed income brought forward:						
- Realized income		**43,867,223**			38,428,117	
- Unrealized income		**32,091,829**			10,542,247	
		75,959,051			48,970,363	
Accounting income available for distribution:						
Relating to capital gains		**-**			9,719,003	
Excluding capital gains		**6,685,536**			1,719,537	
		6,685,536			11,438,540	
Net income for the period after taxation		**-**			-	
Final Distribution during the period is Rs. 2.3801 on July 03, 2018 (2017: Nil)		**-**			(1,962,053)	
Undistributed income at end of the period		**82,644,588**			58,446,850	
Undistributed income carried forward						
- Realized income		**84,952,684**			48,660,741	
- Unrealized income		**(2,308,096)**			9,786,109	
Undistributed income at end of the period		**82,644,588**			58,446,850	
Net assets value per unit at beginning of the period			**150.9151**			134.4997
Net assets value per unit at end of the period			**152.6641**			137.5446

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

For Lakson Investments Limited
(Management Company)

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

Condensed Interim Cash Flow Statement (Unaudited)
For the quarter ended September 30, 2019

	2019	2018
	(Rupees)	
CASH FLOW FROM OPERATING ACTIVITIES		
Net Income for the period before Taxation	**6,693,670**	11,457,878
Adjustments for non-cash charges and other items:		
Capital gain on sale of investments - net	**27,797**	50,386
Unrealised appreciation / (depreciation) in the fair value of investments classified as held for trading' - net	**2,308,096**	(9,786,109)
	9,029,563	1,722,155
(Increase) / discrease in assets		
Investments - net	**(27,797)**	(175,685,061)
Mark-up receivable	**(605,769)**	(261,837)
Prepayment	**(817,397)**	(347,772)
	(1,450,963)	(176,294,670)
Increase / (discrease) in liabilities		
Payable to the Management Company	**(46,308)**	11,671
Payable to the Trustee	**(89,772)**	1
Annual fee payable to the Securities and Exchange Commission of Pakistan	**(291,648)**	(173,382)
Accrued expenses and other liabilities	**347,922**	565,289
	(79,806)	403,579
Net cash flow from operating activities	**7,498,794**	(174,168,936)
CASH FLOW FROM FINANCING ACTIVITIES		
Cash received from issue of units	**57,036,534**	5,544,549
Cash paid on redemption of units	**(815,476)**	(2,122,921)
Cash dividend paid	-	(1,962,053)
Net cash flow from financing activities	**56,221,058**	1,459,575
Net increase / (decrease) in cash and cash equivalent during the period	**63,719,852**	(172,709,361)
Cash and cash equivalent at the beginning of the period	**345,797,093**	184,316,259
Cash and cash equivalent at the end of the period	**409,516,945**	11,606,898

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

For Lakson Investments Limited
(Management Company)

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

Notes to and Forming Part of the Condensed Interim Financial Statements (Unaudited) For the quarter ended September 30, 2019

1. LEGAL STATUS AND NATURE OF BUSINESS

The Lakson Asset Allocation Developed Market Fund (the "Fund") was established under the Trust Deed executed on 30 May 2011 between the Lakson Investments Limited as its Management Company, a company incorporated under the repealed Companies ordiance 1984 (now Companies Act, 2017) and the Central Depository Company of Pakistan Limited (CDC) as its Trustee, also incorporated under the repealed Companies ordinance 1984 (now Companies Act, 2017). The Fund has been registered as a Notified Entity on 7 July 2011 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, while the head office is in the Lakson Square Building No. 2, Karachi.

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

The Fund is categorised as "Asset Allocation Scheme" as per the Circular 07 of 2009 issued by Securities and Exchange Commission of Pakistan (SECP) and is authorised to invest within the prescribed limit mentioned in the offering document of the fund in Government securities, deposits and foreign currency deposits with local or foreign banks etc. in Pakistan. Further, as allowed by SECP and State Bank of Pakistan, the Fund can invest abroad up to 30% of the aggregated funds mobilized (including foreign currency funds) subject to a maximum limit of USD 15 million. The investments authorized outside Pakistan include exchange traded funds based on equities / debt with exposure in the commodities, index tracker funds tracking different commodities indices, actively managed commodities based funds, equities and debt securities of companies with exposure in commodities, future contracts of different commodities and foreign currency deposits etc.

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

The Pakistan Credit Rating Company Limited (PACRA) has maintained asset manager rating of the Management Company of the Fund to the scale 'AM2+' (stable outlook) dated 29 August 2019 (AM2+ as on 27 February 2019).

On October 1, 2019: VIS Credit Rating Company Limited has assessed the fund performance rankings of Lakson Asset Allocation Developed Market Fund for the one, three and five year periods ended June 30th, 2019. 3-year and 5-year rankings are based on weighted average performance over the performance horizon. Following are the star rankings for period ended June 30th, 2019

1-year ranking: MFR 5-Star
3-year ranking: MFR 5-Star
5-year ranking: MFR 5-Star

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

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

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

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

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

2.3 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention, except for investments that are stated at fair values.

2.4 Functional and presentation currency

This condensed interim financial information is presented in Pak Rupees which is the functional and presentation currency of the Fund.

3. Significant judgement and estimates

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

The significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied to financial statements for the year ended June 30, 2019.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial informations are the same as those applied in the preparation of the financial statements as at and for the year ended June 30, 2019.

5. FINANCIAL RISK MANAGEMENT

The Fund financial risk management objectives and policies are consistent with those disclosed in the.annual audited financial statements for the year ended 30 June 2019.

	Note	September 30, 2018 (Unaudited)	June 30, 2018 (Audited)
		(Rupees)	
6. BANK BALANCES			
In local currency			
In profit and loss sharing accounts	6.1	**408,646,846**	344,816,406
In current accounts		**7,874**	7,874
In foreign currency			
In current account	6.2	**862,225**	972,814
		409,516,945	345,797,093

6.1 These carry mark-up rates ranging from 11.25% to 14.45% (2018: from 5.5% to 5.85%) per annum.

6.2 This represents USD denominated current account maintained in foreign country.

7. INVESTMENTS - financial assets at fair value through profit or loss - Held for trading

	Note	September 30, 2018 (Unaudited)	June 30, 2018 (Audited)
In local currency			
Government securities			
Market Treasury Bills	7.1	-	-
In foreign currency			
Exchange traded fund	7.2	**222,217,924**	224,526,020
		222,217,924	224,526,020

7.1 Market Treasury Bills

	Number of treasury bills				Balance as at September 30, 2019				
	Number of holdings at the beginning of the period	Acquired during the period	Disposed / matured during the period	Number of holdings at the end of the period	Carrying value	Market value	Unrealized appreciation	Market value as a percentage of net assets of the Fund	Market value as a percentage of total investments
					Rupees				
T-BILL-3M-23052019	-	3,370,000	3,370,000	-	-	-	-	0.00%	0.00%
T-BILL-3M-16082019	-	3,500,000	3,500,000		-	-	-	0.00%	0.00%
T-BILL-1Y-12092019	-	700,000	700,000		-	-	-	0.00%	0.00%
T-BILL-1Y-29082019	-	970,000	970,000		-	-	-	0.00%	0.00%
Total - September 30, 2019					-	-	-	-	-
Total - June 30, 2019					-	-	-	-	-

7.2 Exchange traded fund: Foreign investment

	Number of units				Balance as at September 30, 2019				
	Number of holdings at the beginning of the period	Acquired during the period	Disposed / matured during the period	Number of holdings at the end of the period	Carrying value	Market value	Unrealized diminution	Market value as a percentage of net assets of the Fund	Market value as a percentage of total investments
					Rupees				
Powershares QQQ Trust Series 1	3,780	-	-	3,780	65,767,052	111,598,268	45,831,216	17.85%	50.22%
Vanguard S&P 500 UCITS ETF	12,525	-	-	12,525	70,770,816	110,619,656	39,848,840	17.69%	49.78%
Total - September 30, 2019					**136,537,868**	**222,217,924**	**85,680,056**	**35.54%**	**100.00%**
Total - June 30, 2019					175,202,939	224,526,020	49,323,080	100.00%	39.93%
Total investment - September 30, 2019					**136,537,868**	**222,217,924**	**85,680,056**	**35.54%**	**100.00%**
Total investment - June 30, 2019					175,202,939	224,526,020	49,323,080	100.00%	39.93%

	Note	September 30, 2019 (Unaudited)	June 30, 2019 (Audited)
		(Rupees)	
8. PAYABLE TO THE MANAGEMENT COMPANY			
Remuneration payable to the Management Company	8.1	**696,032**	736,652
Sales tax payable on remuneration to the Management Company	8.2	**729,375**	734,655
Federal excise duty payable on remuneration to the Management Company	8.3	**4,184,410**	4,184,410
Sales load payable		**2,551**	2,959
		5,612,368	5,658,676

8.1 The Management Company is entitled to remuneration for services rendered to the Fund under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, of an amount not exceeding 2% per annum of the average annual net assets of the Fund. However, the Management Company is currently charging fee at 15% of the gross earnings of the scheme for the year ended 30 September 2019. The fee is subject to a minimum of 1.25% and maximum of 2% of the average annual net assets of the Fund. The effective management fee rate for the year ended 30 September 2019 is 1.49% of the average net assets. Remuneration is paid to the Management company in arrears on a monthly basis.

8.2 The Provincial Government of Sindh has levied Sindh Sales Tax at the rate of 13% on Management Company's remuneration. Above liability includes Rs. 638,891 (June 30, 2019: Rs. 638,891) accrued on Federal Excise Duty (FED) charged on the management remuneration as more fully explained in note 8.3 below. Had the provision relating to FED not been made, net asset value per unit of the Fund as at September 30, 2019 would have been higher by Re. 0.16 (June 30, 2019: Re. 0.17) per unit.

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

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

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

However, since the appeal is pending in the Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period up to 30 September 2019 aggregating to Rs. 4.184 million. Had the provision not been made, NAV per unit of the Fund as at 30 September 2019 would have been higher by Re. 1.02 (30 June 2019: Re. 1.12) per unit.

9 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. Effective from 01 July 2019 the Trustee has revised the trustee fee as under:

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

Upto 30 June 2019 the Trustee was entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the following rates:

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

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

10 ANNUAL FEE PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

This represents annual fee payable to SECP in accordance with the NBFC Regulations. Effective from 01 July 2019 the SECP has revised the Annual SECP fee as under:

The Company is required to pay SECP an amount at the rate of 0.02% per annum of the average daily net assets of the fund.

Upto 30 June 2019 the SECP was entitled for annual fee payable in accordance with the regulation 62 of the NBFC Reulation 2008, as per the following rates:

The Company is required to pay SECP an amount at the rate of 0.095% per annum of the average daily net assets of the fund.

	Note	**September 30, 2019 (Unaudited)**	June 30, 2019 (Audited)
		(Rupees)	
11 ACCRUED AND OTHER LIABILITIES			
Sindh Workers' Welfare Fund	11.1	**2,675,320**	2,538,715
Withholding income tax payable		**9,680**	52,604
Auditors' remuneration		**269,919**	194,656
Custody fee payable		**111,382**	46,064
Rating fee payable		**165,661**	117,950
Others		**91,248**	25,299
		3,323,210	2,975,288

11.1 Provision for Sindh Workers' Welfare Fund is being made on a daily basis going forward pursuant to MUFAP's recommendation to all its members on 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 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 01, 2014).

Total provision for SWWF as of September 30, 2019 amounted to Rs. 2.675 million. Had the provision not been made the net assets value per unit of the Fund as at September 30, 2019 would have been higher by Re. 0.6533 per unit (June 30, 2019: Re. 0.68 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 (SHC), the Mutual Funds Association of Pakistan (MUFAP) (collectively on behalf of the asset management companies and their CISs) have taken legal and tax opinions on the impact of the SCP's judgement on the CISs petition before the SHC. Both the legal and tax advisors consulted were of the view that the SCP's judgment has removed the very basis on which the demands were raised against the CISs. Therefore, there was no longer any liability against the CISs under the WWF Ordinance and that all cases pending in the SHC or lower appellate forums will now be disposed off in light of the earlier judgement of the SCP.

Pursuant to above and on recommendation of MUFAP the entire provision of Rs. 2.659 million against WWF held by the CISs till 30 June 2015, had been reversed on 12 January 2017.

12. CONTINGENCIES AND COMMITMENTS

There were no other contingencies and commitments as at September 30, 2019.

13. TAXATION

The Fund's income is exempt from Income Tax as per clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders. The Fund is also exempt from the provisions of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

During the year ended June 30, 2014, the FBR has issued show cause notices to the Fund under section 122(9) for proceeding u/s 122(5A) of the Income Tax Ordinance, 2001 for amendment of assessment on grounds that exemption from tax claimed under clause 99 of Part-I of the Second Schedule is not as per law. Total tax including Workers' Welfare Fund payable as per amended assessment would be Rs. 7.203 million and Rs 19.001 million for the tax years 2012 and 2013 respectively. Trustee of the Fund had filed a suit in the High Court of Sindh for declaration and permanent injunction for which a stay order had been granted by Sindh High

Court. The management expects a favorable outcome and, accordingly, no provision has been recorded in respect of this matter.

14. TRANSACTIONS AND BALANCES WITH RELATED PARTIES / CONNECTED PERSONS

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

14.1 Balance as at period / year end	**September 30, 2019 (Unaudited)**	June 30, 2019 (Audited)
	(Rupees)	
Lakson Investments Limited - Management Company		
Payable to Management Company	5,609,817	5,655,717
Sales load payable	2,551	2,959
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	107,763	197,535
Habib Bank AG Zurich - Custodian		
Bank deposits	862,225	972,814
Custody fee payable	111,382	46,064

14.2 Unit Holders' Fund

	Quarter ended September 30, 2019									
	Number of Units					Rupees				
	Number of Units as at July 01, 2019	Units issued during the period	Refund of Capital	Units redeemed during the period	Number of holdings at the end of the period	Balance as at July 01, 2019	Units issued during the period	Bonus units issued during the year	Units redeemed during the period	Balance at the end of the period (Investment at current NAV)
Directors, Chief Executive and their spouse and minors	784,741	-	-	-	784,741	118,429,204	-	-	-	119,801,715
Key management personnel, employees and connected persons of the Management Company	177,525	-	-	-	177,525	20,727,393		-	-	27,101,694
Other key management personnel	1	-	-	-	1	151	-	-	-	153
Associated companies / undertakings of the Management Company										
Lakson Investments Limited	1,091,716	-	-	-	1,091,716	164,756,466	-	-	-	166,665,878
Lakson Business Solutions Limited - Employees Contributory Provident Fund Trust	1,129	-	-	-	1,129	170,323	-	-	-	172,297
Lakson Investments Limited - Employees Contributory Provident Fund Trust	3,051	-	-	-	3,051	460,443	-	-	-	465,780
GAM Corporation (Private) Limited - Employees Contributory Provident Fund Trust	74,904	-	-	-	74,904	11,304,176	-	-	-	11,435,183
SIZA Foods (Private) Limited - Employees Contributory Provident Fund Trust	53,462	-	-	-	53,462	8,068,182	-	-	-	8,161,686
Colgate Palmolive (Pakistan) Limited - Employees Contributory Provident Fund Trust	372,017	-	-	-	372,017	56,143,045	-	-	-	56,793,703
Colgate Palmolive (Pakistan) Limited - Employees Gratuity Fund	315,252	-	-	-	315,252	47,576,259	-	-	-	48,127,634
Cyber Internet Services (Private) Limited - Employees Contributory Provident Fund Trust	136,796	-	-	-	136,796	20,644,633	-	-	-	20,883,890
Accuracy Surgicals Limited - Employees Contributory Provident Fund Trust	35,060	-	-	-	35,060	5,291,108	-	-	-	5,352,429
Merit Packaging Limited - Employees Contributory Provident Fund Trust	56,379	-	-	-	56,379	8,508,453	-	-	-	8,607,060
Merit Packaging Limited - Employees Gratuity Fund	23,335	-	-	-	23,335	3,521,665	-	-	-	3,562,479
Century Paper & Board Mills Limited - Employees Contributory Provident Fund Trust	354,326	-	-	-	354,326	53,473,171	-	-	-	54,092,888
Century Paper & Board Mills Limited - Employees Gratuity Fund	286,986	-	-	-	286,986	43,310,503	-	-	-	43,812,441
Century Insurance Company Limited - Employees Contributory Provident Fund Trust	28,075	-	-	-	28,075	4,236,949	-	-	-	4,286,052
Sybrid Private Limited - Employees Contributory Provident Fund Trust	30,864	-	-	-	30,864	4,657,880	-	-	-	4,711,862
Century Insurance Company Limited - Employees Gratuity Fund	21,142	-	-	-	21,142	3,190,707	-	-	-	3,227,685
Princeton Travels Private Limited - Employees Contributory Provident Fund Trust	3,737	-	-	-	3,737	563,916	-	-	-	570,451
Siza Services Private Limited - Employees Contributory Provident Fund Trust	16,102	-	-	-	16,102	2,429,994	-	-	-	2,458,156
Hasanali Karabhai Foundation - Employees Contributory Provident Fund Trust	11,450	-	-	-	11,450	1,727,951	-	-	-	1,747,977

	Quarter ended September 30, 2018									
	Number of Units					Rupees				
	Number of Units as at July 01, 2018	Units issued during the period	Refund of Capital	Units redeemed during the period	Number of holdings at the end of the period	Balance as at July 01, 2018	Units issued during the period	Bonus units issued during the period	Units redeemed during the period	Balance at the end of the period
Directors, Chief Executive and their spouse and minors	611,427	12,532			623,959	84,329,563	1,655,749			85,822,191
Other key management personnel	-				-	-				-
Associated companies / undertakings of the Management Company										
Lakson Investments Limited	816,972	344	14,313		831,629	109,882,469	45,439	-	-	114,386,058
Lakson Business Solutions Limited - Employees Contributory Provident Fund Trust	1,073	-	19		1,092	144,304	1	-	-	150,186
Lakson Investments Limited - Employees Contributory Provident Fund Trust	2,899	1	51		2,952	389,959	186	-	-	405,994
GAM Corporation (Private) Limited - Employees Contributory Provident Fund Trust	23,793	-	428		24,222	3,200,191	32	-	-	3,331,541
SIZA Foods (Private) Limited - Employees Contributory Provident Fund Trust	17,102	-	308		17,410	2,300,173	23	-	-	2,394,634
Colgate Palmolive (Pakistan) Limited - Employees Gratuity Fund	102,609	1	1,847		104,457	13,800,921	138	-	-	14,367,538
Cyber Internet Services (Private) Limited - Employees Contributory Provident Fund Trust	40,895	-	736		41,632	5,500,420	55	-	-	5,726,233
Accuracy Surgicals Limited - Employees Contributory Provident Fund Trust	11,897	-	214		12,111	1,600,104	16	-	-	1,665,779
Merit Packaging Limited - Employees Contributory Provident Fund Trust	20,076	-	361		20,437	2,700,247	27	-	-	2,811,058
Merit Packaging Limited - Employees Gratuity Fund	8,105	-	146		8,251	1,090,168	11	-	-	1,134,940
Century Paper & Board Mills Limited - Employees Contributory Provident Fund Trust	118,967	1	2,142		121,110	16,001,002	160	-	-	16,658,029
Century Paper & Board Mills Limited - Employees Gratuity Fund	95,174	1	1,714		96,889	12,800,936	128	-	-	13,326,621

	September 30, 2019	September 30, 2018
	(Unaudited)	
	(Rupees)	
14.3 Other transactions during the period		
Lakson Investments Limited - Management Company of the Fund		
Remuneration to the Management Company	**2,155,831**	1,119,402
Sindh sales tax on remuneration to Management Company	**280,258**	145,522
Central Depository Company of Pakistan Limited - Trustee of the Fund		
Remuneration for the period	**325,212**	199,376
Habib Bank AG Zurich - Custodian		
Custody charges	**155,564**	52,439

15. Total Expense Ratio (TER)

Securities and Exchange Commission of Pakistan (SECP) vide its Directive No. SCD/PRDD/Direction/18/2016 dated 20 July 2016, required that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS / the Fund. TER of the Fund for the quarter ended September 30, 2019 is 2.25% (September 30, 2018: 2.75%) which includes 0.10% (September 30, 2018: 0.66%) representing government levies (comprising of Workers Welfare Fund and SECP fee, etc.). As per NBFC Regulation the total expense ratio of the Asset Allocation Scheme shall be caped up to 4.5% (September 30, 2018: 4%).

16. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Asset Management Company 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).

	As at September 30, 2019			
	-------------------- Un-audited --------------------			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets	-------------------- Rupees --------------------			
Financial assets at fair value through profit or loss	**222,217,924**	**-**	**-**	**222,217,924**

	As at June 30, 2019			
	-------------------- Audited --------------------			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets	-------------------- Rupees --------------------			
Financial assets at fair value through profit or loss	224,526,020	-	-	224,526,020

17. Date of Authorization for Issue

This condensed interim financial statements were authorized for issue by Board of Directors of the Management Company on October 22, 2019

For Lakson Investments Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

A Lakson Group Company

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LAKSON EQUITY FUND

Quarterly Report (September 30, 2019)

LAKSON INVESTMENTS

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Fund's Information

Management Company	Lakson Investments Limited Head Office Lakson Square, Building No.2, Sarwar Shaheed Road, Karachi-74200, Pakistan. Phone: (9221) 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 Ms. Gaite Ali Ms. Kathleen Kennedy Townsend
Chief Financial Officer & Company Secretary of the Management Company	Mr. Salman Shafiq Hashmi
Audit Committee	Mr. Jacques John Visser - Chairman Mr. Amin Mohammed Lakhani Mr. Iqbal Ali Lakhani Mr. Jamil Ahmed Mughal
Human Resource and Remuneration Committee	Ms. Gaite Ali - Chairman Mr. Babar Ali Lakhani Mr. Iqbal Ali Lakhani
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 Al-Falah Limited Faysal Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited JS Bank Limited National Bank of Pakistan Silk Bank Limited Sindh Bank Limited Telenor Microfinance Bank Limited United Bank Limited U Microfinance Bank Limited
Legal Adviser	Fazleghani Advocates F-72/I, Block 8, KDA-5, Kehkashan, Clifton, Karachi, Pakistan.
Registrar	Lakson Investments Limited Lakson Square, Building No.2, Sarwar Shaheed Road, Karachi-74200, Pakistan
Distributors	Metro Capital Pvt. Limited Ismail Iqbal Securities BMA Capital Management Limited Amir Noorani Topline Securities (Pvt.) Limited Adam Securities Elixir Securities (Pvt.) Limited Vector Capital (Pvt.) Limited Pearl Securities Pvt. Limited Rabia Fida
Rating by PACRA	1 Year : 3-Star 3 Year : 3-Star 5 Year : 3-Star AM2+ : Asset Manager Rating by PACRA

Review Report of the Directors of the Management Company For the quarter ended September 30, 2019

The Board of Directors of Lakson Investments Limited, the Management Company of the Lakson Equity Fund ("LEF") is pleased to submit its review report together with Condensed Interim Financial Information for the period ended September 30, 2019

Fund Objective

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

Principal activities

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

Fund performance

The LEF closed 1QFY20 with a return of -4.47% vs -3.71% of the benchmark, underperforming the benchmark by 0.76%. As of September 30, 2019, the fund had 82.5% exposure in equities and 15% in cash. Sector allocation is skewed towards Commercial Banks (29.1%), Chemicals (21.8%), Oil & Gas Exploration (20.4%), Oil & Gas Marketing (4.0%), Construction & Materials (1.5%), Electricity (1.2%) and others (4.5%).

Loss per Unit (LPU)

LPU has not been disclosed as we feel the determination of weighted average units for calculating LPU is not practicable for open end funds.

Economic Review

After 8 consecutive rate hikes, SBP maintained the key policy rate at 13.75% in the Sep'19 Monetary Policy. SBP's stance was led by an unchanged inflation outlook (SBP guidance for 11-12% range) where CPI remained on track, averaging 9.45% in 2MFY20 on new 2015-16 base (11.0% on old 2007-08 base). Moreover, with bulk of the exchange rate correction achieved in the previous quarters, REER for 1QFY20 remained well below 100 (provisional). The external sector continued to show significant improvement with a sizeable reduction of 53%yoy during 2MFY20 to US$1.3bn. This, together with the disbursement of program related inflows and activation of the Saudi oil facility, helped to build SBP's fx reserves, which stood at US$8.47bn as at 20th Sep'19, however import cover still remains weak at 2x monthly cover. However, some support has come in the form of hot money following central bank's decision to open up debt markets for foreign investors. Interest has been largely focused in T-Bills (US$234mn) with year-to-date SCRA (special convertible rupee account) returns clocking in at US$327mn, indicating immense potential for future participation. That said, SBP Governor has made clear that monetary policy is to be based on inflationary expectations and not flows. While upcoming electricity tariff hikes may lead to inflationary pressures, we think the interest rates have largely peaked, however, the central bank may wait until 2020 before commencing monetary easing.

Equity Market Review

KSE-100 index continued to remain under pressure during 1QFY20, dropping by 5.4%qoq during Jul-Sep'19 to 32,079pts, despite some late recovery (up 8.1% mom in Sep'19). Negative developments including (i) tensions with India over Kashmir, (ii) a large fiscal deficit of 8.9% during FY19 and (iii) fine of US$5.9bn in Reko Diq case contributed to declining trend. Additionally, the quarter started with a 100bps increase in policy rates during Jul'19 but MPS was status quo in Sep'19 meeting, explaining market direction in Sep'19. Market activity declined significantly, as ADTO dropped 25%qoq to US$21.9mn in 1QFY20. Mutual funds and insurance companies remained heavy sellers during 1QFY20, offloading positions of US$82mn and US$23mn, respectively. Once again, the supply was partially absorbed by foreigners with a net buy of US$23mn. Foreign inflow was mainly concentrated in cements (US$13.2mn), banks (US$7.9mn) and Power (US$5.6mn) but E&P sector witnessed a huge outflow (US$8.1mn). Decline in KSE-100 was almost inline with 5.1% drop in EM markets but the former underperformed the FM markets by 3.8%. Going forward, major checkpoints for market direction include (i) FATF review due in Oct'19 and (ii) the first IMF review due in Dec'19.

Future Outlook

Economic growth is expected to remain weak in FY20 given high levels of interest rates and inflation. GDP growth rate is forecasted at 2.5%-3.0 by SBP.

Entry into the IMF program for Extended Fund Facility of USD 6bn, will help unlock USD 38bn in external borrowing and grants over the next few years and improve external account position and outlook on PKR. Fiscal position remains challenging but is expected to further improve on the back of tax reforms aimed to increase tax revenue generation. 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 FY20, the deficit is expected to cross 7% compared to 8.9% in FY19. This is expected to be curtailed going forward with aggressive tax collection targets.

In 2QFY20, the market's sentiment remains weak led by economic consolidation and weak result season. However, as further clarity emerges in 2HFY20 on (i) interest rates, (ii) inflation and relations with the US, it is possible that the stock market will remain upbeat all along in 2HFY20.

Acknowledgement

The Board is thankful to its valued investors, the Securities & Exchange Commission of Pakistan, the State Bank of Pakistan, the Trustee of the Fund - Central Depository Company of Pakistan Limited and the management of the Pakistan Stock Exchange Limited for their continued cooperation and support. The Directors of the Management Company also acknowledge the efforts put in by the team of the Management Company for the growth and the prudent management of the Fund.

For and on Behalf of the Board

Director **Chief Executive Officer**

Dated: October 22, 2019

لیکسن ایکویٹی فنڈ
30 ستمبر 2019ء کو ختم ہونے والے سال کے لیے
مینجمنٹ کمپنی کے ڈائریکٹرز کی رپورٹ

لیکسن انویسٹمنٹس لمیٹڈ کے بورڈ آف ڈائریکٹرز، لیکسن ایکویٹی فنڈ ("LEF" یا فنڈ) کی مینجمنٹ کمپنی 30 ستمبر 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 بنیادی طور پر ایکوٹی اور متعلقہ درج سیکیورٹیز میں سرمایہ کاری کر کے طویل مدتی سرمایے کی تعریف فراہم کرنا ہے مادہ، مالی طاقت اور نمایاں طور پر اعلی انتظامی مہارت کی کمپنیوں میں سرمایہ کاری کی جائیگی جس میں چھوٹے سرمایہ مالیت والے اسٹاکوں کو کچھ نمائش دی گئی ہے۔

نمایاں سرگرمیاں

LEF ایک فعال انداز میں چلایا جانے والا اوپن اینڈ ایکویٹی فنڈ ہے اور پاکستان اسٹاک ایکسچینج لمیٹڈ میں لسٹڈ ہے۔ LEF خالص اثاثوں کا کم از کم 70% حصہ لسٹڈ ایکویٹی سیکیورٹیز میں رکھتا ہے۔ مختلف شعبوں اور اسٹاکس میں اثاثے کو ہر شعبے اور اس مخصوص شعبے میں انفرادی اسٹاکس متعلقہ کشش کی بنیاد پر مخصوص کیا جاتا ہے۔ یہ تخصیص مارکیٹ کے حالات، مواقع، سیاسی اور اقتصادی عوامل کو پیش نظر رکھتے ہوئے وقتاً فوقتاً تبدیل کی جاسکتی ہے۔ LEF کو ریڈیمپشنز کی تکمیل کے لیے خالص اثاثوں کے 15 فی صد تک قرض لینے کی اجازت ہے، تاہم LEF نے اس سہولت کو زیر جائزہ مدت کے دوران استعمال نہیں کیا۔

فنڈ کی کارکردگی

LEF نے 3.71%- کے بینچ مارک کے مقابلے میں 4.47%- منافع کے ساتھ مالی سال 2020 کی پہلی سہ ماہی کا اختتام کیا اور بینچ مارک کو 0.76% سے پیچھے چھوڑ دیا۔ 30 ستمبر 2019 کے مطابق فنڈ نے ایکوئیٹیز میں 82.5% اور کیش میں 15% سرمایہ کاری کی۔ بالحاظ شعبہ کمرشل بینکس (29.1%)، کیمیکلز (21.8%)، آئل اینڈ گیس ایکسپلوریشن (20.4%)، آئل اینڈ گیس مارکیٹنگ 4.0%)، کنسٹرکشن اور میٹیریلز (1.5%) ،، بجلی (1.2%) اور دیگر (4.5%) پر زیادہ توجہ رکھی گئی۔

فی یونٹ نقصان (LPU)

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

معاشی جائزہ

ریٹ میں لگاتار 8 اضافوں کے بعد، ایس بی پی نے ستمبر 2019 کی مانیٹری پالیسی میں مرکزی پالیسی ریٹ کو 13.75% پر برقرار رکھا۔ ایس بی پی کا موقف افراطِ زر کی توقعات میں کوئی تبدیلی نہ ہونے (11-12% رینج کے لیے ایس بی پی کی رہنمائی) کا نتیجہ تھا جہاں سی پی آئی ٹریک پر رہی، جس کی اوسط 2015-15 کی نئی بنیادی سطح پر مالی سال 2020 کے 2 ماہ میں 9.45% رہی (2007-08 کی پرانی بنیادی سطح پر 11.0%) تھی۔ اس کے علاوہ، پچھلے سہ ماہیوں میں زرِ مبادلہ کی شرح میں بھاری اصلاح کے ساتھ مالی سال 2020 کی پہلی سہ ماہی کے لئے REER، 100 سے (عبوری) سے بھی کم رہا۔ بیرونی شعبے نے مالی سال 2020 کے 2 ماہ کے دوران سال بہ سال بنیاد پر 53% کی بھاری کمی کے ساتھ 1.3 ارب ڈالر تک نمایاں بہتری دکھائی۔ اس نے، پروگرام سے متعلق زرِ مبادلہ کی آمد اور سعودی تیل کی سہولت فعال ہونے کے ساتھ، ایس بی پی کے زرِ مبادلہ کے ذخائر بڑھنے میں مدد کی، جو 20 ستمبر 2019 کو 8.47 ارب ڈالر تھے۔ تاہم درآمدی حفاظتی حد (امپورٹ کور) اب بھی 2x ماہ کی حفاظتی حد پر کمزور ہے۔ تاہم، غیر ملکی سرمایہ کاروں کے لئے قرضوں کی منڈیوں کو کھولنے کے مرکزی بینک کے فیصلے کے بعد کچھ مالی معاونت مختصر مدتی سرمایہ کاری کی شکل میں آئی ہے۔ سرمایہ کاروں کی دلچسپی بڑی حد تک ٹی بلز (234 ملین ڈالر) پر مرکوز رہی ہے جس میں کے ایس سی آر اے (اسپیشل کنورٹیبل روپی اکاؤنٹ) کے گزشتہ سال تا حال منافع جات 327 ملین امریکی ڈالر رہے جس سے مستقبل میں سرمایہ کاری کے بے پناہ امکانات کی نشاندہی ہوتی ہے۔ اس سے قطع نظر، اسٹیٹ بینک کے گورنر نے واضح کیا ہے کہ مالیاتی پالیسی سرمایے آمد کے بجائے افراطِ زر کی توقعات پر مبنی ہے جہاں بجلی کے نرخوں میں آیندہ اضافے کا نتیجہ افراطِ زر کے دباؤ کا سبب بن سکتا ہے، ہم سمجھتے ہیں کہ سود کی شرحیں اپنی بلند ترین حد تک پہنچ چکی ہیں، تاہم، مالیاتی نرمی شروع کرنے سے قبل مرکزی بینک 2020 تک انتظار کر سکتا ہے۔

ایکویٹی مارکیٹ کا جائزہ

مالی سال 2020 کی پہلی سہ ماہی کے دوران KSE-100 انڈیکس بدستور دباؤ میں رہا اور تاخیر سے بحالی کے باوجود (مالی سال 2019 میں ماہ بہ ماہ بنیاد پر 8.1% اضافہ) جولائی ستمبر 2019 کے دوران سہ ماہی بہ سہ ماہی بنیاد پر 5.4% کمی ہوئی۔ منفی پیش رفت میں درج ذیل شامل ہے (i) کشمیر پر انڈیا کے ساتھ تناؤ (ii) مالی سال 2019 کے دوران 8.9% کا بھاری مالیاتی خسارہ (iii) ریکوڈک مقدمے میں 5.9 ارب روپے کے جرمانے نے پستی کے رجحان میں حصہ شامل کیا۔

مزید برآں، اس سہ ماہی کا آغاز جولائی 2019 کے دوران پالیسی ریٹس میں 100 بنیادی پوائنٹس کے اضافے کے ساتھ ہوا لیکن ستمبر 2019 کے اجلاس میں MPS کی حیثیت برقرار رہی، جس نے ستمبر 2019 میں مارکیٹ کی سمت کی نشان دہی کی۔ مارکیٹ کی سرگرمی میں نمایاں کمی واقع ہوئی، جیسا کہ مالی سال 2020 کی پہلی سہ ماہی میں ADTO سہ ماہی بہ سہ ماہی بنیاد پر 25% کمی کے ساتھ 21.9 ملین ڈالر ہو گیا۔ مالی سال 2020 کی پہلی سہ ماہی میں میوچل فنڈز اور انشورنس کمپنیاں سب بڑی فروخت کنندگان رہیں جنہوں نے بالترتیب 82 ملین ڈالر اور 23 ملین ڈالر کے شیئرز فروخت کیے۔

ایک بار پھر، غیر ملکی خریداروں نے سپلائی کو جزوی طور پر جذب کیا جن کی خالص خریداری 23 ملین امریکی ڈالر تھی۔ بیرونی سرمایہ کاری کی آمد بنیادی طور پر سیمنٹ (13.2 ملین ڈالر)، بینکوں (7.9 ملین ڈالر) اور پاور (5.6 ملین ڈالر) پر مرکوز رہی لیکن ای اینڈ پی کے شعبے میں سرمایہ کاری کا زبردست اخراج (8.1 ملین ڈالر) دیکھنے میں آیا۔ کے ایس ای 100 میں کمی EM مارکیٹوں میں 5.1% کمی کے ساتھ تقریباً ہم آہنگ تھی لیکن اس نے ایف ایم مارکیٹوں سے 3.8% کم تر کارکردگی کا مظاہرہ کیا۔ مارکیٹ کی سمت کے لیے قابلِ توجہ نکات میں (i) اکتوبر 2019 میں ہونے والا FATF جائزہ اور (ii) دسمبر 2019 میں ہونے والا آئی ایم ایف کا پہلا جائزہ شامل ہے۔

مستقبل کی توقعات

سود اور افراطِ زر کی بلند شرحوں کی وجہ سے مالی سال 2020 میں معاشی نمو کمزور رہنے کی توقع ہے۔ اسٹیٹ بینک کی طرف سے جی ڈی پی کی 2.5%-3.0% شرح نمو کی پیش گوئی کی گئی ہے۔

6 ارب امریکی ڈالر کے توسیعی فنڈ کی سہولت کے لئے آئی ایم ایف پروگرام میں شمولیت سے آئندہ چند سالوں میں 38 بلین ڈالر کی بیرونی قرضے اور گرانٹ کے دروازے کھولنے اور بیرونی اکاؤنٹ کی صورتِ حال اور پاکستانی روپے پر توقعات بہتر بنانے میں مدد ملے گی۔ مالیاتی صورتِ حال بدستور چیلنج سے بھرپور ہے تاہم ٹیکس آمدنی کی پیداوار میں اضافے کے ہدف کے ساتھ ٹیکس اصلاحات کی بدولت مزید بہتری کی توقع ہے۔ جس کا مقصد ٹیکس محصولات کی پیداوار میں اضافہ کرنا ہے۔ ہم خطہ ممالک کے مقابلے میں کمزور کرنسی اور برآمدات کو فروغ دینے کے اقدامات کی بدولت مالی سال 2020 میں برآمدات بڑھنے کا امکان ہے۔ اشیائے تعیش پر بلند محصولات کی بدولت درآمدات میں نمو محدود رہے گی۔

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

مالی سال 2020 کے لیے خسارہ، مالی سال 2019 میں 8.9 فیصد کے مقابلے میں 7 فیصد سے تجاوز کرنے کی توقع ہے۔ ٹیکس وصولی کے جارحانہ اہداف کے ساتھ آگے بڑھتے ہوئے اس میں کمی متوقع ہے۔

مالی سال 2020 کی دوسری سہ ماہی میں اقتصادی استحکام اور کمزور نتائج والے سیزن کے نتیجے میں مارکیٹ کا جذبہ بدستور کمزور ہے۔ تاہم، جیسے ہی مالی سال 2020 کے دوسرے نصف میں (i) سود کی شرحوں، (ii) افراطِ زر اور امریکہ کے ساتھ تعلقات پر صورتِ حال مزید واضح ہوگی، ممکن ہے کہ مالی سال 2020 کے دوسرے نصف میں بھی اسٹاک مارکیٹ خوش امید رہے گی۔

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 شکرگزار 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: 22 اکتوبر 2019

Condensed Interim Statement of Assets and Liabilities
As at September 30, 2019

	Note	September 30, 2019 (Unaudited)	June 30, 2019 (Audited)
		(Rupees)	
Assets			
Bank balances	6	**459,346,827**	474,086,705
Investments	7	**2,313,447,908**	2,912,440,149
Dividend and profit receivable		**27,453,275**	6,206,471
Advances and deposits		**3,169,307**	2,650,000
Receivable against sale of marketable securities		**25,735,572**	-
Total assets		**2,829,152,889**	3,395,383,325
Liabilities			
Payable to the Management Company	8	**22,537,266**	27,518,116
Remuneration payable to the Trustee	9	**334,529**	405,763
Annual fee payable to Securities and Exchange Commission of Pakistan	10	**142,730**	3,248,271
Accrued expenses and other liabilities	11	**41,384,424**	39,818,405
Payable against purchase of marketable securities		**23,229,090**	30,917,039
Total liabilities		**87,628,039**	101,907,594
Contingencies and commitments	13		
Net assets		**2,741,524,850**	3,293,475,731
Unit holders' fund (as per the statement attached)		**2,741,524,850**	3,293,475,731
		(Number of units)	
Number of units in issue (face value: Rs 100 per unit)		**31,508,670**	36,160,850
		(Rupees)	
Net assets value per unit		**87.0085**	91.0784

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

For Lakson Investments Limited
(Management Company)

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

Condensed Interim Income Statement (Unaudited)
For the quarter ended September 30, 2019

	Note	2019	2018
		(Rupees)	
Income			
(Loss) / gain on sale of held for trading investments - net		(97,768,456)	23,261,770
Unrealised loss on revaluation of held for trading investments - net	7.1	(101,822,788)	(56,072,986)
		(199,591,244)	(32,811,216)
Dividend income on held for trading investment		39,625,368	39,078,616
Return / markup on:			
- bank balances		11,962,899	6,951,387
- Government Securities		-	383,724
		(148,002,977)	13,602,511
Expenses			
Remuneration of the Management Company		14,273,049	16,580,356
Sindh Sales Tax on remuneration of the Management Company		1,855,496	2,155,446
Remuneration of the Trustee		1,090,471	1,221,612
Annual fee to the Securities and Exchange Commission of Pakistan		142,731	787,567
Auditors' remuneration		77,659	75,226
Fees and subscription		153,643	174,595
Printing charges		-	5,041
Brokerage expenses		1,949,163	1,370,418
Settlement charges		161,284	156,467
Bank and other charges		18,810	-
		19,722,306	22,526,728
Net (loss) / income for the period before taxation		(167,725,283)	(8,924,217)
Taxation	12	-	-
Net (loss) / income for the period after taxation		(167,725,283)	(8,924,217)
Allocation of Net Income for the period:			
Net income for the period		-	-
Income already paid on units redeemed		-	-
Accounting income available for distribution		-	-
Relating to capital gains / (loss)		-	-
Excluding capital gains		-	-
Accounting income available for distribution		-	-

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

For Lakson Investments Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

Condensed Interim Statement of Comprehensive Income (Unaudited)
For the quarter ended September 30, 2019

	2019	2018
	(Rupees)	
Net (loss) for the period	**(167,725,283)**	(8,924,217)
Other comprehensive income for the period	-	-
Total comprehensive (loss) / income for the period	**(167,725,283)**	(8,924,217)

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

For Lakson Investments Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

Condensed Interim Statement Of Movement In Reserve Or Unit Holders' Fund (Unaudited)
For the quarter ended September 30, 2019

	For the quarter ended September 30, 2019			For the quarter ended September 30, 2018		
	Capital value	**Undistributed income**	**Total**	Capital value	Undistributed income	Total
			(Rupees)			
Net assets at beginning of the period	**3,619,878,492**	**(326,402,761)**	**3,293,475,731**	2,761,512,701	472,989,195	3,234,501,896
Issuance of 1,924,169 units (2018: 628,791)						
- Capital value	**175,250,209**	**-**	**175,250,209**	71,787,375	-	71,787,375
- Element of loss	**(8,462,703)**	**-**	**(8,462,703)**	-	-	
Total proceeds on issuance of units	**166,787,506**	**-**	**166,787,506**	71,787,375	-	71,787,375
Redemption of 6,576,348 units (2018: 141,106)						
- Capital value	**(598,963,297)**	**-**	**(598,963,297)**	(16,284,922)	-	(16,284,922)
- Element of income	**47,950,193**	**-**	**47,950,193**	-	-	-
Total payments on redemption of units	**(551,013,104)**	**-**	**(551,013,104)**	(16,284,922)	-	(16,284,922)
Total comprehensive (loss) / income for the period	**-**	**(167,725,283)**	**(167,725,283)**	-	(8,924,217)	(8,924,217)
Net assets as at end of the period	**3,235,652,894**	**(494,128,044)**	**2,741,524,850**	2,817,015,154	464,064,978	3,281,080,132
Undistributed income brought forward:						
- Realized income		**345,197,337**			817,171,580	
- Unrealized income		**(671,600,098)**			(344,182,385)	
		(326,402,761)			472,989,195	
Accounting income available for distribution:						
Relating to capital gains		-			-	
Excluding capital gains		-			-	
		-			-	
Net (loss) / income for the period after taxation		**(167,725,283)**			(8,924,217)	
Undistributed (loss) / income at end of the period		**(494,128,044)**			464,064,978	
Undistributed income brought forward:						
- Realized income		**(392,305,256)**			520,137,964	
- Unrealized (loss) / income		**(101,822,788)**			(56,072,986)	
Undistributed (loss) / income at end of the period		**(494,128,044)**			464,064,978	
Net assets value per unit at beginning of the period			**91.0784**			114.2367
Net assets value per unit at end of the period			**87.0085**			113.9196

The annexed notes from 1 to 18 form an integral part of these financial statements.

For Lakson Investments Limited
(Management Company)

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

Condensed Interim Cash Flow Statement (Unaudited)
For the quarter ended September 30, 2019

	2019	2018
	(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	**(167,725,283)**	(8,924,217)
Adjustments for:		
Loss / (gain) on sale of held for trading investments - net	**97,768,456**	(23,261,770)
Unrealised loss on revaluation of held for trading investments - net	**101,822,788**	56,072,986
	31,865,961	23,886,999
Decrease / (Increase) in assets		
Investments	**399,400,997**	(318,156,675)
Dividend and profit receivable	**(21,246,804)**	(22,395,333)
Receivable against sale of marketable securities	**(25,735,572)**	18,765,382
Advances and deposits	**(519,307)**	7,156,521
	351,899,314	(314,630,105)
(Decrease) / Increase in liabilities		
Payable to the Management Company	**(4,980,850)**	(173,977)
Remuneration payable to the Trustee	**(71,234)**	(8,698)
Annual fee payable to Securities and Exchange Commission of Pakistan	**(3,105,541)**	(2,546,118)
Payable against purchase of marketable securities	**(7,687,949)**	(25,716,757)
Accrued expenses and other liabilities	**1,566,019**	1,110,327
	(14,279,555)	(27,335,223)
Net cash (flows) / generated from operating activities	**369,485,720**	(318,078,329)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of units	**166,787,506**	71,787,375
Payments on redemption of units	**(551,013,104)**	(16,284,922)
Net cash (used in) / generated from financing activities	**(384,225,598)**	55,502,453
Net increase in cash and cash equivalents during the period	**(14,739,878)**	(262,575,876)
Cash and cash equivalents at beginning of the period	**474,086,705**	574,381,423
Cash and cash equivalents at end of the period	**459,346,827**	311,805,547

The annexed notes from 1 to 18 form an integral part of these financial statements.

For Lakson Investments Limited
(Management Company)

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

Notes to the Condensed Interim Financial Statements (Unaudited)
For the quarter ended September 30, 2019

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 The Lakson Equity Fund (the "Fund") was established under the Trust Deed executed on 2 September 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 18 September 2009 by the Securities and Exchange Commission of Pakistan (SECP) in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations).

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

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

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

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

1.4 The Pakistan Credit Rating Company Limited (PACRA) has maintained asset manager rating of the Management Company of the Fund to the scale 'AM2+' (stable outlook) dated 29 August 2019 (AM2+ as on 27 February 2019).

On 29 August 2019, PACRA assigned following rankings to the Fund based on the performance review for the period ended 30 June 2019 (trailing 12 months for 1 Year ranking, trailing 36 months for 3 Year ranking, and trailing 60 months for 5 Year ranking)

1 Year : 3-Star (Average)
3 Year : 3-Star (Average)
5 Year : 3-Star (Average)

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.

The comparative Statement of Assets and Liabilities presented in these condensed interim financial information as at 30 June 2019 has been extracted from the audited financial statements of the Company for the year ended 30 June 2019, whereas the comparative profit and loss account, statement of comprehensive income, the cash flow statement and statement of changes in equity for the quarter ended 30 September 2019 have been extracted from the unaudited condensed interim financial information for the period then ended.

2.2 This condensed interim financial information do not include all the information required for a complete set of annual financial statements and should be read in conjunction with the latest annual financial statements as at and for the year ended 30 June 2019. However, selected explanatory notes are included to explain events and transactions that are significant.

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

In compliance with schedule V of the NBFC Regulations the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at September 30, 2019.

2.3 Functional and presentation currency

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

2.4 Basis of measurement

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

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES

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

The significant judgements made by the Management in applying the Fund's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the year ended 30 June 2019.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial informations are the same as those applied in the preparation of the financial statements as at and for the year ended June 30, 2019.

5. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements for the year ended 30 June 2019.

	Note	**September 30, 2019 (Unaudited)**	June 30, 2019 (Audited)
		(Rupees)	
6. BANK BALANCES			
In profit and loss sharing accounts	6.1	**459,338,987**	474,078,865
Current Account		**7,840**	7,840
		459,346,827	474,086,705

6.1 These accounts carry profit at the rates of 11.25% to 13.50% (June 30, 2019: 10.25% to 13.50%) per annum.

7. INVESTMENTS

	Note	**September 30, 2019 (Unaudited)**	June 30, 2019 (Audited)
At fair value through profit or loss - held for trading			
Listed equity securities	7.1	**2,313,447,908**	2,724,525,859

7.1 At fair value through profit or loss - held for trading

Shares of listed companies - fully paid up ordinary shares of Rs. 10 each unless stated otherwise

Name of investee company	Period ended September 30, 2019										
	Number of Shares					Rupees			(%)		
	Holding as at July 01, 2019	Purchased during the period	*Bonus / right shares received during the year	Disposed during the period	Holding as at September 30, 2019	Carrying value before revaluation as of 30 September 2019	Market value as of 30 September 2019 (after revaluation)	Unrealised gain / (loss) - net	Market value as percentage of total investments	Market value as percentage of net assets	Par value of shares held as a percentage of total paid up capital of the investee company
Commercial Banks											
Bank Al-Habib Limited	-	1,022,500	-	-	1,022,500	67,770,275	68,313,225	542,950	2.95	2.49	0.09
Bank Al-Falah Limited	3,741,250	362,000	-	746,500	3,356,750	145,238,211	137,425,345	(7,812,866)	5.94	5.01	0.19
Habib Bank Limited	1,813,826	409,000	-	614,000	1,608,826	183,915,687	190,114,968	6,199,281	8.22	6.93	0.11
MCB Bank Limited	790,272	-	-	406,200	384,072	67,001,360	65,127,089	(1,874,271)	2.82	2.38	0.03
United Bank Limited	1,532,600	220,600	-	427,000	1,326,200	192,872,492	183,320,626	(9,551,866)	7.92	6.69	0.11
Bank of Punjab	10,200,289	3,599,000		3,158,500	10,640,789	94,936,579	92,787,680	(2,148,899)	4.01	3.38	0.40
Askari Bank Limited	4,946,500	16,000		464,500	4,498,000	85,059,799	79,119,820	(5,939,979)	3.42	2.89	0.36
						836,794,404	**816,208,753**	**(20,585,650)**	**35.28**	**29.77**	
Chemicals											
Engro Polymer & Chemicals	2,756,342	799,500	-	968,500	2,587,342	68,590,818	63,519,246	(5,071,572)	2.75	2.32	0.03
ICI Pakistan Limited	39,660	-	-	11,200	28,460	15,154,096	13,945,400	(1,208,696)	0.60	0.51	0.00
LOTCHEM	5,846,500	1,520,500	-	2,244,000	5,123,000	78,594,046	69,877,720	(8,716,326)	3.02	2.55	0.34
						162,338,960	**147,342,366**	**(14,996,594)**	**6.37**	**5.37**	
Fertilizers											
Engro Corporation Limited (7.1.1)	769,705	206,000	-	117,300	858,405	227,661,555	229,099,444	1,437,889	9.90	8.36	0.01
Engro Fertilizers Limited	1,265,600	498,500	-	449,056	1,315,044	85,206,535	89,725,452	4,518,917	3.88	3.27	0.01
Fauji Fertilizers Bin Qasim Limited	825,500	-	-	822,500	3,000	54,690	44,490	(10,200)	0.00	0.00	0.00
Fauji Fertilizer Company Limited	1,361,500	518,500	-	318,500	1,561,500	138,374,861	145,266,345	6,891,484	6.28	5.30	0.01
						451,297,640	**464,135,731**	**12,838,090**	**20.06**	**16.93**	
Pharma & Bio Tech											
The Searl Company Limited (7.1.2)	6,088	-	-	-	6,088	**892,257**	**841,483**	**(50,774)**	**0.04**	**0.03**	0.00
Textile Composite											
Nishat Mills Limited	714,700	170,300	-	545,800	339,200	30,669,311	28,492,800	(2,176,511)	1.23	1.04	0.01
						30,669,311	**28,492,800**	**(2,176,511)**	**1.23**	**1.04**	
Cement											
Lucky Cement Company Limited (7.1.1)	313,714	-	-	193,700	120,014	45,661,727	41,060,390	(4,601,337)	1.77	1.50	0.00
Maple Leaf Cement Factory Limited	1,530,047	-	-	1,385,500	144,547	3,453,228	2,121,950	(1,331,278)	0.09	0.08	0.00
						49,114,954	**43,182,340**	**(5,932,615)**	**1.87**	**1.58**	
Power Generation & Distribution											
Hub Power Company	725,309	351,500	-	783,000	293,809	22,325,717	20,786,987	(1,538,730)	0.90	0.76	0.00
Nishat Power Limited	231,000	343,000	-	-	574,000	15,915,490	13,385,680	(2,529,810)	0.58	0.49	0.02
						38,241,207	**34,172,667**	**(4,068,540)**	**1.48**	**1.25**	

Name of investee company	Period ended September 30, 2019										
	Number of Shares					Rupees			(%)		
	Holding as at July 01, 2019	Purchased during the period	*Bonus / right shares received during the year	Disposed during the period	Holding as at September 30, 2019	Carrying value before revaluation as of 30 September 2019	Market value as of 30 September 2019 (after revaluation)	Unrealised gain / (loss) - net	Market value as percentage of total investments	Market value as percentage of net assets	Par value of shares held as a percentage of total paid up capital of the investee company
Oil and Gas Exploration Companies											
Mari Petroleum Company Limited (7.1.2)	106,313	22,060	-	15,680	112,693	111,022,116	101,329,038	(9,693,078)	4.38	3.70	0.01
Oil and Gas Development Company Limited (7.1.1)	2,227,891	163,300	-	581,400	1,809,791	236,291,414	222,658,587	(13,632,827)	9.62	8.12	0.04
Pakistan Oilfield Limited	263,500	67,200	-	81,500	249,200	99,911,253	94,671,080	(5,240,173)	4.09	3.45	0.01
Pakistan Petroleum Limited (7.1.1)	1,632,091	221,000	-	733,400	1,119,691	159,881,697	152,311,567	(7,570,130)	6.58	5.56	0.00
						607,106,480	**570,970,272**	**(36,136,208)**	**24.68**	**20.83**	
Oil and Gas Marketing Companies											
Attock Petroleum Limited	121,792	-	-	60,600	61,192	17,654,504	18,847,136	1,192,632	0.81	0.69	0.00
Pakistan State Oil Company Limited (7.1.2)	94,203	2,370	-	93,400	3,173	491,665	499,716	8,051	0.02	0.02	0.00
Sui Northern Gas Pipeline Limited	1,410,283	418,500	-	336,500	1,492,283	100,279,636	91,924,633	(8,355,003)	3.97	3.35	0.00
						118,425,805	**111,271,485**	**(7,154,320)**	**4.81**	**4.06**	
Food & Personal Care Products											
Fauji Foods Limited	1,167,249	-	-	1,167,249	-	-	-	-	-	-	-
						-	-	-	-	-	
Technology and Communication											
Systems Limited	345,239	-	-	-	345,239	**33,132,587**	**28,741,147**	**(4,391,440)**	**1.24**	**1.05**	0.28
Automobile and Parts											
Thal Limited	87,250	-	-	-	87,250	**31,764,235**	**20,816,105**	**(10,948,130)**	**0.90**	**0.76**	0.06
Automobile Assemblers											
Agriauto Industies Limited	151,200	3,700	-	-	154,900	30,911,541	24,784,000	(6,127,541)	1.07	0.90	0.20
						30,911,541	**24,784,000**	**(6,127,541)**	**1.07**	**0.90**	
Engineering											
International Industries Limited	397,866	-	*24,986	227,500	195,352	13,687,101	13,543,754	(143,347)	0.59	0.49	0.02
International Steels Limited	857,444	-	-	857,410	34	1,350	1,351	1	0.00	0.00	0.00
						13,688,452	**13,545,105**	**(143,346)**	**0.59**	**0.49**	
Paper and Board											
Cherat Packaging Company Limited	437,580	-	-	302,500	135,080	10,892,851	8,943,654	(1,949,197)	0.39	0.33	0.03
						10,892,851	**8,943,654**	**(1,949,197)**	**0.39**	**0.33**	
Total as at 30 September 2019						**2,415,270,684**	**2,313,447,908**	**(101,822,788)**	**100.00**	**84.39**	
Total as at 30 September 2019						**2,786,724,992**					
Total as at 30 June 2019						3,584,040,236	2,912,440,149	(671,600,098)	100.00	88.43	
Total cost as at 30 June 2019						2,917,508,312					

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

	September 30 2019	June 30 2019	**September 30 2019**	June 30 2019
	------(Number of shares)------		**--------(Rupees)--------**	
Engro Corporation Limited	**85,000**	85,000	**22,685,650**	26,678,100
Oil and Gas Development Company Limited	**70,000**	70,000	**8,612,100**	10,893,400
Pakistan Petroleum Limited	**330,000**	330,000	**44,889,900**	70,917,000
Lucky Cement Company Limited	**50,000**	50,000	**17,106,500**	25,396,500
	535,000	535,000	**93,294,150**	133,885,000

7.1.2 Finance Act, 2014 had introduced tax on bonus shares issued by the Companies. Most Equity Funds including the Fund have challenged the applicability of withholding tax provision on bonus shares before Honourable High Court of Sindh ("the Court") on various legal grounds and have sought relief from the Court. In the Fund's case, up to the year end, tax in the shape of 6,088 shares of The Searle Company Limited (2019: 6,088 shares), 3,173 shares of Pakistan State Oils Company Limited (2019: 3,173) and 1,111 shares of Mari Petroleum Limited (2018: 1,111 shares) had been withheld by CDC. Market value of these shares as at 30 June 2019 amounted to Rs. 2.34 millions (30 June 2019: 2.55 million) and are included in the Fun these financial statements.

	Note	**September 30, 2019 (Unaudited)**	June 30, 2019 (Audited)
		(Rupees)	
8. PAYABLE TO THE MANAGEMENT COMPANY			
Remuneration payable to the Management Company	8.1	**1,192,493**	5,600,325
Sindh Sales Tax on Management Company's remuneration		**2,854,449**	3,427,467
Federal Excise Duty on Management Company's remuneration	8.2	**18,483,430**	18,483,430
Sales load payable to the Management Company		**6,894**	6,894
		22,537,266	27,518,116

8.1 Under the provisions of Non-Banking Finance Companies and Notified Entities Regulations 2008, an Asset Management Company shall be entitled to remuneration equal to an amount not exceeding 2% of average annual net assets. Management Company has charged remuneration at 2% per annum based on the daily net assets of the Fund during the period ended 30 September 2019. Remuneration is paid to the Management company in arrears on a monthly basis.

The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (2019: 13%) on Management Company's remuneration. Above liability includes Rs. 2,699,429 (2019: Rs. 2,699,429) accrued on Federal Excise Duty (FED) on the management remuneration as more fully explained in note 8.3 below. Had the provision on FED not been made, Net Asset Value per unit of the Fund as at 30 September 2019 would have been higher by Re. 0.0857 (30 June 2019: Re. 0.0747) per unit. The amount is payable to the management company for onwards payment to the Government

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

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

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

However, since the appeal is pending in the Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period up to 30 June 2016 aggregating to Rs. 18.843 million. Had the provision not been made, NAV per unit of the Fund as at 30 September 2019 would have been higher by Re. 0.5866 (30 June 2019: Re. 0.5111) per unit.

9. 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. Effective from 01 July 2019 the Trustee has revised the trustee fee as under:

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

Upto 30 June 2019 the Trustee was entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the following rates:

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

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

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

This represents annual fee payable to SECP in accordance with the NBFC Regulations. Effective from 01 July 2019 the SECP has revised the Annual SECP fee as under:

The Company is required to pay SECP an amount at the rate of 0.02% per annum of the average daily net assets of the fund.

Upto 30 June 2019 the SECP was entitled for annual fee payable in accordance with the regulation 62 of the NBFC Reulation 2008, as per the following rates:

The Company is required to pay SECP an amount at the rate of 0.095% per annum of the average daily net assets of the fund.

	Note	**September 30, 2019 (Unaudited)**	June 30, 2019 (Audited)
		(Rupees)	
11. ACCRUED EXPENSES AND OTHER LIABILITIES			
Withholding tax payable		-	493,529
Payable to Sindh workers' welfare fund	11.1	**38,096,893**	38,096,893
Brokerage payable		**2,936,556**	987,392
Auditors' remuneration		**254,477**	176,818
Fee payable to Central Depository Company of Pakistan Limited		**11,671**	13,773
Fee payable to National Clearing Company of Pakistan Limited		**31,000**	30,000
Payable against Rating fee		**33,827**	-
Other liabilities		**20,000**	20,000
		41,384,424	39,818,405

11.1 Provision for Sindh Workers' Welfare Fund is being made on a daily basis going forward pursuant to MUFAP's recommendation to all its members on 12 January 2017 against the backdrop of the Sindh Revenue Board (SRB) letter to mutual funds in January 2016 whereby SRB directed the mutual funds to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after 31 December 2013. This is on the premise that mutual funds are included in 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 excludedfrom the applicability of SWWF, but as a matter of abundant caution management has recorded SWWF with effect from the date of the applicability of the SWWF Act, 2014 (i.e. with effect from 01 July 2014).

Total provision for SWWF till 30 September 2019 is Rs. 38.069 million. Had the provision not been made, Net Asset Value per unit of the Fund as at 30 September 2019 would have been higher by Re. 1.21 (30 June 2019: Re. 1.05) per unit.

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

12. TOTAL EXPENSE RATIO

Securities and Exchange Commission of Pakistan (SECP) vide its Directive No. SCD/PRDD/Direction/18/2016 dated 20 July 2016, required that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS / the

Fund. TER of the Fund for the quarter ended September 30, 2019 is 2.72% which includes 0.40% representing government levies (comprising of Workers Welfare Fund and SECP fee, etc.). As per NBFC Regulation the total expense ratio of the Asset Allocation Scheme shall be caped up to 4.5% (Sep 30, 2018: 4%).

13. CONTINGENCIES AND COMMITMENTS

The fund had no contingency or commitment at the period end except as those mentioned elsewhere in these fnancial statements.

14. TAXATION

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

15. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

15.1 Balance as at period ended

	September 30, 2019 (Unaudited)	June 30, 2019 (Audited)
	(Rupees)	
Lakson Investments Limited - Management Company of the Fund		
Remuneration payable (including the Sindh sales tax and federal excise duty amounting to Rs. 21.337 million (30 June 2019: Rs. 21.910 million)*	**22,530,372**	27,511,222
Sales load payable	**6,894**	6,894

*Sales tax and FED is paid / payable to the management company for onward payment to the Government.

	September 30, 2019 (Unaudited)	June 30, 2019 (Audited)
	(Rupees)	
Central Depository Company of Pakistan Limited - Trustee of the Fund		
Remuneration payable	**334,529**	405,763
Security deposit	**100,000**	100,000
Settlement charges payable	**11,671**	13,773

15.2 Transactions during the period

	Quarter ended September 30, 2019	2018
	(Unaudited) (Rupees)	
Lakson Investments Limited - Management Company of the Fund		
Remuneration to the Management Company	**14,273,049**	16,580,356
Sindh sales tax on remuneration of Management Company *	**1,855,496**	2,155,446

*Sales tax and FED is paid / payable to the management company for onward payment to the Government.

Central Depository Company of Pakistan Limited - Trustee of the Fund		
Remuneration for the period	**1,090,471**	1,221,612
Settlement charges	**30,284**	67,800

15.3 This reflects the position of related party / connected person status that existed as at September 30, 2019.

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

15.5 Purchase and redemption of the Fund's unit by related parties / connected persons are recorded at the applicable net asset value per unit. Other transactions are at agreed rates.

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

	Quarter ended September 30, 2019							
	---- Number of Units ----				---- Rupees ----			
	Number of units as at 01 July 2019	Units issued during the year	Units redeemed during the year	Number of holdings at the year ended 30 September 2019	Balance as at July 01, 2019	Units issued during the year	Units redeemed during the year	Balance at the year ended 30 September 2019 (Investment at current NAV)
Lakson Investments Limited - Management Company of the Fund	837,657			837,657	76,292,428			72,883,249
Directors, Chief Executive and their spouse and minors	7,610,903	23	1,460,531	6,150,394	693,188,870	2,000	119,386,130	535,136,576
Other key management personnel	88,984	4,837		93,820	8,104,483	400,000		8,163,150
Associated companies / undertakings of the Management Company								
Century Insurance Company Limited	1,825,550		1,181,078	644,471	166,268,140		100,000,000	56,074,494
Siza Service (Private) Limited	4,573,911		1,143,478	3,430,433	416,584,461		93,412,281	298,476,818
Premier Fashions (Private) Limited	2,459,304		615,000	1,844,304	223,989,502		49,507,992	160,470,151
Siza Private Limited	1,838,321		476,000	1,362,321	167,431,358		39,039,378	118,533,528
Century Insurance Company Limited Employees Contributory Provident Fund	29,774			29,774	2,711,792			2,590,614
Century Insurance Company Limited Employees Contributory Provident Fund	38,321			38,321	3,490,215			3,334,253
Colgate Palmolive Pakistan Limited Employees Contributory Provident Fund	387,239	143,973		531,212	35,269,099	12,575,000		46,219,946
Colgate Palmolive Pakistan Limited Employees Gratuity Fund	328,502	189,483		517,985	29,919,437	16,550,000		45,069,122
Siza Foods Private Limited Employees Contributory Provident Fund	53,174	43,907		97,081	4,843,004	3,835,000		8,446,913
Accuracy Surgical Limited Employees Contributory Provident Fund	36,441	5,152		41,593	3,318,966	450,000		3,618,933
Cyber Internet Services (Pvt.) Ltd. Employees Contributory Provident Fund	142,526	91,479		234,004	12,981,018	7,990,000		20,360,371
Gam Corporation Private Limited Employees Contributory Provident Fund	74,977	60,394		135,371	6,828,771	5,275,000		11,778,433
Lakson Business Solutions Limited Employees Contributory Provident Fund	1,263			1,263	115,032			109,892
Century Paper & Board Mills Limited Employees Contributory Provident Fund	397,511			397,511	36,204,694			34,586,862
Century Paper & Board Mills Limited Employees Contributory Provident Fund	298,806			298,806	27,214,783			25,998,672
Sybrid Private Limited Employees Contributory Provident Fund	32,396	20,837		53,234	2,950,601	1,820,000		4,631,785
Merit Packaging Limited Employees Contributory Provident Fund	59,339	23,185		82,523	5,404,484	2,025,000		7,180,230
Merit Packaging Limited Employees Gratuity Fund	24,298	14,483		38,781	2,213,023	1,265,000		3,374,291
Princeton Traveles Limited Employees Contributory Provident Fund	5,496			5,496	500,574			478,205
Siza Services Private Limited Employees Contributory Provident Fund	24,775			24,775	2,256,459			2,155,627
Hasanali Karabhai Foundation Employees Contributory Provident Fund	17,040			17,040	1,551,956			1,482,605
Sindh Province Pension Fund (Being more than 10% unit holding)	4,244,495			4,244,495	386,581,831			369,307,160

	Quarter ended September 30, 2018							
	Number of Units				Rupees			
	Number of units as at 01 July 2018	Units issued during the year	Units redeemed during the year	Number of holdings at the year ended 30 September 2018	Balance as at July 01, 2018	Units issued during the year	Units redeemed during the year	Balance at the year ended 30 September 2018 (Investment at current NAV)
Lakson Investments Limited - Management Company of the Fund	836,717	-	-	836,717	95,583,789	-	-	95,318,466
Directors, Chief Executive and their spouse and minors	7,784,965	353	-	7,785,318	889,328,746	40,000	-	886,900,347
Othe key management personnel	13,108	588	-	13,696	1,497,457	70,000	-	1,560,285
Associated companies / undertakings of the Management Company								
- Century Insurance Company Limited	2,793,706	-	-	2,793,706	319,143,754	-	-	318,257,870
- Siza Service (Private) Limited	4,573,911	-	-	4,573,911	522,508,455	-	-	521,058,068
- Premier Fashions (Private) Limited	2,459,304	-	-	2,459,304	280,942,808	-	-	280,162,963
- Siza Private Limited	1,838,321	-	-	1,838,321	210,003,753	-	-	209,420,821
- Siza Foods Private Limited Employees Contributor	10,067	-	-	10,067	1,149,973	-	-	1,146,781
- Accuracy Surgical Limited Employees Contributory	14,006	-	-	14,006	1,599,999	-	-	1,595,558
- Cyber Internet Services (Pvt.) Ltd. Empl. CPFT	15,756	-	-	15,756	1,799,913	-	-	1,794,917
- Gam Corporation Private Limited Employees Contributory	22,759	-	-	22,759	2,599,913	-	-	2,592,696
- Lakson Business Solutions Limited Employees Contributory	1,263	-	-	1,263	144,281	-	-	143,880
- Century Paper & Board Mills Limited ECPFT	140,057	-	-	140,057	15,999,649	-	-	15,955,237
- Century Paper & Board Mills Limited EGF	60,400	-	-	60,400	6,899,897	-	-	6,880,744
- Merit Packaging Limited ECPFT	23,635	-	-	23,635	2,699,984	-	-	2,692,490
- Merit Packaging Limited EGF	9,454	-	-	9,454	1,079,994	-	-	1,076,996
- Sindh Province Pension Fund (Being more than 10% unit holding)	3,217,393	-	-	3,217,393	367,544,380	-	-	366,524,145

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

16. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

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

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

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

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

- Unobservable inputs for the asset or liability (level 3).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

Investments of the Fund carried at fair value are categorised as follows:

	As at September 30, 2019			
	-------------------- Un-audited --------------------			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets	**-------------------- Rupees --------------------**			
Financial assets at fair value trough profit and loss account	**2,313,447,908**	**-**	**-**	**2,313,447,908**

	As at June 30, 2019			
	-------------------- Audited --------------------			
	Level 1	Level 2	Level 3	Total
Assets	-------------------- Rupees --------------------			
Financial assets at fair value trough profit and loss account	2,724,525,859	-	-	2,724,525,859

17. GENERAL

Figures have been rounded off to the nearest rupee.

18. DATE OF AUTHORIZATION OF ISSUE

This condensed interim financial information was authorised for issue on October 22, 2019 by the Board of Directors of the Management Company.

For Lakson Investments Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

A Lakson Group Company

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LAKSON INCOME FUND
Quarterly Report (September 30, 2019)

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Fund's Information

Management Company	Lakson Investments Limited Head Office Lakson Square, Building No.2, Sarwar Shaheed Road, Karachi-74200, Pakistan. Phone: (9221) 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 Ms. Gaite Ali Ms. Kathleen Kennedy Townsend
Chief Financial Officer & Company Secretary of the Management Company	Mr. Salman Shafiq Hashmi
Audit Committee	Mr. Jacques John Visser - Chairman Mr. Amin Mohammed Lakhani Mr. Iqbal Ali Lakhani Mr. Jamil Ahmed Mughal
Human Resource and Remuneration Committee	Ms. Gaite Ali - Chairman Mr. Babar Ali Lakhani Mr. Iqbal Ali Lakhani
Trustee	Central Depository Company of Pakistan Limited CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahra-e-Faisal, Karachi, Pakistan.
Auditors	KPMG Taseer Hadi & Co. Chartered Accountants Sheikh Sultan Trust Building No.2, Beaumont Road, Karachi - 75530, Pakistan

Bankers to the Fund	AlBaraka Bank Pakistan limited Allied Bank Limited Askari Bank Limited Bank Al-Falah Limited Faysal Bank Limited FINCA Microfinance Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited JS Bank Limited National Bank of Pakistan MCB Bank Limited Silk Bank Limited Sindh Bank Limited Soneri Bank Limited Telenor Microfinance Bank Limited United Bank Limited U Microfinance Bank Limited NRSP Microfinance Bank Limited Mobilink Microfinance 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 BMA Capital Management Limited Elixir Securities (Pvt.) Limited Ismail Iqbal Securities Metro Capital Pvt. Limited Pearl Securities Pvt. Limited Rabia Fida Topline Securities (Pvt.) Limited Vector Capital (Pvt.) Limited Pyramid Financial Consultants
Rating by PACRA	A+(f) : Fund Stability Rating AM2+ : Asset Manager Rating

Review Report of the Directors of the Management Company
For the quarter ended September 30, 2019

The Board of Directors of Lakson Investments Limited, the Management Company of the Lakson Income Fund ("LIF") is pleased to submit its review report together with Condensed Interim Financial Information for the period ended September 30, 2019

Fund Objective

The investment objective of the Scheme is to provide competitive total returns through investment in a diversified portfolio of fixed income securities. The Scheme shall invest in various fixed income securities with a mix of short term, medium term, and longer-term maturities depending on the assessment by the Management Company of interest rate trends and prospective returns.

Principal activities

The Fund is an open-end income fund and is listed on Pakistan Stock Exchange Limited. LIF invests in Investment-grade Debt Securities, Government Securities, Certificate of Investments, Clean Placements, Term Deposit Receipts, and other fixed income instruments. The overall duration of the portfolio is kept below 4 years while at least 25% of Net Assets are kept in the form of cash or Treasury Bills of maximum 90 days maturity. LIF is managed through a team-driven, top-down process utilizing active sector rotation, duration and yield curve management. Economic conditions are constantly monitored to forecast interest rate changes. The added value for LIF comes from identifying opportunities to shift investments between various maturities and between different instruments. LIF is allowed to borrow up to 15% of Net Assets to meet redemptions however LIF did not utilize this facility during the period under review.

Fund performance

The LIF yielded an annualized return of 14.60% in the 1QFY20 compared to the Benchmark return of 14.57% p.a. The LIF outperformed the benchmark by 0.03%. As of September 30, 2019, the LIF portfolio was invested 49.8% in cash, 23.4% in PIBs, 15.3% in TFCs, and 7.0% in Sukuks while the weighted average maturity of the LIF portfolio stood at 770 days. The fund size of the LIF as of September 30, 2019 is PKR 2,335 million.

Earning per Unit (EPU)

EPU has not been disclosed as we feel the determination of weighted average units for calculating EPU is not practicable for open end funds.

Economic Review

After 8 consecutive rate hikes, SBP maintained the key policy rate at 13.75% in the Sep'19 Monetary Policy. SBP's stance was led by an unchanged inflation outlook (SBP guidance for 11-12% range) where CPI remained on track, averaging 9.45% in 2MFY20 on new 2015-16 base (11.0% on old 2007-08 base). Moreover, with bulk of the exchange rate correction achieved in the previous quarters, REER for 1QFY20 remained well below 100 (provisional). The external sector continued to show significant improvement with a sizeable reduction of 53%yoy during 2MFY20 to US$1.3bn. This, together with the disbursement of program related inflows and activation of the Saudi oil facility, helped to build SBP's fx reserves, which stood at US$8.47bn as at 20th Sep'19, however import cover still remains weak at 2x monthly cover. However, some support has come in the form of hot money following central bank's decision to open up debt markets for foreign investors. Interest has been largely focused in T-Bills (US$234mn) with year-to-date SCRA (special convertible rupee account) returns clocking in at US$327mn, indicating immense potential for future participation. That said, SBP Governor has made clear that monetary policy is to be based on inflationary expectations and not flows. While upcoming electricity tariff hikes may lead to inflationary pressures, we think the interest rates have largely peaked, however, the central bank may wait until 2020 before commencing monetary easing.

Fixed Income Market Review

Participation in T-Bill auctions picked up significantly during 1QFY20 to PKR6.1tn vs. PKR4.9tn in 4QFY19 (and vs. PKR4.6tn in SPLY) with major traction witnessed in the 3-6months tenor. Cut-off yields for

3M/6M/12M tenors rose 90bps qoq on average to 13.73%/13.78%/13.74% in Sep'19, (from 12.73%/12.84%/12.97% on avg. in Jun'19). That said, yield curves began to invert following central bank's decision to maintain the key policy rate at 13.25% in the Sep'19 MPS, sparking expectations for monetary easing to follow soon (yields inverted 18bps MoM in Sep'19). Participation in PIB auctions rose significantly, however, bids accepted by SBP were lower at PKR963bn in 1QFY20 vs. PKR431bn in 4QFY19 (and PKR21bn in 1QFY19). PIB yields for 3YR/5YR/10YR tenors witnessed a sharp inversion, dropping 117bps qoq on average to 12.84%/12.40%/12.31% in Sep'19 (vs. 13.69%/13.75%/13.64% in Jun'19 on average).

Future Outlook

Economic growth is expected to remain weak in FY20 given high levels of interest rates and inflation. GDP growth rate is forecasted at 2.5%-3.0 by SBP.

Entry into the IMF program for Extended Fund Facility of USD 6bn, will help unlock USD 38bn in external borrowing and grants over the next few years and improve external account position and outlook on PKR. Fiscal position remains challenging but is expected to further improve on the back of tax reforms aimed to increase tax revenue generation. 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 FY20, the deficit is expected to cross 7% compared to 8.9% in FY19. This is expected to be curtailed going forward with aggressive tax collection targets.

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 REER stood at 93 for August 2019. (as per SBP) and is likely to stay at current levels for the remainder of FY20. 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.

Acknowledgement

The Board is thankful to its valued investors, the Securities & Exchange Commission of Pakistan, the State Bank of Pakistan, the Trustee of the Fund - Central Depository Company of Pakistan Limited and the management of the Pakistan Stock Exchange Limited for their continued cooperation and support. The Directors of the Management Company also acknowledge the efforts put in by the team of the Management Company for the growth and the prudent management of the Fund.

For and on Behalf of the Board

Director **Chief Executive Officer**

Dated: October 22, 2019

لیکسن انکم فنڈ
30 ستمبر 2019ء کو ختم ہونے والے سال کے لیے
مینجمنٹ کمپنی کے ڈائریکٹرز کی رپورٹ

لیکسن انویسٹمنٹس لمیٹڈ کے بورڈ آف ڈائریکٹرز، لیکسن انکم فنڈ ("LIF" یا فنڈ) کی مینجمنٹ کمپنی 30 ستمبر 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 اسکیم کی انویسٹمنٹ کا مقصد فکسڈ انکم سیکیورٹیز کے متنوع پورٹ فولیو میں انویسٹمنٹ کے ذریعے مسابقتی مجموعی منافع جات فراہم کرنا ہے۔ یہ اسکیم مینجمنٹ کمپنی کی طرف سے انٹرسٹ ریٹ ٹرینڈز اور ممکنہ منافع جات کے حوالے سے مینجمنٹ کمپنی کی تشخیص کے لحاظ سے مختصر مدتی، وسط مدتی اور طویل مدتی میچورٹیز کے امتزاج کے ساتھ مختلف فکسڈ انکم سیکیورٹیز میں سرمایہ کاری کرے گی۔

فنڈ کا تعارف

LIF ایک اوپن اینڈ انکم فنڈ ہے جو انویسٹ گریڈ ڈیبٹ سیکیورٹیز، گورنمنٹ سیکیورٹیز، سرٹیفکیٹس آف انویسٹمنٹس، Clean Placements، ٹرم ڈپازٹ ریسیپٹس اور دیگر فکسڈ انکم انسٹرومنٹس میں سرمایہ کاری کرتا ہے۔ پورٹ فولیو کا مجموعی دورانیہ 4 سال سے کم رکھا جاتا ہے اور خالص اثاثوں کا کم از کم 25% کیش یا زیادہ سے زیادہ 90 دن کی میچورٹی والے ٹریژری بلز کی شکل میں رکھا جاتا ہے۔ LIF کا نظم و نسق ٹیم کے بل پر پیش قدمی کرنے والی، اوپر سے نیچے تک شعبوں کی تو اتر سے استعمال کے عمل کو استعمال کرنے والی، دورانیے اور پیداوار میں توازن پر یقین رکھنے والی مینجمنٹ چلاتی ہے۔ انٹرسٹ ریٹ میں تبدیلیوں کی پیشن گوئی کے لیے معاشی صورتِ حال کی مسلسل نگرانی کی جاتی ہے۔ LIF کی قدر و قیمت میں اصل اضافہ مختلف میچورٹیز اور مختلف انسٹرومنٹس کے درمیان انویسٹمنٹس کی منتقلی کے مواقع کی شناخت سے آتا ہے۔ LIF کو ریڈیمپشنز کی تکمیل کے لیے خالص اثاثوں کے 15 فی صد تک قرض لینے کی اجازت ہے، تاہم LIF نے اس سہولت کو زیرِ جائزہ مدت کے دوران استعمال نہیں کیا۔

فنڈ کی کارکردگی

LIF نے سالانہ بینچ مارک منافع 14.57% کے مقابلے میں مالی سال 2020 کی پہلی سہ ماہی میں 14.60% کا سالانہ منافع کمایا۔ LIF نے بینچ مارک کو 0.03% سے پیچھے چھوڑ دیا۔ 30 ستمبر 2019 کے مطابق LIF پورٹ فولیو نے کیش میں 49.8%، PIBs میں 23.4%، TFCs میں 15.3% اور صکوک میں 7.0% سرمایہ کاری کی جبکہ LIF پورٹ فولیو کی تخمینہ شدہ اوسط میچورٹی 770 دن ہے۔ 30 ستمبر 2019 کے مطابق LIF کے فنڈ کا حجم 2,335 ملین روپے تھا۔

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 قابلِ عمل نہیں ہے۔

معاشی جائزہ

ریٹ میں لگاتار 8 اضافوں کے بعد، ایس بی پی نے ستمبر 2019 کی مانیٹری پالیسی میں مرکزی پالیسی ریٹ کو 13.75% پر برقرار رکھا۔ ایس بی پی کا مؤقف افراطِ زر کی توقعات میں کوئی تبدیلی نہ ہونے (11-12% رینج کے لیے ایس بی پی کی رہنمائی) کا نتیجہ تھا جہاں سی پی آئی ٹریک پر رہی، جس کی اوسط 2015-15 کی نئی بنیادی سطح پر مالی سال 2020 کے 2 ماہ میں 9.45% رہی (2007-08 کی پرانی بنیادی سطح پر 11.0%) تھی۔ اس کے علاوہ، پچھلے سہ ماہیوں میں زرِمبادلہ کی شرح میں بھاری اصلاح کے ساتھ مالی سال 2020 کی پہلی سہ ماہی کے لئے REER، 100 سے (عبوری) سے بھی کم رہا۔ بیرونی شعبے نے مالی سال 2020 کے 2 ماہ کے دوران سال بہ سال بنیاد پر 53% کیبھاری کمی کے ساتھ 1.3 ارب ڈالر تک نمایاں بہتری دکھائی۔ اس نے، پروگرام سے متعلق زرِمبادلہ کی آمد اور سعودی تیل کی سہولت فعال ہونے نے کے ساتھ، ایس بی پی کے زرِمبادلہ کے ذخائر بڑھنے میں مدد ملی، جو 20 ستمبر 2019 کو 8.47 ارب ڈالر تھے۔ تاہم درآمدی حفاظتی حد (امپورٹ کور) اب بھی 2x ماہ کی حفاظتی حد پر کمزور ہے۔ تاہم، غیر ملکی سرمایہ کاروں کے لئے قرضوں کی منڈیوں کو کھولنے کے مرکزی بینک کے فیصلے کے بعد کچھ مالی معاونت مختصر مدتی سرمایہ کاری کی شکل میں آئی ہے۔ سرمایہ کاروں کی دلچسپی بڑی حد تک ٹی بلز (234 ملین ڈالر) پر مرکوز رہی ہے جس میں کے ایس سی آر اے (اسپیشل کنورٹیبل روپی اکاؤنٹ) کے گزشتہ سال تا حال منافع جات 327 ملین امریکی ڈالر رہے جس سے مستقبل میں سرمایہ کاری کے بے پناہ امکانات کی نشاندہی ہوتی ہے۔ اس سے قطع نظر، اسٹیٹ بینک کے گورنر نے واضح کیا ہے کہ مالیاتی پالیسی سرمایے آمد کے بجائے افراطِ زر کی توقعات پر مبنی ہے جہاں بجلی کے نرخوں میں آیندہ اضافے کا نتیجہ افراطِ زر کے دباؤ کا سبب بن سکتا ہے، ہم سمجھتے ہیں کہ سود کی شرحیں اپنی بلند ترین حد تک پہنچ چکی ہیں، تاہم، مالیاتی نرمی شروع کرنے سے قبل مرکزی بینک 2020 تک انتظار کر سکتا ہے۔

فکسڈ انکم مارکیٹ کا جائزہ

مالی سال 2019 کی چوتھی سہ ماہی میں 4.9 ٹریلین روپے کے مقابلے میں مالی سال 2020 کی پہلی سہ ماہی کے دوران 6.1 ٹریلین روپے کے ساتھ ٹی بلز میں سرمایہ کاری میں (گزشتہ سال اسی مدت میں 4.6 ٹریلین روپے کے مقابلے میں) نمایاں اضافہ ہوا جہاں 3 سے 6 ماہ کی میعادوں میں بھاری تیزی دیکھنے میں آئی۔ 3 ماہ/6 ماہ/12 ماہ کی میعادوں کے لیے حتمی (Cut-off) منافع جات میں سہ ماہی بہ سہ ماہی بنیاد پر 90 بنیادی پوائنٹ کا اضافہ ہوا جس کی ستمبر 2019 میں اوسط (جون 2019 میں 12.97%/12.84%/12.73% کی اوسط کے مقابلے میں) بالترتیب

13.74%/13.78%/13.73% رہی۔ اس کے باوجود مرکزی بینک کی طرف سے ستمبر 2019 میں مالیاتی پالیسی میں مرکزی پالیسی ریٹ 13.25% پالیسی برقرار رکھنے کے بعد جلد ہی مالی نرمی کی روشن توقعات کے ساتھ منافع جات کے خطوط (yield curves) بلندی کی طرف بحال ہونے شروع ہو گئے ہیں (ستمبر 2019 میں منافع جات میں ماہ بہ ماہ بنیاد پر 18 بنیادی پوائنٹس کی بحالی ہوئی)۔ PIB کی نیلامیوں میں سرمایہ کاری میں نمایاں اضافہ ہوا، تاہم مالی سال 2020 کی پہلی سہ ماہی میں ایس بی پی طرف سے قبول کردہ 963 ارب روپے کی پیشکشیں مالی سال 2019 کی چوتھی سہ ماہی میں 431 ارب روپے (اور مالی سال 2019 کی پہلی سہ ماہی میں 21 ارب روپے) کے مقابلے میں کم تھیں۔

3 سال / 5 سال / 10 سال کی میعادوں کے لیے PIB کے منافع جات میں تیزی سے گراوٹ آئی جو ستمبر 2019 میں 12.31%/12.40%/12.84% کی اوسط کے ساتھ سہ ماہی بہ سہ ماہی بنیاد پر (جون 2019 میں 13.64%/13.75%/13.69% کی اوسط کے مقابلے میں) 117 بنیادی پوائنٹس گر گئے۔

مستقبل کی توقعات

سود اور افراط زر کی بلند شرحوں کی وجہ سے مالی سال 2020 میں معاشی نمو کمزور رہنے کی توقع ہے۔ اسٹیٹ بینک کی طرف سے جی ڈی پی کی 2.5%-3.0% شرح نمو کی پیش گوئی کی گئی ہے۔

6 ارب امریکی ڈالر کے توسیعی فنڈ کی سہولت کے لئے آئی ایم ایف پروگرام میں شمولیت سے آئندہ چند سالوں میں 38 بلین ڈالر کی بیرونی قرضے اور گرانٹ کے دروازے کھولنے اور بیرونی اکاؤنٹ کی صورتِ حال اور پاکستانی روپے پر توقعات بہتر بنانے میں مدد ملے گی۔ مالیاتی صورتِ حال بدستور چیلنج سے بھرپور ہے تاہم ٹیکس آمدنی کی پیداوار میں اضافے کے ہدف کے ساتھ ٹیکس اصلاحات کی بدولت مزید بہتری کی توقع ہے۔ جس کا مقصد ٹیکس محصولات کی پیداوار میں اضافہ کرنا ہے۔ ہم خطہ ممالک کے مقابلے میں کمزور کرنسی اور برآمدات کو فروغ دینے کے اقدامات کی بدولت مالی سال 2020 میں برآمدات بڑھنے کا امکان ہے۔ اشیائے تعیش پر بلند محصولات کی بدولت درآمدات میں نمو محدود رہے گی۔

مختلف ذرائع کے مطابق مالی سال 2021 میں کمی سے قبل مالی سال 2020 کے لیے افراطِ زر میں نچلے دوہرے ہندسوں، 11-13% تک اضافہ متوقع ہے۔ روپے کی قدر میں کمی اور بجلی اور گیس کے نرخوں میں اضافے کے اثرات کی منتقلی اضافے کے پیچھے اہم وجوہات ہیں۔ مالی سال کے دوسرے نصف حصے میں کمی سے پہلے نصف میں سود کی شرح کے بلند رہنے اور بلندترین سطح چھونے کی توقع ہے۔

مالی سال 2020 کے لیے خسارہ، مالی سال 2019 میں 8.9 فیصد کے مقابلے میں 7 فیصد سے تجاوز کرنے کی توقع ہے۔ ٹیکس وصولی کے جارحانہ اہداف کے ساتھ آگے بڑھتے ہوئے اس میں کمی متوقع ہے۔

جیسا کہ مرکزی بینک نے مالی سال کے اختتام کے بعد پالیسی شرح میں مزید 100 بنیادی پوائنٹس کا اضافہ کیا ہے، افراطِ زر کے خطرات کے پیش نظر اسٹیٹ بینک آف پاکستان کی طرف پیشگی طے کردہ قیمتوں اور موجودہ سال 2019 کے دوسرے نصف میں سی پی آئی 10-12% کی حد میں رہنے کی رہنمائی کے ساتھ مزید سختی کی توقع نہیں ہے۔ زرمبادلہ کی شرح میں بہت حد تک درستی حاصل کر لی گئی ہے جہاں اگست 2019 کے لئے REER 93 پر کھڑا ہوا تھا (ایس بی پی کے مطابق) اور امکان ہے کہ مالی سال 2020 کے باقی عرصہ تک موجودہ سطح پر رہے گا۔ ہم توقع کرتے ہیں کہ قدر میں کمی کی رفتار 5-6% کی زیادہ معتدل رفتار اپنائے گی جس سے آگے بڑھنے پر افراطِ زر کے دباؤ میں مزید کمی آنی چاہیے۔

اظہارِ تشکر

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

برائے ومنجانب بورڈ

چیف ایگزیکٹیو آفیسر ڈائریکٹر

تاریخ: 22 اکتوبر 2019

Condensed Interim Statement of Assets and Liabilities
As at September 30, 2019

	Note	September 30, 2019 (Unaudited)	June 30, 2019 (Audited)
		(Rupees)	
ASSETS			
Bank balances	6	**1,182,100,435**	1,319,573,643
Investments	7	**1,130,593,062**	922,901,205
Mark-up receivable		**43,724,250**	32,594,236
Deposits, prepayments and other receivables		**15,405,441**	15,619,200
TOTAL ASSETS		**2,371,823,188**	2,290,688,284
LIABILITIES			
Payable to the Management Company	8	**19,432,303**	21,806,364
Payable to the Trustee	9	**169,349**	257,267
Annual fee payable to Securities and Exchange Commission of Pakistan	10	**120,796**	2,425,288
Accrued expenses and other liabilities	11	**16,739,142**	15,119,214
TOTAL LIABILITIES		**36,461,590**	39,608,133
NET ASSETS		**2,335,361,598**	2,251,080,151
UNIT HOLDERS' FUND (as per statement of movement in unit holders' fund)		**2,335,361,598**	2,251,080,151
CONTINGENCIES AND COMMITMENTS	12		
		(Number of units)	
Number of units in issue		**22,338,153**	22,284,408
		(Rupees)	
Net assets value per unit		**104.5458**	101.0159

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

For Lakson Investments Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

Condensed Interim Income Statement (Unaudited)
For the quarter ended September 30, 2019

	Note	2019	2018
		(Rupees)	
INCOME			
Mark-up income		**85,321,683**	82,198,854
Income from Margin Trading System		-	7,660,674
Gain / (loss) on sale of held for trading investments - net		**91,090**	(181,762)
Unrealised appreciation / (dimunition) in the fair value of investments classified as 'held for trading' - net	7.1, 7.2, 7.3, 7.4, 7.5 & 7.6	**10,083,004**	(5,210,340)
		95,495,777	84,467,426
EXPENSES			
Remuneration to the Management Company	8.1	**9,059,707**	16,464,239
Sindh Sales tax on remuneration to the Management Company	8.2	**1,177,762**	2,140,351
Remuneration to the Trustee	9	**518,913**	1,296,359
Annual fee to the Securities and Exchange Commission of Pakistan	10	**120,796**	823,212
Annual Supervisory fee of SECP on PSX Listing Fee		**629**	630
Auditors' remuneration		**73,380**	93,371
Fees and subscription		**280,970**	262,829
Printing charges		-	5,041
Brokerage expenses		-	13,410
Bank and settlement charges		**157,741**	1,023,568
		11,389,898	22,123,010
Net income from operating activities		**84,105,879**	62,344,416
Sindh Workers' Welfare Fund	11.1	**(1,682,118)**	(1,246,888)
Net income for the period before taxation		**82,423,761**	61,097,528
Taxation	13	-	-
Net income for the period after taxation		**82,423,761**	61,097,528
Allocation of Net Income for the period:			
Net income for the year after taxation		**82,423,761**	61,097,528
Income already paid on units redeemed		**(4,435,615)**	(11,008,065)
		77,988,146	50,089,463
Accounting income available for distribution			
Relating to capital gains		**9,522,675**	-
Excluding capital gains		**68,465,471**	50,089,463
Accounting income available for distribution		**77,988,146**	50,089,463

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

For Lakson Investments Limited
(Management Company)

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

Condensed Interim Statement of Comprehensive Income (Unaudited)
For the quarter ended September 30, 2019

	2019	2018
	(Rupees)	
Net income for the period after taxation	**82,423,761**	61,097,528
Other comprehensive income	-	-
Total comprehensive income for the period	**82,423,761**	61,097,528

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

For Lakson Investments Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

Condensed Interim Statement of Movement In Reserve or Unit Holders' Fund (Unaudited)
For the quarter ended September 30, 2018

	2019				2018			
	Capital Value	Undistributed income	Unrealised (losses) / gains on investment	Total	Capital Value	Undistributed income	Unrealised (losses) / gains on investment	Total
	(Rupees)				(Rupees)			
Net assets at beginning of the period	**2,217,147,832**	**33,932,319**	**-**	**2,251,080,151**	4,511,068,619	182,180,526	-	4,693,249,145
Total proceeds on issuance of 3,878,667 units (2018: 2,004,391 units)								
- Capital Value	**391,801,195**			**391,801,195**	130,665,633			130,665,633
-Element of Income	**7,799,829**			**7,799,829**				
	399,601,024	**-**	**-**	**399,601,024**	130,665,633	-	-	130,665,633
Total payments on redemption of 7,799,829 units (2018: 11,365,245 units)								
- Capital Value	**(386,377,919)**			**(386,377,919)**	(1,147,199,979)			(1,147,199,979)
-Element of Income	**(6,929,804)**	**(4,435,615)**		**(11,365,419)**		(11,008,065)		(11,008,065)
	(393,307,723)	**(4,435,615)**	**-**	**(397,743,338)**	(1,147,199,979)	(11,008,065)	-	(1,158,208,044)
Total comprehensive income for the period	**-**	**82,423,761**	**-**	**82,423,761**	-	61,097,528	-	61,097,528
Final Distribution during the period is Nil (2018: Rs. 5.0027 on July 03, 2018)	**-**	**-**	**-**	**-**	-	(149,951,541)	-	(149,951,541)
Net income for the period less distribution	**-**	**82,423,761**	**-**	**82,423,761**	-	(88,854,013)	-	(88,854,013)
Net assets at end of the period	**2,223,441,133**	**111,920,465**	**-**	**2,335,361,598**	3,494,534,273	82,318,448	-	3,576,852,721
Undistributed income brought forward								
Realised gain		**48,989,915**				194,319,292		
Unrealised gain		**(15,057,596)**				(12,138,766)		
		33,932,319				182,180,526		
Accounting (loss) / income available for distribution								
Relating to capital gains		**9,522,675**				-		
Excluding capital gains		**68,465,471**				50,089,463		
		77,988,146				50,089,463		
Net income for the period after taxation						-		
Final Distribution during the period is Nil (2018: Rs. 5.0027 on July 03, 2018)		**-**				(149,951,541)		
Undistributed income carried forward		**111,920,465**				82,318,448		
Undistributed income carried forward comprises of:								
Realised income		**101,837,461**				87,528,788		
Unrealised (loss)		**10,083,004**				(5,210,340)		
		111,920,465				82,318,448		
				(Rupees)				(Rupees)
Net assets value per unit at beginning of the period				**101.0159**				105.9420
Net assets value per unit at end of the period				**104.5458**				102.3733

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

For Lakson Investments Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

Condensed Interim Cash Flow Statement (Unaudited)
For the quarter ended September 30, 2019

	2019	2018
	(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	**82,423,761**	61,097,528
Adjustments for non-cash charges and other items:		
Unrealised appreciation in the fair value of investments classified as 'held for trading' - net	**(10,083,004)**	5,210,340
	72,340,757	66,307,868
(Decrease) / Increase in assets		
Investments - net	**(197,608,853)**	569,312,908
Receivable against Margin Trading System	-	(75,807,169)
Mark-up receivable	**(11,130,014)**	27,275,341
Deposits, prepayments and other receivables	**213,759**	(29,853,761)
	(208,525,108)	490,927,319
(Decrease) in liabilities		
Payable to the Management Company	**(2,374,061)**	(1,098,701)
Payable to the Trustee	**(87,918)**	(62,259)
Annual fee payable to Securities and Exchange Commission of Pakistan	**(2,304,492)**	(2,627,723)
Accrued expenses and other liabilities	**1,619,928**	3,282,152
	(3,146,543)	(506,531)
Net cash generated / (used in) operating activities	**(139,330,894)**	556,728,656
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from issue of units	**399,601,024**	130,665,633
Cash paid on redemption of units	**(397,743,338)**	(1,158,208,044)
Cash dividend paid	-	(149,951,541)
Net cash (used in) / generated from financing activities	**1,857,686**	(1,177,493,952)
Net (decrease) / increase in cash and cash equivalents	**(137,473,208)**	(620,765,296)
Cash and cash equivalents at the beginning of the period	**1,319,573,643**	3,336,896,309
Cash and cash equivalents at the end of the period	**1,182,100,435**	2,716,131,013

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

For Lakson Investments Limited
(Management Company)

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

Notes to the Condensed Interim Financial Information (Unaudited)
For the quarter ended September 30, 2019

1. LEGAL STATUS AND NATURE OF BUSINESS

The Lakson Income Fund (the "Fund") was established under the Trust Deed executed on August 18, 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 Lahore Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

The Fund is categorised as "Income Scheme" as per the Circular 07 of 2009 issued by Securities and Exchange Commission of Pakistan (SECP) and it primarily invests in Government securities, certificates of investment, certificates of deposits, term deposit receipts, commercial papers, reverse repo, preference shares, spread transactions and corporate debt securities, 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 A+(f) (Fund Stability Rating) to the Fund on April 24, 2019 and 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 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.

In compliance with schedule V of the NBFC Regulations the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at September 30, 2019.

2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention, except for investments that are stated at fair values.

This condensed interim financial information has been prepared following accrual basis of accounting except for cash flow information.

2.3 Functional And Presentation Currency

These financial statements are prepared in Pakistani Rupees, which is presentation and functional currency of the Fund.

3. Significant judgement and estimates

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

The significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied to financial statements as at and for the year ended June 30, 2018.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial informations are the same as those applied in the preparation of the financial statements as at and for the year ended June 30, 2019.

5. FINANCIAL RISK MANAGEMENT

The Fund financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements for the year ended June 30, 2019.

	Note	**September 30, 2019 (Unaudited)**	June 30, 2019 (Audited)
		(Rupees)	
6. BANK BALANCES			
Local currency			
In profit and loss sharing accounts	6.1	**1,182,092,960**	1,319,566,169
In current accounts		**7,475**	7,474
		1,182,100,435	1,319,573,643

6.1 These represents profit and loss account maintained with banks carrying profit rates ranging from 11.25% to 14.20% (2019: 10.25% to 13.50%) per annum.

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

	Note	September 30, 2019 (Unaudited)	June 30, 2019 (Audited)
		(Rupees)	
Government Securities			
Market Treasury Bills	7.1	-	47,603,709
Pakistan Investment Bonds - Fixed Rate	7.2	**431,275,525**	198,904,134
Pakistan Investment Bonds - Floating Rate	7.3	**124,312,500**	122,712,500
Term Finance Certificates - Listed	7.4	**137,960,925**	238,302,895
Term Finance Certificates - Unlisted	7.5	**224,574,874**	134,988,291
Sukuk Certificates	7.6	**165,765,638**	180,389,676
		1,083,889,462	922,901,205
Loans and Receivables			
Term Deposits Receipts		-	-
Commercial Paper	7.7	**46,703,600**	-
		46,703,600	-
		1,130,593,062	922,901,205

7.1 Market Treasury Bills

	Note	Number of holdings at the beginning of the period	Acquired during the period	Disposed/ matured during the period	Number of holdings at the end of the period	Carrying value	Market value	Unrealized appreciation / (diminution)	Market value as a percentage of net assets of the fund	Market value as a percentage of total investments
		----Number of treasury bills----				Balance as at September 30, 2019				
						---- Rupees ----				
Treasury Bills - 6 months (face value of Rs. 100,000 each)		500	-	500	-			-	-	-
Total as at September 30, 2019						-	-	-	-	-
Total as at June 30, 2019						47,660,942	47,603,709	(57,233)	2.11%	5.16%

7.2 Pakistan Investment Bond - Fixed Rate

	Note	Number of holdings at the beginning of the period	Acquired during the period	Disposed/ matured during the period	Number of holdings at the end of the period	Carrying value	Market value	Unrealized appreciation	Market value as a percentage of net assets of the fund	Market value as a percentage of total investments
		----Number of Pakistan investment bond----				Balance as at September 30, 2019				
						---- Rupees ----				
3 years Pakistan Investment Bond (face value of Rs. 100,000 each)	7.2.1	960			960	305,957,871	309,948,279	3,990,408	13.77%	33.58%
5 years Pakistan Investment Bond (face value of Rs. 100,000 each)	7.2.2	950			950	79,438,270	82,574,570	3,136,300	3.67%	8.95%
10 years Pakistan Investment Bond (face value of Rs. 100,000 each)	7.2.3	474			474	35,727,905	38,752,676	3,024,771	1.72%	4.20%
Total as at September 30, 2019						**421,124,046**	**431,275,525**	**10,151,479**	**19.16%**	**46.73%**
Total as at June 30, 2019						208,677,584	198,904,134	(9,773,450)	8.84%	21.55%

7.2.1 This represent the Pakistan Investment Bond (PIB) with fixed rate coupon carry a rate of 7.25% (June 30, 2019: 7.25%) per annum and having maturity on July 12, 2021. The coupon will be paid semi-annually. The face value of PIB - Fixed rate is Rs. 96 million (June 30, 2019: 96 million).

7.2.2 This represent the Pakistan Investment Bond (PIB) with fixed rate coupon carry a rate of 8.00% (June 30, 2019: 8.00%) per annum and having maturity on July 12, 2023. The coupon will be paid semi-annually. The face value of PIB - Fixed rate is Rs. 95 million (June 30, 2019: 95 million).

7.2.3 This represent the Pakistan Investment Bond (PIB) with fixed rate coupon carry a rate of 8.75% (June 30, 2019: 8.75%) per annum and having maturity on July 12, 2028. The coupon will be paid semi-annually. The face value of PIB - Fixed rate is Rs. 47.4 million (June 30, 2019: 47.4 million).

7.3 Pakistan Investment Bond - Floating Rate

	Note	Number of Pakistan investment bond: Number of holdings at the beginning of the period	Acquired during the period	Disposed/ matured during the period	Number of holdings at the end of the period	Balance as at September 30, 2019: Carrying value	Market value	Unrealized appreciation	Market value as a percentage of net assets of the fund	Market value as a percentage of total investments
						Rupees				
05 years Pakistan Investment Bonds (face value of Rs. 100,000 each)	7.3.1	1,250	-	-	1,250	122,712,500	124,312,500	1,600,000	5.32%	11.47%
Total as at September 30, 2019						**122,712,500**	**124,312,500**	**1,600,000**	**5.32%**	**11.47%**
Total as at June 30, 2019						124,475,000	122,712,500	(1,762,500)	5.45%	13.30%

7.3.1 This represent the Pakistan Investment Bond (PIB) with floating rate coupon carry a rate of 13.20% (June 30, 2019: 13.20%) per annum and having maturity on May 31, 2028. The coupon will be paid and reset semi-annually. The face value of PIB - Floating rate is Rs. 125 million (June 2019: 125 million)

7.4 Term Finance Certificates - listed

Name of Security	Note	Number of certificates: Number of holdings at beginning of the period	Acquired during the period	Disposed / matured during the period	Number of holdings at the end of the period	Balance as at September 30, 2019: Carrying Value	Market value	Unrealized (diminution)	Market value as percentage of net assets of the Fund	Market value as percentage of total investment	Face value as percentage of size of the issue
						(Rupees)					
Commercial Banks											
Bank Alfalah Limited - V (face value of Rs. 5,000 each)	7.4.1	12,950	-	-	12,950	64,581,650	64,581,650	-	2.77%	5.96%	1.30%
HBL Tier-II TFCs 10 years (face value of Rs. 100,000 each)	7.4.2	750	-	-	750	73,713,295	73,379,275	(334,020)	3.14%	6.77%	0.75%
Total as at September 30, 2019						**138,294,945**	**137,960,925**	**(334,020)**	**5.91%**	**12.73%**	**2.05%**
Total as at June 30, 2019						238,911,404	238,302,895	(608,509)	10.59%	25.82%	2.07%

7.4.1 These represent listed term finance certificates and carry a rate of mark-up equal to the base rate of 6 months Karachi Interbank Offer Rate (KIBOR) per annum plus margin of 1.25% receivable semi-annually in arrears with no floor or cap and will mature in February 2021. The principal repayment for all the units shall be Rs. 12,950 per six months, except in case of the last six monthly installment, where it shall be Rs. 64.556 million. These term finance certificates are unsecured. The rating of the instrument is AA.

7.4.2 These represent listed term finance certificates and carry a rate of mark-up equal to the base rate of 6 months Karachi Inter Bank Offer Rate (KIBOR) per annum plus margin of 0.50% .These term finance certificates are unsecured and the rating of the instrument is AA+.

7.5 Term Finance Certificates - Un-listed

Name of Security	Note	Number of term finance certificates: Number of holdings at beginning of the period	Acquired during the period	Disposed / matured during the period	Number of holdings at the end of the period	Balance as at September 30, 2019: Carrying Value	Market value	Unrealized (diminution) / appreciation	Market value as percentage of net assets of the Fund	Market value as percentage of total investment	Face value as percentage of size of the issue
						(Rupees)					
Commercial Banks											
Silk Bank Limited PPTFC - 08 Years (face value of Rs. 5,000 each)	7.5.1	16,000		-	16,000	69,552,166	68,513,624	(1,038,542)	2.93%	6.32%	4.00%
Jahangir Siddiqui Company Limited PPTFC (face value of Rs. 5,000 each)	7.5.2	15,000		-	15,000	56,053,125	56,081,250	28,125	2.40%	5.17%	5.00%
BAHL Tier-II TFCs 10 years (face value of Rs. 5,000 each)	7.5.3	20,000	-	-	20,000	99,980,000	99,980,000	-	4.28%	9.22%	0.02%
Total as at September 30, 2019						**225,585,291**	**224,574,874**	**(1,010,417)**	**9.62%**	**20.72%**	**9.02%**
Total as at June 30, 2019						137,257,493	134,988,291	(2,269,202)	6.00%	14.63%	9.00%

7.5.1 This represents unlisted term finance certificates issued by Silk Bank Limited. Total size of the issue is Rs. 2,000 million and the term of the TFCs is eight years commencing from the date of issue of TFCs which was August 2017 and ending on August 2025. Profit on the instrument shall be payable semi-annually in arrears on the outstanding balance and the first such profit payment shall fall due 6 months from the issue date and subsequently every six months thereafter. Profit rate shall be the average six months KIBOR + 1.85% per annum. The instrument will be structured to redeem 0.14% of the issue amount during the first 7 years and remaining

99.86% in the last two semi annual instalments of 49.93% each. The instrument is unsecured and subordinated to all other indebtedness of the Bank. The rating of the instrument is A-.

7.5.2 This represent unlisted term finance certificates and carry rate of mark-up equal to the base rate of 6 months Karachi Inter Bank Offer Rate (KIBOR) per annum (plus margin of 1.40%) receivable semi-annually in arrears with no floor or cap and will mature in July 2022. The principal shall be redeemed in 8 equal semi annually installments. These term finance certificates are secured. The rating of the instrument is AA+.

7.5.3 These represents listed term finance certificates and carry rate of mark-up equal to the base rate of 6 months Karachi Inter Bank Offer Rate (KIBOR) per annum plus margin of 1.00% receivable semi-annually in arrears with no floor or cap and will mature in December 2028. The principal repayment for all the units shall be Rs. 20,000 per six months, except last two payments, where it shall be Rs. 49.840 million per installment. These term finance certificates are unsecured. The rating of the instrument is AA-.

7.6 Sukuk Certificates

Name of Security	Note	------------Number of sukuk certificates------------				Balance as at September 30, 2019			Market value as percentage of net assets of the Fund	Market value as percentage of total investment	Face value as percentage of size of the issue
		Number of holdings at beginning of the period	Acquired during the period	Disposed / matured during the period	Number of holdings at the end of the period	Carrying Value	Market value	Unrealized appreciation			
						----------------------(Rupees)----------------------					
Investment Company											
Dawood Herculus Corporation Limited - 05 Years (Face value of 100,000 each)	7.6.1	420	-	-	420	37,675,676	37,567,568	(108,108)	1.61%	3.82%	0.70%
Dawood Herculus Corporation Limited - 05 Years (Face value of 100,000 each)	7.6.2	1,430	-	-	1,430	128,414,000	128,198,070	(215,930)	5.49%	13.03%	2.38%
Total as at September 30, 2019						**166,089,676**	**165,765,638**	**(324,038)**	**7.10%**	**16.85%**	**3.08%**
Total as at June 30, 2019						180,976,378	180,389,676	(586,702)	8.01%	19.55%	3.08%

7.6.1 This represent sukuk certificates having face value of Rs. 100,000 each issued by Dawood Hercules Corporation Limited having issue size of Rs. 5,200 million and tenor of 05 years which is from November 2017 to November 2022. The profit rate shall be paid on quarterly basis and carry rate of profit equal to the base rate of 3 months of Karachi Inter Bank Offer Rate (KIBOR) plus margin of 1.00% per annum. Principal amount shall be redeemed in 08 equal semi-annual installments starting from 18th month from the issue date. The rating of the instrument is AA.

7.6.2 This represent sukuk certificates having face value of Rs. 100,000 each issued by Dawood Hercules Corporation Limited having issue size of Rs. 6,000 million and tenor of 05 years which is from February 2018 to February 2023. The profit rate shall be paid on quarterly basis and carry rate of profit equal to the base rate of 3 months of Karachi Inter Bank Offer Rate (KIBOR) plus margin of 1.00% per annum. Principal amount shall be redeemed in 08 equal semi-annual installments starting from 18th month from the issue date. The rating of the instrument is AA.

**The term "listed" indicated in note 6.4 and 6.6 refer to listing in the stock exchange. However, their rates are quoted by MUFAP.*

7.7 This represents 6 month commercial papers of K-Electric-I carrying mark up rate of 15.23% (June 30, 2019: Nil) per annum and having maturity on March 19, 2020. The placement amounts of commercial papers are Rs. 46.704 million (June 30, 2019: Nil). The rating of the instruments is A-2.

		Note	September 30, 2019 (Unaudited)	June 30, 2019 (Audited)
			(Rupees)	
8.	**PAYABLE TO THE MANAGEMENT COMPANY**			
	Remuneration payable	8.1	**784,908**	2,885,847
	Sindh Sales Tax on remuneration to Management Company	8.2	**2,470,320**	2,743,442
	Federal Excise Duty on remuneration to Management Company	8.3	**16,177,075**	16,177,075
			19,432,303	21,806,364

8.1 The Management Company is entitled to remuneration for services rendered to the Fund under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, of an amount not exceeding 1.5% per annum of the average daily net assets of the Fund. Currently, the remuneration of the Management Company has been charged at the rate of 1.5% of the average daily net assets of the Fund. The remuneration is paid to the Management Company monthly in arrears.

8.2 The Provincial Government of Sindh has levied Sindh Sales Tax at the rate of 13% on Management Company's remuneration. Above liability includes Rs. 2,368,285 (June 30, 2018: Rs. 2,368,285) accrued on Federal Excise Duty (FED) charged on the management remuneration as more fully explained in note 11.3 below. Had the provision relating to FED not been made, net asset value per unit of the Fund as at September 30, 2019 would have been higher by Re. 0.1060 (June 30, 2019: Re. 0.1063) per unit.

8.3 As per the requirements of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Management Company has been applied effective from 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 High Court of Sindh (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 16, 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 from June 13, 2013 to June 30, 2016 aggregating to Rs. 16.177 million. Had the provision not been made, net assets value per unit of the Fund as at September 30, 2019 would have been higher by Re. 0.72 (June 30, 2019: Re. 0.73) per unit.

9. 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. Effective from 01 July 2019 the Trustee has revised the trustee fee which is 0.075% per annum of the net assets.

Upto 30 June 2019 the Trustee was entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the following rates:

Net assets up to Rs. 1 billion

0.17% per annum of the daily average net assets of the Fund.

Net assets ranging between Rs. 1 billion to Rs. 5 billion

Rs. 1.70 million plus 0.085% per annum of the daily average net assets of the Fund exceeding Rs. 1 billion.

Exceeding Rs. 5 billion

Rs. 5.1 million plus 0.07% per annum of the daily average net assets of the Fund exceeding Rs. 5 billion.

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

This represents annual fee payable to SECP in accordance with the NBFC Regulations. Effective from 01 July 2019 the SECP has revised the Annual SECP fee as under:

The Company is required to pay SECP an amount at the rate of 0.02% per annum of the average daily net assets of the fund.

Upto 30 June 2019 the SECP was entitled for annual fee payable in accordance with the regulation 62 of the NBFC Reulation 2008, as per the following rates:

The Company is required to pay SECP an amount at the rate of 0.075% per annum of the average daily net assets of the fund.

11. ACCRUED EXPENSES AND OTHER LIABILITIES	Note	**September 30, 2019 (Unaudited)**	June 30, 2019 (Audited)
		(Rupees)	
Auditors' remuneration		**62,493**	140,313
Sindh Workers' Welfare Fund	11.1	**15,789,735**	14,107,617
Brokerage payable		**39,221**	39,221
NCCPL payable		**21,308**	21,308
Printing and stationery payable		**20,550**	20,550
Withholding tax payable		**796,178**	780,548
Settlement Charges		**1,375**	-
Others		**8,282**	9,657
		16,739,142	15,119,214

11.1 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 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 01, 2014).

Total provision for SWWF till June 30, 2019 is Rs. 15.790 million (June 30, 2019 : Rs. 14.108 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 0.7069 per unit (June 30, 2019: Re 0.6331 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 (SHC), the Mutual Funds Association of Pakistan (MUFAP) (collectively on behalf of the asset management companies and their CISs) have taken legal and tax opinions on the impact of the SCP's judgement on the CISs petition before the SHC. Both the legal and tax advisors consulted were of the view that the SCP's judgment has removed the very basis on which the demands were raised against the CISs. Therefore, there was no longer any liability against the CISs under the WWF Ordinance and that all cases pending in the SHC or lower appellate forums will now be disposed off in light of the earlier judgement of the SCP.

Pursuant to above MUFAP recommended that the entire provision of Rs. 11.784 million against WWF held by the CISs till June 30, 2015, was reversed on January 12, 2017.

12. CONTINGENCIES AND COMMITMENTS

Contingencies

There were no contingencies and commitments as at September 30, 2019 and June 30, 2019.

13 TAXATION

The Fund is exempt from taxation under clause 99 of the Part I of the Second Schedule of the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The management has distributed at least 90% of the income earned during the year by the Fund to the unit holders.

14. TRANSACTIONS AND BALANCES WITH RELATED PARTIES / CONNECTED PERSONS

Related parties include Lakson Investments Limited being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the Trustee, SIZA Services (Private) Limited being the holding company of the Management Company, associated companies of the Management Company, key management personnel, other funds being managed by the Management Company and unit holders holding more than 10% in the units of the Funds as of September 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 in normal course of business, at contracted rates and terms determined in accordance with the market rates.

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

	September 30, 2019 (Unaudited)	June 30, 2019 (Audited)
14.1 Balance as at period / year end	(Rupees)	
Lakson Investments Limited - Management Company		
Remuneration payable	**784,908**	2,885,847
Sindh Sales Tax and Federal Excise Duty on Remuneration to Management Company	**18,647,395**	18,920,517
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	**169,349**	257,267
Security deposit	**100,000**	100,000

14.2 Unit Holders' Fund

	Quarter ended September 30, 2019									
	Number of Units					Rupees				
	Number of Units as at July 01, 2019	Units issued during the period	Refund / Adjustment of Units as element of income	Units redeemed during the period	Number of holdings at the end of the period	Balance as at July 01, 2019	Units issued during the period	Refund / Adjustment of Units as element of income	Units redeemed during the period	Balance at the end of the period (Investment at current NAV)
Lakson Investments Limited - Management Company	905,336	-	-	-	905,336	91,453,292	-	-	-	94,649,036.10
Directors, Chief Executive and their spouse and minors	7,677,422	1,480,066	-	1,232,395	7,925,093	775,541,693	150,000,000	-	128,000,000	828,535,163.26
Associated companies										
SIZA (Private) Limited	860,228	15,386	-	-	875,614	86,896,734	1,606,295	-	-	91,541,805.66
Premier Fashions (Private) Limited	739,077	9,962	-	-	749,039	74,658,512	1,040,042	-	-	78,308,882.86
Alan (Private) Limited	22,692	-	-	-	22,692	2,292,231	-	-	-	2,372,331.13
Colgate Palmolive (Pakistan) Limited	3,770,174	-	-	-	3,770,174	380,847,511	-	-	-	394,155,847.59
Hasanali & Gulbano Lakhani Foundation	384,768	-	-	348,231	36,536	38,867,663	-	-	35,500,000	3,819,722.07
SIZA Services (Private) Limited	992,415	-	-	-	992,415	100,249,708	-	-	-	103,752,833.95
Sybrid (Private) Limited	536	-	-	-	536	54,194	-	-	-	56,087.33
Lakson Business Solution Limited-ECPFT	4,617	-	-	-	4,617	466,423	-	-	-	482,721.79
Connected person due to holding more than 10% units										
Gul Ahmed Energy Limited	-	-	-	-	-	-	-	-	-	-
Coronet Foods (Private) Limited	2,539,888	-	-	-	2,539,888	256,569,072	-	-	-	265,534,622.87
English Biscuit Manufacturers (Private) Limited	3,819,644	-	-	-	3,819,644	385,844,776	-	-	-	399,327,737.70

	Quarter ended September 30, 2018									
	---------- Number of Units ----------					---------- Rupees ----------				
	Number of Units as at July 01, 2018	Units issued during the period	Refund / Adjustment of Units as element of income	Units redeemed during the period	Number of holdings at the end of the period	Balance as at July 01, 2018	Units issued during the period	Refund / Adjustment of Units as element of income	Units redeemed during the period	Balance at the end of the period (Investment at current NAV)
Lakson Investments Limited - Management Company	1,089,737	135	53,850	-	1,143,722	115,448,674	13,637	-	-	117,086,565
Directors, Chief Executive and their spouse and minors	5,330,393	225830	6,090	-	5,562,313	564,712,495	28,700,506	-	-	569,432,337
Associated companies / undertakings of the Management Company										
SIZA (Private) Limited	1,059,782	44,646	-	-	1,104,428	112,275,427	4,506,506	-	-	113,063,941
Premier Fashions (Private) Limited	637,714	26,862	4	-	664,579	67,560,654	2,711,431	-	-	68,035,173
Alan (Private) Limited	20,460	862	-	-	21,322	2,167,535	86,999	-	-	2,182,766
Colgate Palmolive (Pakistan) Limited	9,442,006	2,440	465,089	6,367,012	3,542,522	1,000,304,957	246,281	-	650,000,000	362,659,706
Hasanali & Gulbano Lakhani Foundation	532,009	241	26,084	-	558,334	56,362,112	24,315	-	-	57,158,508
SIZA Services (Private) Limited	3,002,299	126,478	-	2,196,929	931,848	318,069,599	12,766,662	-	223,000,000	95,396,392
Sybrid (Private) Limited	837,838	20,100	17,878	325,235	550,581	88,762,309	2,028,838	-	33,000,000	56,364,826
Lakson Business Solution Limited-ECPFT	4,091	1	202	-	4,294	433,400	60	-	-	439,541
*Gul Ahmed Energy Limited (10% or more holding)	5,117,282	125506	105,965	-	5,348,753	542,135,090	12,668,523	-	-	547,569,495
*Atlas Honda Limited (10% or more holding)	-	-	-	-	3,743,327	-	-	-	-	383,216,782
*English Biscuit Manufacturers Private Limited (10% or more holding)	-	-	-	-	3,589,005	-	-	-	-	367,418,321

*Holding increased above 10% due to investment of Unit holder / divestment from other Unit holders.

	September 30, 2019	September 30, 2018
	(Unaudited)	
14.3 Other transactions during the period	(Rupees)	
Lakson Investments Limited - Management Company of the Fund		
Remuneration to the Management Company	**9,059,707**	16,464,239
Sindh Sales Tax on remuneration to Management Company	**1,177,762**	2,140,351
Central Depository Company of Pakistan Limited- Trustee of the Fund		
Remuneration to the Trustee	**518,913**	1,193,502
Settlement charges	**46,287**	48,995

15. Total Expense Ratio (TER)

Securities and Exchange Commission of Pakistan (SECP) vide its Directive No. SCD/PRDD/Direction/18/2016 dated 20 July 2016, required that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS / the Fund. TER of the Fund for the quarter ended September 30, 2019 is 2.16% which includes 0.51% representing government levies (comprising of Government Levies and SECP fee, etc.). As per NBFC Regulation the total expense ratio of the Income Scheme shall be caped up to 2.5% (Sep 30, 2018: 2%).

16. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Asset Management Company 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).

Investments of the Fund carried at fair value are categorised as follows:

	As at September 30, 2019			
	-------------------- Un-audited --------------------			
	Level 1	Level 2	Level 3	Total
Assets	-------------------- Rupees --------------------			
Financial assets at fair value through profit or loss	-	1,083,889,462	-	1,083,889,462

	As at June 30, 2019			
	-------------------- Audited --------------------			
	Level 1	Level 2	Level 3	Total
Assets	-------------------- Rupees --------------------			
Financial assets at fair value through profit or loss	-	922,901,205	-	922,901,205

17. Date of Authorization for Issue

These condensed interim financial statements were authorized for issue by Board of Directors of the Management company on October 22, 2019.

18 GENERAL

Figures have been rounded off to the nearest rupee.

For Lakson Investments Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

A Lakson Group Company

Lakson Investments Limited
Lakson Square, Building No. 2,
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LAKSON ISLAMIC TACTICAL FUND

Quarterly Report (September 30, 2019)

LAKSON INVESTMENTS

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Fund's Information

Management Company	Lakson Investments Limited Head Office Lakson Square, Building No.2, Sarwar Shaheed Road, Karachi-74200, Pakistan. Phone: (9221) 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 Ms. Gaite Ali Ms. Kathleen Kennedy Townsend
Chief Financial Officer & Company Secretary of the Management Company	Mr. Salman Shafiq Hashmi
Audit Committee	Mr. Jacques John Visser - Chairman Mr. Amin Mohammed Lakhani Mr. Iqbal Ali Lakhani Mr. Jamil Ahmed Mughal
Human Resource and Remuneration Committee	Ms. Gaite Ali - Chairman Mr. Babar Ali Lakhani Mr. Iqbal Ali Lakhani
Trustee	Central Depository Company of Pakistan Limited CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahra-e-Faisal, Karachi, Pakistan.
Auditors	KPMG Taseer Hadi & Co. Chartered Accountants Sheikh Sultan Trust Building No.2, Beaumont Road, Karachi - 75530, Pakistan
Bankers to the Fund	Habib Bank AG Zurich Habib Metropolitan Islamic Bank Limited Bank Islami Pakistan Limited Al Baraka Bank (Pakistan) Limited Dubai Islamic Bank Pakistan Limited
Legal Adviser	Fazleghani Advocates F-72/I, Block 8, KDA-5, Kehkashan, Clifton, Karachi, Pakistan.

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

Review Report of the Directors of the Management Company For the quarter ended September 30, 2019

The Board of Directors of Lakson Investments Limited, the Management Company of the Lakson Islamic Tactical Fund ("LITF") is pleased to submit its review report together with Condensed Interim Financial Information for the period ended September 30, 2019

Fund Objective

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

Principal activities

LITF is an open-end asset allocation fund and is listed on Pakistan Stock Exchange Limited. The Fund is managed using an active investment management style which focuses on an analysis of the macro factors such as government policies, global economic data, commodities prices and supply/demand dynamics. The Fund switches exposure between equities and fixed income based on the outlook of the investments team. Exposure of the Scheme in fixed income securities is managed through duration and yield curve management.

Fund performance

Lakson Islamic Tactical Fund provided return of for -3.22% 1QFY20 against the Benchmark return of -2.76%. The fund has underperformed the benchmark by 0.46% during the period. As of September 30, 2019, the Fund had 59% exposure in equities, 31% in cash, and 6% in Sukuk on a total asset basis.

Loss Per Unit (LPU)

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

Economic Review

After 8 consecutive rate hikes, SBP maintained the key policy rate at 13.75% in the Sep'19 Monetary Policy. SBP's stance was led by an unchanged inflation outlook (SBP guidance for 11-12% range) where CPI remained on track, averaging 9.45% in 2MFY20 on new 2015-16 base (11.0% on old 2007-08 base). Moreover, with bulk of the exchange rate correction achieved in the previous quarters, REER for 1QFY20 remained well below 100 (provisional). The external sector continued to show significant improvement with a sizeable reduction of 53%yoy during 2MFY20 to US$1.3bn. This, together with the disbursement of program related inflows and activation of the Saudi oil facility, helped to build SBP's fx reserves, which stood at US$8.47bn as at 20th Sep'19, however import cover still remains weak at 2x monthly cover. However, some support has come in the form of hot money following central bank's decision to open up debt markets for foreign investors. Interest has been largely focused in T-Bills (US$234mn) with year-to-date SCRA (special convertible rupee account) returns clocking in at US$327mn, indicating immense potential for future participation. That said, SBP Governor has made clear that monetary policy is to be based on inflationary expectations and not flows. While upcoming electricity tariff hikes may lead to inflationary pressures, we think the interest rates have largely peaked, however, the central bank may wait until 2020 before commencing monetary easing.

Fixed Income Market Review

Participation in T-Bill auctions picked up significantly during 1QFY20 to PKR6.1tn vs. PKR4.9tn in 4QFY19 (and vs. PKR4.6tn in SPLY) with major traction witnessed in the 3-6months tenor. Cut-off yields for 3M/6M/12M tenors rose 90bps qoq on average to 13.73%/13.78%/13.74% in Sep'19, (from 12.73%/12.84%/12.97% on avg. in Jun'19). That said, yield curves began to invert following central bank's decision to maintain the key policy rate at 13.25% in the Sep'19 MPS, sparking expectations for monetary easing to follow soon (yields inverted 18bps MoM in Sep'19). Participation in PIB auctions rose significantly, however, bids accepted by SBP were lower at PKR963bn in 1QFY20 vs. PKR431bn in 4QFY19 (and PKR21bn in 1QFY19). PIB yields for 3YR/5YR/10YR tenors witnessed a sharp inversion, dropping 117bps qoq on average to 12.84%/12.40%/12.31% in Sep'19 (vs. 13.69%/13.75%/13.64% in Jun'19 on average).

Equity Market Review

KSE-100 index continued to remain under pressure during 1QFY20, dropping by 5.4%qoq during Jul-Sep'19 to 32,079pts, despite some late recovery (up 8.1% mom in Sep'19). Negative developments including (i) tensions with India over Kashmir, (ii) a large fiscal deficit of 8.9% during FY19 and (iii) fine of US$5.9bn in Reko Diq case contributed to declining trend. Additionally, the quarter started with a 100bps increase in policy rates during Jul'19 but MPS was status quo in Sep'19 meeting, explaining market direction in Sep'19. Market activity declined significantly, as ADTO dropped 25%qoq to US$21.9mn in 1QFY20. Mutual funds and insurance companies remained heavy sellers during 1QFY20, offloading positions of US$82mn and US$23mn, respectively. Once again, the supply was partially absorbed by foreigners with a net buy of US$23mn. Foreign inflow was mainly concentrated in cements (US$13.2mn), banks (US$7.9mn) and Power (US$5.6mn) but E&P sector witnessed a huge outflow (US$8.1mn). Decline in KSE-100 was almost inline with 5.1% drop in EM markets but the former underperformed the FM markets by 3.8%. Going forward, major checkpoints for market direction include (i) FATF review due in Oct'19 and (ii) the first IMF review due in Dec'19.

Emerging Market Review

Emerging markets recovered somewhat in September with MSCI EM Index up 1.7% MoM taking 1QFY20/CYTD return to 5.2% /4.7%. The increase was across the board though Chinese market was up only slightly while India, Turkey and Argentina had better returns. Turkey is showing improving signs of economic recovery with inflation declining and narrowing trade gap while Argentina is in the process of managing its economic woes. Volatile oil prices after the Saudi drone attacks also impacted markets differently though the oil prices have come down again as Saudi output recovered and economic slowdown.

China's Shanghai composite yielded a return of 0.7% MoM in September. China's official Purchasing Managers' Index (PMI) came in at 49.8 in September, higher than August's 49.5 but still showing contraction for the fifth straight month as impact of US-China trade war continue to become more apparent in their economy. Further escalation in September saw a fresh round of additional tariffs with China imposing 5% tariff on US crude oil. US has imposed 15% tariffs on more than USD 125bn of Chinese imports.

India's BSE Sensex Index was up 3.6% MoM in September bringing the CYTD return to 7.2%. Turkey's index rebounded 8.6% as September's inflation dropped to 9.26% YoY, in single digits for the first time in 26 months. Turkey's exports for September also rose 4.8% YoY with 9MCY19 trade gap falling 69% to USD 16.4bn. South Korea's KOSPI index was up 4.8% MoM in September.

Brazil's Bovespa index closed up 3.6% MoM in September while Malaysia was down 1.8% MoM. Argentina's stock market continued to remain volatile increasing 18.1% MoM. This is after last month when the stock market was down 41.5%. Argentina's economy has worsened considerably with inflation on a rising trend in August up 4% MoM/54.5% YoY fueled by peso falling 26% in August. Argentina is said to be in a technical default after it has started restructuring its foreign debt payments, including its IMF loan.

Future Outlook

Economic growth is expected to remain weak in FY20 given high levels of interest rates and inflation. GDP growth rate is forecasted at 2.5%-3.0 by SBP.

Entry into the IMF program for Extended Fund Facility of USD 6bn, will help unlock USD 38bn in external borrowing and grants over the next few years and improve external account position and outlook on PKR. Fiscal position remains challenging but is expected to further improve on the back of tax reforms aimed to increase tax revenue generation. 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 FY20, the deficit is expected to cross 7% compared to 8.9% in FY19. This is expected to be curtailed going forward with aggressive tax collection targets.

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 REER stood at 93 for August 2019. (as per SBP) and is likely to stay at current levels for the remainder of FY20. 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.

In 2QFY20, the market's sentiment remains weak led by economic consolidation and weak result season. However, as further clarity emerges in 2HFY20 on (i) interest rates, (ii) inflation and relations with the US, it is possible that the stock market will remain upbeat all along in 2HFY20.

Acknowledgment
The Board is thankful to its valued investors, the Securities & Exchange Commission of Pakistan, the State Bank of Pakistan, the Trustee of the Fund - Central Depository Company of Pakistan Limited and the management of the Pakistan Stock Exchange Limited for their continued cooperation and support. The Directors of the Management Company also acknowledge the efforts put in by the team of the Management Company for the growth and the prudent management of the Fund.

For and on Behalf of the Board

Director **Chief Executive Officer**

Dated: October 22, 2019

لیکسن اسلامک ٹیکٹیکل فنڈ
30 ستمبر 2019ءکوختم ہونے والے سال کے لیے
مینجمنٹ کمپنی کے ڈائریکٹرز کی رپورٹ

لیکسن انویسٹمنٹس لمیٹڈ کے بورڈ آف ڈائریکٹرز، لیکسن اسلامک ٹیکٹیکل فنڈ ("LITF" یا فنڈ) کی مینجمنٹ کمپنی 30 ستمبر 2019ءکوختم ہونے والے سال کے لیے اپنی رپورٹ مع آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتا ہے۔

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

نمایاں سرگرمیاں
LITF ایک اوپن اینڈ ایسیٹ ایلوکیشن اسکیم ہے اور پاکستان اسٹاک ایکسچینج لمیٹڈ میں لسٹڈ ہے۔ اس اسکیم کا انتظام وانصرام ایک ایکٹیو انویسٹمنٹ مینجمنٹ اسٹائل استعمال کرتے ہوئے کیا جاتا ہے جو اقتصادی ماحول کے تجزیے پر توجہ مرکوز رکھتا ہے مثلاً حکومتی پالیسیز، عالمی اقتصادی ڈیٹا، کموڈیٹیز کی قیمتیں اور رسد / طلب کا تحرک شامل ہے۔ اسکیم انویسٹمنٹ ٹیم کی توقعات کی بنیاد پر ایکوٹیز اور فکسڈ انکم میں سرمایہ کاری تبدیل کرتی ہے۔ فکسڈ انکم سیکورٹیز میں اسکیم کی سرمایہ کاری کا انتظام وانصرام دورانیے اور مختلف میچورٹیز کے درمیان سرمایہ کاری کے تبادلے اور yield curve مینجمنٹ کو مدنظر رکھ کر کیا جاتا ہے۔

فنڈ کی کارکردگی
لیکسن اسلامک ٹیکٹیکل فنڈ نے بینچ مارک منافع 2.76%- کے مقابلے میں مالی سال 2020 کی پہلی سہ ماہی کے لیے 3.22%- منافع فراہم کیا۔ فنڈ نے مدت کے دوران بینچ مارک کے مقابلے میں 0.46% کم تر کارکردگی کا مظاہرہ کیا۔ 30 ستمبر 2019 کے مطابق فنڈ مجموعی اثاثے کی بنیاد پر ایکوٹیز میں 59%، کیش میں 31% اور صکوک میں 6% سرمایہ کاری رکھتا ہے۔

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

معاشی جائزہ
ریٹ میں لگاتار 8 اضافوں کے بعد، ایس بی پی نے ستمبر 2019 کی مانیٹری پالیسی میں مرکزی پالیسی ریٹ کو 13.75% پر برقرار رکھا۔ ایس بی پی کا مؤقف افراطِ زر کی توقعات میں کوئی تبدیلی نہ ہونے (11-12% رینج کے لیے ایس بی پی کی رہنمائی) کا نتیجہ تھا جہاں سی پی آئی ٹریک پر رہی، جس کی اوسط 2015-15 کی نئی بنیادی سطح پر مالی سال 2020 کے 2 ماہ میں 9.45% رہی (08-2007 کی پرانی بنیادی سطح پر 11.0%) تھی۔ اس کے علاوہ، پچھلے سہ ماہیوں میں زرمبادلہ کی

شرح میں بھاری اصلاح کے ساتھ مالی سال 2020 کی پہلی سہ ماہی کے لئے REER، 100 سے (عبوری) سے بھی کم رہا۔ بیرونی شعبے نے مالی سال 2020 کے 2 ماہ کے دوران سال بہ سال بنیاد پر 53% کی بھاری کمی کے ساتھ 1.3 ارب ڈالر تک نمایاں بہتری دکھائی۔ اس نے، پروگرام سے متعلق زرِ مبادلہ کی آمد اور سعودی تیل کی سہولت فعال ہونے کے ساتھ، ایس بی پی کے زرِ مبادلہ کے ذخائر بڑھنے میں مدد ملی، جو 20 ستمبر 2019 کو 8.47 ارب ڈالر تھے۔ تاہم درآمدی حفاظتی حد (امپورٹ کور) اب بھی 2x ماہ کی حفاظتی حد پر کمزور ہے۔ تاہم، غیر ملکی سرمایہ کاروں کے لئے قرضوں کی منڈیوں کو کھولنے کے مرکزی بینک کے فیصلے کے بعد کچھ مالی معاونت مختصر مدتی سرمایہ کاری کی شکل میں آئی ہے۔ سرمایہ کاروں کی دلچسپی بڑی حد تک ٹی بلز (234 ملین ڈالر) پر مرکوز رہی ہے۔ جس میں کے ایس سی آر اے (اسپیشل کنورٹیبل روپی اکاؤنٹ) کے گزشتہ سال تا حال منافع جات 327 ملین امریکی ڈالر رہے۔ جس سے مستقبل میں سرمایہ کاری کے بے پناہ امکانات کی نشاندہی ہوتی ہے۔ اس سے قطع نظر، اسٹیٹ بینک کے گورنر نے واضح کیا ہے کہ مالیاتی پالیسی سرمایے آمد کے بجائے افراطِ زر کی توقعات پر مبنی ہے جہاں بجلی کے نرخوں میں آئندہ اضافے کا نتیجہ افراطِ زر کے دباؤ کا سبب بن سکتا ہے، ہم سمجھتے ہیں کہ سود کی شرحیں اپنی بلند ترین حد تک پہنچ چکی ہیں، تاہم، مالیاتی نرمی شروع کرنے سے قبل مرکزی بینک 2020 تک انتظار کر سکتا ہے۔

فکسڈ انکم مارکیٹ کا جائزہ

مالی سال 2019 کی چوتھی سہ ماہی میں 4.9 ٹریلین روپے کے مقابلے میں مالی سال 2020 کی پہلی سہ ماہی کے دوران 6.1 ٹریلین روپے کے ساتھ ٹی بلز میں سرمایہ کاری میں (گزشتہ سال اسی مدت میں 4.6 ٹریلین روپے کے مقابلے میں) نمایاں اضافہ ہوا جہاں 3 سے 6 ماہ کی میعادوں میں بھاری تیزی دیکھنے میں آئی۔ 3 ماہ/6 ماہ/12 ماہ کی میعادوں کے لیے حتمی (Cut-off) منافع جات میں سہ ماہی بہ سہ ماہی بنیاد پر 90 بنیادی پوائنٹ کا اضافہ ہوا جس کی ستمبر 2019 میں اوسط (جون 2019 میں 12.97%/12.84%/12.73% کی اوسط کے مقابلے میں) بالترتیب 13.74%/13.78%/13.73% رہی۔ اس کے باوجود مرکزی بینک کی طرف سے ستمبر 2019 میں مالیاتی پالیسی میں مرکزی پالیسی ریٹ 13.25% پالیسی برقرار رکھنے کے بعد جلد ہی مالی نرمی کی روشن توقعات کے ساتھ منافع جات کے خطوط (yield curves) بلندی کی طرف بحال ہونے شروع ہو گئے ہیں (ستمبر 2019 میں منافع جات میں ماہ بہ ماہ بنیاد پر 18 بنیادی پوائنٹس کی بحالی ہوئی)۔ PIB کی نیلامیوں میں سرمایہ کاری میں نمایاں اضافہ ہوا، تاہم مالی سال 2020 کی پہلی سہ ماہی میں ایس بی پی طرف سے قبول کردہ 963 ارب روپے کی پیشکشیں مالی سال 2019 کی چوتھی سہ ماہی میں 431 ارب روپے (اور مالی سال 2019 کی پہلی سہ ماہی میں 21 ارب روپے) کے مقابلے میں کم تھیں۔

3 سال/5 سال/10 سال کی میعادوں کے لیے PIB کے منافع جات میں تیزی سے گراوٹ آئی جو ستمبر 2019 میں 12.31%/12.40%/12.84% کی اوسط کے ساتھ سہ ماہی بہ سہ ماہی بنیاد پر (جون 2019 میں 13.64%/13.75%/13.69% کی اوسط کے مقابلے میں) 117 بنیادی پوائنٹس گر گئے۔

ایکویٹی مارکیٹ کا جائزہ

مالی سال 2020 کی پہلی سہ ماہی کے دوران KSE-100 انڈیکس بدستور دباؤ میں رہا اور تاخیر سے بحالی کے باوجود (مالی سال 2019 میں ماہ بہ ماہ بنیاد پر 8.1% اضافہ) جولائی ستمبر 2019 کے دوران سہ ماہی بہ سہ ماہی بنیاد پر 5.4% کمی ہوئی۔ منفی پیش رفت میں درج ذیل شامل ہے (i) کشمیر پر انڈیا کے ساتھ تناؤ (ii) مالی سال 2019 کے دوران 8.9% کا بھاری مالیاتی خسارہ (iii) ریکوڈک مقدمے میں 5.9 ارب روپے کے جرمانے نے پستی کے رجحان میں حصہ شامل کیا۔

مزید برآں، اس سہ ماہی کا آغاز جولائی 2019 کے دوران پالیسی ریٹس میں 100 بنیادی پوائنٹس کے اضافے کے ساتھ ہوا لیکن ستمبر 2019 کے اجلاس میں MPS کی حیثیت برقرار رہی، جس نے ستمبر 2019 میں مارکیٹ کی سمت کی نشان دہی کی۔ مارکیٹ کی سرگرمی میں نمایاں کمی واقع ہوئی، جیسا کہ مالی سال 2020 کی پہلی سہ ماہی میں ADTO سہ ماہی بہ سہ ماہی بنیاد پر 25% کمی کے ساتھ 21.9 ملین ڈالر ہو گیا۔ مالی سال 2020 کی پہلی سہ ماہی میں میوچل فنڈز اور انشورنس کمپنیاں

سب بڑی فروخت کنندگان رہیں جنہوں نے بالترتیب 82 ملین ڈالر اور 23 ملین ڈالر کے شیئرز فروخت کیے۔

ایک بار پھر، غیر ملکی خریداروں نے سپلائی کو جزوی طور پر جذب کیا جن کی خالص خریداری 23 ملین امریکی ڈالر تھی۔ بیرونی سرمایہ کاری کی آمد بنیادی طور پر سیمنٹ (13.2 ملین ڈالر)، بینکوں (7.9 ملین ڈالر) اور پاور (5.6 ملین ڈالر) پر مرکوز رہی لیکن ای اینڈ پی کے شعبے میں سرمایہ کاری کا زبردست اخراج (8.1 ملین ڈالر) دیکھنے میں آیا۔ کے ایس ای 100 میں کمی EM مارکیٹوں میں 5.1% کمی کے ساتھ تقریباً ہم آہنگ تھی لیکن اس نے ایف ایم مارکیٹوں سے 3.8% کم تر کارکردگی کا مظاہرہ کیا۔ مارکیٹ کی سمت کے لیے قابلِ توجہ نکات میں (i) اکتوبر 2019 میں ہونے والا FATF جائزہ اور (ii) دسمبر 2019 میں ہونے والا آئی ایم ایف کا پہلا جائزہ شامل ہے۔

ایمرجنگ مارکیٹس کا جائزہ

ایمرجنگ مارکیٹس سہ ماہی کے دوران ستمبر کے مہینے میں کسی حد تک بحال ہوئیں جیسا کہ MSCI کے EM انڈیکس نے ماہ بہ ماہ بنیاد پر 1.7% منافع درج کرایا اور مالی سال 2020 کی پہلی سہ ماہی/موجودہ سال کا تا حال منافع 4.7% / 5.2% فیصد تک جا پہنچا۔ یہ اضافہ ویسے تو تمام جگہوں پر دیکھا گیا اگرچہ چین میں یہ اضافہ بہت ہی کم تھا جبکہ انڈیا، ترکی اور ارجنٹائن کے منافع جات بہتر رہے۔ ترکی معاشی بحالی کی بہتر علامات دکھا رہا ہے جہاں افراطِ زر کم ہو رہی ہے اور اور تجارتی فرق میں بھی کمی آئی ہے جبکہ ارجنٹائن اپنے معاشی مسائل کو سلجھانے کے عمل سے گزر رہا ہے۔ سعودیہ پر ڈرون حملوں کے بعد خام تیل کی قیمتوں میں اتار چڑھاؤ نے بھی مارکیٹ پر الگ الگ اثرات مرتب کیے اگرچہ تیل کی قیمتوں واپس نیچے آچکی ہیں، جیسا کہ سعودی عرب پیداوار بحال کر چکا ہے اور معاشی مندی میں بھی کمی دیکھنے میں آئی ہے۔

چین کے شنگھائی کمپوزٹ انڈیکس نے ستمبر میں ماہ بہ ماہ بنیاد پر 0.7% منافع کمایا۔ چین کا آفیشل پرچیزنگ مینیجرز انڈیکس (PMI) ستمبر میں 49.8 پر پہنچ گیا جو اگست کے 49.5 سے زیادہ ہے مگر اب بھی لگاتار پانچ ماہ سے کمی دکھا رہا ہے جیسا کہ امریکہ اور چین کے مابین معاشی جنگ کے اثرات ان کی معیشتوں پر مسلسل واضح ہو رہے ہیں۔ ستمبر میں مزید اضافے کے ساتھ اضافی محصولات کی ایک نئی لہر دیکھی گئی اور چین نے امریکی خام تیل پر 5% کے محصولات نافذ کیے۔ امریکہ نے چین سے 125 بلین امریکی ڈالرز کی امپورٹس پر 15% کے محصولات نافذ کیے۔

انڈیا کے BSE سینسیکس انڈکس میں ستمبر میں ماہ بہ ماہ بنیاد پر 3.6% اضافہ ریکارڈ کیا گیا جس سے موجودہ سال کا تا حال منافع 7.2% تک جا پہنچا۔ ترکی کا انڈیکس 8.6% واپس ہوا جیسا کہ ستمبر میں افراطِ زر سال بہ سال بنیاد پر کم ہو کر 9.26% تک پہنچ گئی جو کہ گذشتہ 26 ماہ میں پہلی بار واحد ہندسے میں ریکارڈ کی گئی ہے۔ ستمبر میں ترکی کی برآمدات میں بھی سال بہ سال بنیاد پر 4.8% اضافہ دیکھا گیا جبکہ موجودہ سال 2019 کے نو ماہ میں تجارتی فرق 69% کمی کے ساتھ 16.4 ارب ڈالر تک نیچے آگیا۔ جنوبی کوریا کے KOSPI انڈیکس میں ستمبر میں ماہ بہ ماہ بنیاد پر 4.8% اضافہ ہوا۔

برازیل کا Bovespa انڈکس ستمبر میں ماہ بہ ماہ بنیاد پر 3.6% کے منافع کے ساتھ بند ہوا جبکہ ملائشیا نے ماہ بہ ماہ بنیاد پر 1.8% خسارہ اٹھایا۔ ارجنٹائن کی اسٹاک مارکیٹ ستمبر میں ماہ بہ ماہ بنیاد پر 18.1% منافع کے ساتھ بدستور اتار چڑھاؤ کا شکار رہی۔ یہ اضافہ گذشتہ ماہ میں اسٹاک مارکیٹ 41.5% گرنے کے بعد ہوا۔ ارجنٹینا کی معاشی صورتحال مزید خراب ہوئی ہے جیسا کہ اگست میں پیسو کی قدر میں 26% کمی سے زور پکڑنے کے ساتھ اگست میں افراطِ زر میں ماہ بہ ماہ بنیاد پر 4% اور سال بہ سال بنیاد پر 54.5% اضافے کے ساتھ بلندی کا رجحان دیکھنے میں آیا۔ کہا جا رہا ہے کہ اپنے غیر ملکی قرضوں بشمول آئی ایم ایف لون کی تنظیم نو کے آغاز کے بعد اب تکنیکی نادہندگی میں آچکا ہے۔

مستقبل کی توقعات

سود اور افراطِ زر کی بلند شرحوں کی وجہ سے مالی سال 2020 میں معاشی نمو کمزور رہنے کی توقع ہے۔ اسٹیٹ بینک کی طرف سے جی ڈی پی کی 2.5%-3.0% شرح نمو کی پیش گوئی کی گئی ہے۔

6ارب امریکی ڈالر کے توسیعی فنڈ کی سہولت کے لئے آئی ایم ایف پروگرام میں شمولیت سے آئندہ چند سالوں میں 38بلین ڈالر کی بیرونی قرضے اور گرانٹ کے دروازے کھولنے اور بیرونی اکاؤنٹ کی صورتِ حال اور پاکستانی روپے پر توقعات بہتر بنانے میں مدد ملے گی۔ مالیاتی صورتِ حال بدستور چیلنج سے بھر پور ہے تاہم ٹیکس آمدنی کی پیداوار میں اضافے کے ہدف کے ساتھ ٹیکس اصلاحات کی بدولت مزید بہتری کی توقع ہے۔ جس کا مقصد ٹیکس محصولات کی پیداوار میں اضافہ کرنا ہے۔ ہم خطہ ممالک کے مقابلے میں کمزور کرنسی اور برآمدات کو فروغ دینے کے اقدامات کی بدولت مالی سال2020 میں برآمدات بڑھنے کا امکان ہے۔ اشیائے تعیش پر بلند محصولات کی بدولت درآمدات میں نمو محدود رہے گی۔

مختلف ذرائع کے مطابق مالی سال 2021 میں کمی سے قبل مالی سال2020 کے لیے افراطِ زر میں نچلے دوہرے ہندسوں، %11-13 تک اضافہ متوقع ہے۔ روپے کی قدر میں کمی اور بجلی اور گیس کے نرخوں میں اضافے کے اثرات کی منتقلی اضافے کے پیچھے اہم وجوہات ہیں۔ مالی سال کے دوسرے نصف حصے میں کمی سے پہلے نصف میں سود کی شرح کے بلند رہنے اور بلند ترین سطح چھونے کی توقع ہے۔

مالی سال2020 کے لیے خسارہ، مالی سال2019 میں 8.9فیصد کے مقابلے میں 7فیصد سے تجاوز کرنے کی توقع ہے۔ ٹیکس وصولی کے جارحانہ اہداف کے ساتھ آگے بڑھتے ہوئے اس میں کمی متوقع ہے۔

جیسا کہ مرکزی بینک نے مالی سال کے اختتام کے بعد پالیسی شرح میں مزید 100 بنیادی پوائنٹس کا اضافہ کیا ہے، افراطِ زر کے خطرات کے پیش نظر اسٹیٹ بینک آف پاکستان کی طرف پیشگی طے کردہ قیمتوں اور موجودہ سال2019 کے دوسرے نصف میں سی پی آئی %10-12 کی حد میں رہنے کی رہنمائی کے ساتھ مزید سختی کی توقع نہیں ہے۔ زرِ مبادلہ کی شرح میں، بہت حد تک درستی حاصل کر لی گئی ہے جہاں اگست2019 کے لئے REER 93 پر کھڑا ہوا تھا (ایس بی پی کے مطابق) اور امکان ہے کہ مالی سال2020 کے باقی عرصہ تک موجودہ سطح پر رہے گا۔ ہم توقع کرتے ہیں کہ قدر میں کمی کی رفتار %5-6 کی زیادہ معتدل رفتار اپنائے گی جس سے آگے بڑھنے پر افراطِ زر کے دباؤ میں مزید کمی آنی چاہیے۔

مالی سال2020 کی دوسری سہ ماہی میں اقتصادی استحکام اور کمزور نتائج والے سیزن کے نتیجے میں مارکیٹ کا جذبہ بدستور کمزور ہے۔ تاہم، جیسے ہی مالی سال2020 کے دوسرے نصف میں (i) سود کی شرحوں، (ii) افراطِ زر اور امریکہ کے ساتھ تعلقات پر صورتِ حال مزید واضح ہو گی، ممکن ہے کہ مالی سال2020 کے دوسرے نصف میں بھی اسٹاک مارکیٹ خوش امید رہے گی۔

اظہارِ تشکر

یہ بورڈ اپنے قابلِ قدر انویسٹرز، سیکیوریٹیز 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 دانشمند 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: 22اکتوبر 2019

Condensed Interim Statement of Assets and Liabilities (Unaudited)
As at September 30, 2019

	Note	September 30, 2019 (Unaudited)	June 30, 2019 (Audited)
		(Rupees)	
ASSETS			
Bank balances	5	**42,569,595**	40,838,183
Investments	6	**90,240,994**	95,312,489
Dividend receivables		**1,429,328**	240,543
Deposit, prepayments and other receivables		**3,243,208**	3,137,314
Receivable agains Settlement		**1,482,565**	-
TOTAL ASSETS		**138,965,690**	139,528,529
LIABILITIES			
Payable to the Management Company	7	**1,470,672**	1,466,604
Payable to the Trustee	8	**32,505**	72,754
Annual fee payable to Securities and Exchange Commission of Pakistan	9	**6,687**	156,274
Accrued expenses and other liabilities	10	**671,572**	593,978
Payable agains Settlement		**614,040**	-
TOTAL LIABILITIES		**2,795,476**	2,289,610
NET ASSETS		**136,170,215**	137,238,919
UNIT HOLDERS' FUND (as per statement of movement in unit holders' fund)		**136,170,215**	137,238,919
CONTINGENCIES AND COMMITMENTS	12		
		(Number of units)	
Number of units in issue		**1,709,360**	1,667,282
		(Rupees)	
Net assets value per unit		**79.6615**	82.3129

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

For Lakson Investments Limited
(Management Company)

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

Condensed Interim Income Statement (Unaudited)
For the quarter ended September 30, 2019

	Note	2019	2018
		(Rupees)	
INCOME			
Capital (loss) / gain on sale of held for trading investments - net		**(971,619)**	984,546
Unrealised (loss) on revaluation of held for trading investments - net	6	**(5,142,433)**	(580,083)
		(6,114,052)	404,463
Dividend income		**1,181,832**	937,655
Mark up on:			
- Banks		**1,166,039**	1,303,448
- Sukuks		**334,526**	211,551
Exchange gain (loss) / gain on foreign currency deposits		**(971)**	2,235
Total income		**(3,432,626)**	2,859,352
EXPENSES			
Remuneration to the Management Company	7	**430,125**	534,826
Sindh Sales tax on remuneration to the Management Company		**55,916**	69,527
Remuneration to the Trustee		**75,561**	199,376
Annual fee to Securities and Exchange Commission of Pakistan		**6,686**	39,959
Shariah Advisor Fee		**47,290**	37,980
Brokerage, settlement and bank charges		**118,021**	139,480
Auditors' remuneration		**67,057**	72,121
Rating fee		**47,760**	45,370
Fees and subscription		**120,151**	82,959
Printing charges		-	5,041
Total expenses		**968,567**	1,226,639
Net (loss) / income from operating activities		**(4,401,193)**	1,632,713
Sindh Workers' Welfare Fund	10.1	-	(32,654)
Net loss for the period before taxation		**(4,401,193)**	1,600,059
Taxation	13	-	-
Net loss for the period after taxation		**(4,401,193)**	1,600,059
Allocation of net income for the period:			
Net income for the period		-	1,600,059
Income already paid on units redeemed		-	(1,033)
Accounting income available for distribution		-	1,599,026
-Related to capital gains - net		-	403,417
-Excluding capital gains		-	1,195,609
		-	1,599,026

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

For Lakson Investments Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

Condensed Interim Statement of Comprehensive Income (Unaudited)
For the quarter ended September 30, 2019

	2019	2018
	(Rupees)	
Net (loss) / income for the period	**(4,401,193)**	1,600,059
Other comprehensive income	-	-
Total comprehensive (loss) / income for the period	**(4,401,193)**	1,600,059

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

For Lakson Investments Limited
(Management Company)

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

Condensed Interim Statement of Movement In Reserve or Unit Holders' Fund (Unaudited)
For the quarter ended September 30, 2019

	2019			2018		
	Capital value	**Undistributed income**	**Total**	Capital value	Undistributed income	Total
	---------------------------(Rupees)---------------------------					
Net assets at beginning of the period	**168,874,818**	**(31,635,899)**	**137,238,919**	175,853,616	(10,982,277)	164,871,339
Issuance of 47,502 units (2018: 5,422 units)						
- Capital value	**3,909,997**	**-**	**3,909,997**	525,000	-	525,000
- Element of loss	**(157,496)**	**-**	**(157,496)**	-	-	
Total proceeds on issuance of units	**3,752,501**	**-**	**3,752,501**	525,000	-	525,000
Redemption of 5,423 units (2018: 356 units)						
- Capital value	**(446,347)**	**-**	**(446,347)**	(33,344)	-	(33,344)
- Element of income	**26,335**	**-**	**26,335**	(1,034)	-	(1,034)
Total payments on redemption of units	**(420,012)**	**-**	**(420,012)**	(34,378)	-	(34,378)
Total comprehensive income for the period	**-**	**(4,401,193)**	**(4,401,193)**	-	1,600,059	1,600,059
Net assets as at end of the period	**172,207,307**	**(36,037,092)**	**136,170,215**	176,344,238	(9,382,218)	166,962,020
Undistributed income brought forward:						
- Realized (loss)		**(12,303,548)**			(2,657,572)	
- Unrealized (loss)		**(19,332,351)**			(8,324,705)	
		(31,635,899)			(10,982,277)	
Accounting income available for distribution:						
Relating to capital gains		**-**			403,417	
Excluding capital gains		**-**			1,195,609	
		-			1,599,026	
Total comprehensive (loss) / income for the period		**(4,401,193)**			-	
Undistributed (loss) / income at end of the period		**(36,037,092)**			(9,383,251)	
Undistributed (loss) / income carried forward						
- Realized (loss) / Income		**(30,894,659)**			(8,803,168)	
- Unrealized (loss)		**(5,142,433)**			(580,083)	
		(36,037,092)			(9,383,251)	
Net assets value per unit at beginning of the period			**82.3129**			93.7663
Net assets value per unit at end of the period			**79.6615**			94.6825

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

For Lakson Investments Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

Condensed Interim Cash Flow Statement (Unaudited)
For the quarter ended September 30, 2019

	2019	2018
	(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	**(4,401,193)**	1,600,059
Adjustments for non-cash charges and other items:		
Capital loss on sale of investments - net	**971,619**	(984,546)
Unrealised loss in the fair value of investments classified as 'held for trading' - net	**5,142,433**	580,083
	1,712,859	1,195,596
(Increase) / Decrease in assets		
Investments - net	**(1,042,557)**	(2,214,027)
Mark-up receivable	**(1,188,785)**	(937,655)
Prepayment	**(1,482,565)**	285,450
Payable against Settlement	**(105,894)**	(453,280)
	(3,819,801)	(3,319,512)
(Decrease) / Increase in liabilities		
Payable to the Management Company	**4,068**	(17,208)
Payable to the Trustee	**(40,249)**	1
Annual fee payable to Securities and Exchange Commission of Pakistan	**(149,587)**	(118,623)
Accrued expenses and other liabilities	**77,594**	293,436
Payable against Settlement	**614,040**	(830,825)
	505,866	(673,219)
Net cash (used in) from operating activities	**(1,601,076)**	(2,797,135)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from issuance of units	**3,752,501**	525,000
Cash paid on redemption of units	**(420,012)**	(34,378)
Net cash generated / (used in) financing activities	**3,332,489**	490,622
Net (decrease) / increase in cash and cash equivalents during the period	**1,731,413**	(2,306,513)
Cash and cash equivalents at the beginning of the period	**40,838,183**	82,851,982
Cash and cash equivalents at the end of the period	**42,569,595**	80,545,469

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

For Lakson Investments Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

Notes to and forming part of the Condensed Interim Financial Statements (Unaudited) For the quarter ended September 30, 2019

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

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

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

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

Pakistan Credit Rating Company Limited (PACRA) has maintained the rating of the Management Company of the Fund to the scale 'AM2+' (stable outlook) vide its report dated 27 February 2019 (2018: AM2+ as on 28 August 2018).

On October 01, 2019, VIS credit rating company limited assigned following rankings to the Fund based on the performance review for the period ended 30 June 2019:

1 Year ranking : 3-Star
3 Year ranking : 2-Star
5 Year ranking : 2-Star

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

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

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

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

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

The comparative Statement of Assets and Liabilities presented in these condensed interim financial information as at 30 June 2019 has been extracted from the audited financial statements of the Company for the year ended 30 June 2019, whereas the comparative profit and loss account, statement of comprehensive income, the cash flow statement and statement of changes in equity for the quarter ended 30 September 2019 have been extracted from the unaudited condensed interim financial information for the period then ended.

2.2 This condensed interim financial information do not include all the information required for a complete set of annual financial statements and should be read in conjunction with the latest annual financial statements as at and for the year ended 30 June 2019. However, selected explanatory notes are included to explain events and transactions that are significant.

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

In compliance with schedule V of the NBFC Regulations the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund’s affairs as at September 30, 2019.

2.4 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention, except for investments that are stated at fair values.

2.5 Functional and presentation currency

This condensed interim financial information is presented in Pak Rupees, which is the Fund's functional and presentation currency. All financial information presented in Pak Rupees has been rounded off to the nearest of rupees.

2.6 Significant judgements and estimates

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

The significant judgements made by the Management in applying the Fund’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the year ended 30 June 2019.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial informations are the same as those applied in the preparation of the financial statements as at and for the year ended June 30, 2019.

4. FINANCIAL RISK MANAGEMENT

The Fund financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements for the year ended June 30, 2019.

	Note	September 30, 2019 (Unaudited)	June 30, 2019 (Audited)
		(Rupees)	
5. BANK BALANCES			
In local currency			
PLS savings accounts	5.1	**42,478,907**	40,746,524
In foreign currency			
Current account		**90,688**	91,659
		42,569,595	40,838,183

5.1 These carry mark-up at rates ranging from 6.00% to 11.00% (June 30, 2019: 6.00% to 11.00%) per annum.

	Note	September 30, 2019 (Unaudited)	June 30, 2019 (Audited)
6. INVESTMENTS			
At fair value through income statement - held for trading			
Listed equity securities	6.1	**81,283,178**	85,685,849
Sukuk certificates	6.2	**8,957,816**	9,626,640
		90,240,994	95,312,489

7.1 Shares of listed company

At fair value through profit or loss - held for trading

Shares of listed companies - fully paid up ordinary shares of Rs. 10 each unless stated otherwise

Name of the Investee Company	Holding as at July 01, 2019	Purchased during the year	*Bonus shares / letter of right received during the year	Disposed during the year	Holding as at September 30, 2019	Carrying value before revaluation as of 30 Sep 2019 before revaluation	Market value as of 30 September 2019 (revised carrying value)	Unrealised gain / (loss) - net	Market value as percentage of total investments	Market value as percentage of net assets	Par value of shares held as a percentage of total paid up capital of the investee company
	----- Number of Shares -----					----- (Rupees) -----			----- (%) -----		
Chemicals											
Engro Polymer & Chemical	130,083	26,500	-	-	156,583	4,191,303	3,844,113	(347,190)	4.26	2.82	0.0172%
Lotte Chemical Pakistan Limited	267,000	2,000	-	1,500	267,500	4,081,563	3,648,700	(432,863)	4.04	2.68	0.0177%
ICI Pakistan Limited	1,707	-	-	-	1,707	908,926	836,430	(72,496)	0.93	0.61	0.0018%
						9,181,792	**8,329,243**	**(852,549)**	**9.23**	**6.12**	
Fertilizers											
Engro Fertilizers Limited	35,784	9,000	-	-	44,784	3,440,967	3,623,695	182,728	4.02	2.66	0.0034%
Engro Corporation Limited (7.1.1)	44,110	18,850	-	-	62,960	14,538,871	14,581,268	42,397	16.16	10.71	0.0109%
						17,979,838	**18,204,963**	**225,125**	**20.17**	**13.37**	
Pharma & Bio Tech											
The Searl Company Limited (7.1.3)	6	-	-	-	6	879	829	(50)	0.00	0.00	0.0000%
						879	**829**	**(50)**	**0.00**	**0.00**	
Textile Composite											
Nishat Mills Limited (7.1.1)	34,599	-	-	8,200	26,399	2,464,124	2,217,558	(246,566)	2.46	1.63	0.0075%
						2,464,124	**2,217,558**	**(246,566)**	**2.46**	**1.63**	
Cement											
Lucky Cement Company Limited (7.1.1)	15,256	-	-	5,400	9,856	3,749,912	3,372,033	(377,879)	3.74	2.48	0.0030%
Maple Leaf Cement Limited	75,133	-	-	65,500	9,633	230,132	141,412	(88,720)	0.16	0.10	0.0015%
						3,980,044	**3,513,445**	**(466,599)**	**3.89**	**2.58**	
Power Generation & Distribution											
Hub Power Company Limited	36,632	26,500	-	39,500	23,632	1,780,880	1,671,964	(108,916)	1.85	1.23	0.0018%
						1,780,880	**1,671,964**	**(108,916)**	**1.85**	**1.23**	
Oil and Gas Exploration Companies											
Mari Petroleum Company Limited	5,151	2,000	-	-	7,151	6,943,079	6,429,893	(513,186)	7.13	4.72	0.0059%
Pakistan Oilfield Limited (7.1.1)	12,267	1,700	-	-	13,967	5,622,160	5,306,063	(316,097)	5.88	3.90	0.0049%
Pakistan Petroleum Limited (7.1.1)	77,578	1,400	-	-	78,978	11,392,961	10,743,377	(649,584)	11.91	7.89	0.0035%
Oil and Gas Development Company Limited (7.1.1)	108,965	-	-	-	108,965	14,327,808	13,405,964	(921,844)	14.86	9.85	0.0025%
						38,286,008	**35,885,297**	**(2,400,711)**	**39.77**	**26.35**	

Name of the Investee Company	Holding as at July 01, 2019	Purchased during the year	*Bonus shares / letter of right received during the year	Disposed during the year	Holding as at September 30, 2019	Carrying value before revaluation as of 30 Sep 2019 before revaluation	Market value as of 30 September 2019 (revised carrying value)	Unrealised gain / (loss) - net	Market value as percentage of total investments	Market value as percentage of net assets	Par value of shares held as a percentage of total paid up capital of the investee company
	------------ Number of Shares ------------					------------ (Rupees) ------------			------------ (%) ------------		
Oil and Gas Marketing Companies											
Attock Petroleum Limited	5,846	-	-	1,500	4,346	1,253,864	1,338,568	84,704	1.48	0.98	0.0044%
Pakistan State Oil Company Limited (7.1.3)	4,501	-	-	4,378	123	20,864	19,371	(1,493)	0.02	0.01	0.0000%
Sui Northen Gas Pipline Limited	68,342	13,750	-	-	82,092	5,578,758	5,056,867	(521,891)	5.60	3.71	0.0129%
						6,853,486	**6,414,806**	**(438,680)**	**7.11**	**4.71**	
Automobile and Parts											
Agriauto Industries Limited (face value - 5 Rs.)	7,900	-	-	-	7,900	1,579,684	1,264,000	(315,684)	1.40	0.93	0.0274%
						1,579,684	**1,264,000**	**(315,684)**	**1.40**	**0.93**	
Engineering											
International Industries Limited	19,492	-	*1,649	6,500	14,641	1,025,813	1,015,061	(10,752)	1.12	0.75	0.0122%
International Steels Limited	42,012	-	-	41,750	262	10,404	10,412	8	0.01	0.01	0.0001%
						1,036,217	**1,025,473**	**(10,744)**	**1.14**	**0.75**	
Technology & Communication											
Systems Limited	17,023	-	-	-	17,023	1,633,697	1,417,165	(216,532)	1.57	1.04	0.0138%
						1,633,697	**1,417,165**	**(216,532)**	**1.57**	**1.04**	
Paper and Boards											
Cheerat Packaging Limited (7.1.4)	23,115	-	-	2,900	20,215	1,630,138	1,338,435	(291,703)	1.48	0.98	0.0052%
						1,630,138	**1,338,435**	**(291,703)**	**1.48**	**0.98**	
Total as at 30 September 2019						**86,406,787**	**81,283,178**	**(5,123,609)**	**90.07**	**59.69**	
Total cost as at 30 September 2019						**101,594,612**					
Total as at 30 June 2019						104,983,600	85,685,849	(19,297,751)	89.90	62.44	
Total cost as at 30 June 2019						106,975,657					

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

	30 Sep 2019	30 Jun 2019	**30 Sep 2019**	30 Jun 2019
	------(Number of shares)------		**--------(Rupees)--------**	
Oil and Gas Development Company Limited	**5,000**	5,000	**615,150**	657,450
Engro Corporation Limited	**2,000**	2,000	**533,780**	627,720
Lucky Cement Company Limited	**2,500**	2,500	**855,325**	951,175
Nishat Mills Limited	**10,000**	10,000	**840,000**	933,400
Pakistan Oilfield Limited	**1,500**	1,500	**569,850**	608,835
Pakistan Petroleum Limited	**300**	300	**40,809**	43,329
	21,300	21,300	**3,454,914**	3,821,909

6.1.2 Above investment track PSX KMI all shares Islamic Index.

6.1.3 Finance act, 2014 had introduced tax on bonus shares issued by the companies. Most of the equity funds including the Fund have challenged the applicability of withholding tax provision on bonus shares before Honourable High Court of Sindh ("the Court") on various legal grounds and have sought relief from the Court. In the Fund's case, tax in the shape of 123 shares of Pakistan State Oils Limited (30 June 2019: 123 shares) and 6 shares of The Searle Company Limited (30 June 2019: 6 shares) ave been withheld by CDC. Market value of these shares as at 30 September 2019 amounted to Rs. 20,200 (30 June 2018: Rs. 21,642) and are included in the Fund's investments in these financial statements.

6.2 Sukuk certificates
At fair value through income statement - held for trading

Name of Security	Date of Maturity	Mark-up rate	Holding as at 01 July 2019	Purchases during the period	Disposed / matured during the period	Holding as at 30 September 2019	Carrying value as of the period ended 30 September 2019 before revaluation	Market value as of the period 30 September 2019 (after revaluation)	Unrealised depreciation	Credit rating	Market value as % of total investments	Market value as % of net assets	Face value as % of size of the issue
			------------Number of certificates------------				---------------(Rupees)---------------						
Dawood Hercules Corporation Limited 6.2.1	15-Nov-22	3 months KIBOR + 1.00%	35	-	-	35	3,139,640	3,130,631	(9,009)	AA	3.47%	2.30%	0.58%
Dawood Hercules Corporation Limited 6.2.2	1-Mar-23	3 months KIBOR + 1.00%	65	-	-	65	5,837,000	5,827,185	(9,815)	AA	6.46%	4.28%	1.08%
			Total as at 30 September 2019				**8,976,640**	**8,957,816**	**(18,824)**		**9.93%**	**6.58%**	**1.67%**
			Total Cost as at 30 September 2019				**9,650,000**						
			Total as at 30 June 2019				10,000,000	10,011,199	11,199				
			Total Cost as at 30 June 2019				10,000,000						

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

6.2.2 This represents investment in sukuk certificates of Dawood Herculas Corporation Limited carrying an effective profit rate of 3 months Karachi Inter-bank Offer Rate (KIBOR) per annum plus margin of 1.0% per annum receivable quarterly in arrears. The principal is redeemable in eight semi-annual instalments starting from the eighteenth (18th) month from the date of issue, i.e. from September 2019 to March 2023 in the six semi-annual instalments of Rs 0.65 million each and the last two semi-annual instalments on September 2022 and March 2023 at

Rs. 1.3 million each. These sukuk certificates are secured by way of first pari passu charge against ordinary shares of Engro Corporation Limited with 50% margin and charge over all of the assets of investee company with a 25% margin.

	Note	**September 30, 2019 (Unaudited)**	June 30, 2019 (Audited)
		(Rupees)	
7. PAYABLE TO MANAGEMENT COMPANY			
Remuneration payable to the Management Company	7.1	**147,680**	144,082
Sindh Sales tax payable on remuneration to the Management Company	7.3	**186,059**	185,589
Federal excise duty payable on remuneration to the Management Company	7.4	**1,132,564**	1,132,564
Sales load payable		**4,369**	4,369
		1,470,672	1,466,604

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

7.2 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (2017: 13%) on Management Company's remuneration. Above liability includes Rs. 166,859 (30 June 2019: Rs. 166,859) accrued on Federal Excise Duty (FED) on the management remuneration as more fully explained in note 8.3 below. Had the provision relating to FED not been made, Net Asset Value per unit of the Fund as at 30 September 2019 would have been higher by 0.098 (30 June 2019: 0.10) per unit. This amount ispayable to management company for onwards payment to the Government.

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

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

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

However, since the appeal is pending in the Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period up to 30 June 2016 aggregating to Rs. 1.132 million. Had the provision not been made, NAV per unit of the Fund as at 30 September 2019 would have been higher by Re. 0.66 (30 June 2019: Re. 0.68) per unit.

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

8. 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. Effective from 01 July 2019 the Trustee has revised the trustee fee as under:

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

Upto 30 June 2019 the Trustee was entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the following rates:

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

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

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

This represents annual fee payable to SECP in accordance with the NBFC Regulations. Effective from 01 July 2019 the SECP has revised the Annual SECP fee as under:

The Company is required to pay SECP an amount at the rate of 0.02% per annum of the average daily net assets of the fund.

Upto 30 June 2019 the SECP was entitled for annual fee payable in accordance with the regulation 62 of the NBFC Reulation 2008, as per the following rates:

The Company is required to pay SECP an amount at the rate of 0.095% per annum of the average daily net assets of the fund.

	Note	September 30, 2019 (Unaudited)	June 30, 2019 (Audited)
		(Rupees)	
10. ACCRUED EXPENSES AND OTHER LIABILITIES			
Charity Payable		**134,718**	134,718
Auditors' remuneration		**247,535**	180,479
Payable to Sindh workers' welfare fund	10.1	**158,219**	158,219
Brokerage charges payable		**51,655**	27,660
Withholding tax payable (subsequently paid)		-	19,678
Fee payable to Shariah Advisor		**25,469**	15,639
Fee payable to National Clearing Company of Pakistan		**20,443**	22,864
Other liabilities		**20,000**	20,000
Rating Fee Payable		**1,672**	-
Fee payable to Central Depository Company		**11,861**	14,721
		671,572	593,978

10.1 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 12 January 2017 against the backdrop of the Sindh Revenue Board (SRB) letter to mutual funds in January 2016 whereby SRB directed the mutual funds to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after 31 December 2013. This is on the premise that mutual funds are included in the definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001 hence WWF is payable by them. Though MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF, but as a matter of abundant caution management has recorded SWWF with effect from the date of the applicability of the SWWF Act, 2014 (i.e. with effect from 01 July 2014).

Total provision for SWWF till 30 September 2019 is Rs. 0.158 million. Had the provision not been made, Net Asset Value per unit of the Fund as at 30 September 2019 would have been higher by Re. 0.09 per unit. (30 June 2019: 0.11)

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

11. TOTAL EXPENSE RATIO

Securities and Exchange Commission of Pakistan (SECP) vide its Directive No. SCD/PRDD/Direction/18/2016 dated 20 July 2016, required that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS / the Fund. TER of the Fund for the quarter ended September 30, 2019 is 3.08% which includes 0.03% representing government levies (comprising of Workers Welfare Fund and SECP fee, etc.). As per NBFC Regulation the total expense ratio of the Asset Allocation Scheme shall be caped up to 4.5% (Sep 30, 2018: 4%).

12. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments ast at September 30, 2019.

13. TAXATION

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

14. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties include Lakson Investments Limited being the ManagementCompany, Central Depository Company of Pakistan Limited (CDC) being the trustee, Habib Bank AG Zurich Switzerland being the Custodian, Siza Services (Private) Limited being holding company of the Management Company, associated companies of the Management Company and the holding company, key management personnel, other funds being managed by the Management Company and entities having holding 10% or more in the units of the Fund as at 30 September 2018. It also includes staffretirement funds of the above related parties / connected persons.

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

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

14.1 Balance as at period / year ended	**September 30, 2019 (Unaudited)**	June 30, 2019 (Audited)
	(Rupees)	
Lakson Investments Limited - Management Company of the Fund		
Payable to management company	**1,466,303**	1,462,235
Sales load payable	**4,369**	4,369
Central Depository Company of Pakistan Limited - Trustee of the Fund		
Remuneration payable	**32,505**	72,754
Settlement charges payable	**11,861**	14,721

14.2 Transactions during the period	**September 30, 2019**	September 30, 2018
	(Unaudited) (Rupees)	
Lakson Investments Limited - Management Company of the Fund		
Remuneration for the period	**430,125**	534,826
Sindh sales tax on remuneration of Management Company *	**55,916**	69,527
Central Depository Company of Pakistan Limited - Trustee		
Remuneration for the period	**75,561**	199,376
Settlement Charges	**-**	5,000

14.3 Unit Holders' Fund

	Period ended September 30, 2019							
	----- Number of Units -----				----- Rupees -----			
	Number of Units as at July 01, 2019	Units issued during the period	Units redeemed during the period	Number of units as at September 30, 2019	Balance as at July 01, 2019	Units issued during the period	Units redeemed during the period	Balance as at September 30, 2019
Lakson Investments Limited	517,823			517,823	42,623,493			41,250,557
Directors, Chief Executive, their spouse and minors	99,573			99,573	8,196,139			7,932,135
Associated companies / undertakings of the Management Company								
Lakson Business Solutions Limited Employees Contributory Provident Fund Trust	5,349			5,349	440,291			426,109
Lakson Investments Limited Employees Contributory Provident Fund Trust	2,791			2,791	229,735			222,335
GAM Corporation (Private) Limited Employees Contributory Provident Fund Trust	41,865			41,865	3,446,043			3,335,043
SIZA Foods (Private) Limited Employees Contributory Provident Fund Trust	30,389			30,389	2,501,384			2,420,813
Colgate Palmolive (Pakistan) Limited Employees Contributory Provident Fund Trust	209,949			209,949	17,281,468			16,724,819
Colgate Palmolive (Pakistan) Limited Employees Gratuity Fund	177,690			177,690	14,626,138			14,155,018
Cyber Internet Services (Private) Limited Employees Contributory Provident Fund Trust	77,142			77,142	6,349,760			6,145,230
Accuracy Surgicals Limited Employees Contributory Provident Fund Trust	19,842			19,842	1,633,267			1,580,658
Merit Packaging Limited Employees Contributory Provident Fund Trust	32,358			32,358	2,663,474			2,577,681
Merit Packaging Limited Employees Gratuity Fund	13,240			13,240	1,089,850			1,054,745
Century Paper & Board Mills Limited Employees Contributory Provident Fund Trust	200,100			200,100	16,470,823			15,940,285
Century Paper & Board Mills Limited Employees Gratuity Fund	162,443			162,443	13,371,127			12,940,432
Century Insurance Company Limited Employees Contributory Provident Fund Trust	16,003			16,003	1,317,214			1,274,785
Sybrid Private Limited Employees Contributory Provident Fund Trust	17,406			17,406	1,432,766			1,386,616
Princeton Traveles Limited Employees Contributory Provident Fund Trust	2,104			2,104	173,211			167,631
Siza Services Pvt Liimited Employees Contributory Provident Fund Trust	9,296			9,296	765,148			740,502
Hasanali Karabhai Foundation Employees Contributory Provident Fund Trust	6,536			6,536	538,019			520,689
Century Insurance Company Limited Employees Gratuity Fund	14,167			14,167	1,166,109			1,128,548

	Period ended September 30, 2018							
	Number of Units				Rupees			
	Number of Units as at July 01, 2018	Units issued during the period	Units redeemed during the period	Number of units as at September 30, 2018	Balance as at July 01, 2018	Units issued during the period	Units redeemed during the period	Balance as at September 30, 2018
Lakson Investments Limited	517,823	-	-	517,823	52,594,545	-	-	42,623,513
Directors, Chief Executive, their spouse and minors	99,573	-	-	99,573	10,113,490	-	-	8,196,142
Associated companies / undertakings of the Management Company								
Lakson Business Solutions Limited Employees Contributory Provident Fund Trust	5,349	-	-	5,349	543,245	-	-	440,292
Lakson Investments Limited Employees Contributory Provident Fund Trust	2,791	-	-	2,791	283,478	-	-	229,735
GAM Corporation (Private) Limited Employees Contributory Provident Fund Trust	43,966	-	-	43,966	4,465,575	-	-	3,618,969
SIZA Foods (Private) Limited Employees Contributory Provident Fund Trust	25,403	-	-	25,403	2,580,147	-	-	2,090,995
Colgate Palmolive (Pakistan) Limited Employees Contributory Provident Fund Trust	302,877	-	-	302,877	30,762,793	-	-	24,930,684
Colgate Palmolive (Pakistan) Limited Employees Gratuity Fund	168,373	-	-	168,373	17,101,410	-	-	13,859,270
Cyber Internet Services (Private) Limited Employees Contributory Provident Fund Trust	53,802	-	-	53,802	5,464,594	-	-	4,428,599
Accuracy Surgicals Limited Employees Contributory Provident Fund Trust	48,851	-	-	48,851	4,961,728	-	-	4,021,067
Merit Packaging Limited Employees Contributory Provident Fund Trust	63,507	-	-	63,507	6,450,317	-	-	5,227,445
Merit Packaging Limited Employees Gratuity Fund	33,219	-	-	33,219	3,374,007	-	-	2,734,352
Century Paper & Board Mills Limited Employees Contributory Provident Fund Trust	138,342	-	-	138,342	14,051,203	-	-	11,387,331
Century Paper & Board Mills Limited Employees Gratuity Fund	218,637	-	-	218,637	24,568,733	-	-	17,996,646

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and fair value estimates.

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.

Financial assets which are traded in an open market are revalued at the market prices prevailing at the close of trading on the reporting date. The estimated fair value of all other financial assets and liabilities is not considered to be significantly different from book values as the items are either short-term in nature or periodically repriced.

International Financial Reporting Standard (IFRS) 13, "Fair Value Measurement" 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 (i.e., as prices) or indirectly (i.e., derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

Investments of the Fund carried at fair value are categorised as follows:

	As at September 30, 2019			
	-------------------- Un-audited --------------------			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets	-------------------- Rupees --------------------			
Financial assets at fair value through profit or loss	**81,283,178**	**8,957,816**	**-**	**90,240,994**

	As at June 30, 2019			
	-------------------- Audited --------------------			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets	-------------------- Rupees --------------------			
Financial assets at fair value through profit or loss	85,685,849	9,626,640	-	95,312,489

16. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorised for issue on October 22, 2019 by the Board of Directors of the Management Company.

17. GENERAL

Figures have been rounded off to the nearest rupee.

For Lakson Investments Limited
(Management Company)

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

A Lakson Group Company

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LAKSON MONEY MARKET FUND

Quarterly Report (September 30, 2019)

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Fund's Information

Management Company	Lakson Investments Limited Head Office Lakson Square, Building No.2, Sarwar Shaheed Road, Karachi-74200, Pakistan. Phone: (9221) 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 Ms. Gaite Ali Ms. Kathleen Kennedy Townsend
Chief Financial Officer & Company Secretary of the Management Company	Mr. Salman Shafiq Hashmi
Audit Committee	Mr. Jacques John Visser - Chairman Mr. Amin Mohammed Lakhani Mr. Iqbal Ali Lakhani Mr. Jamil Ahmed Mughal
Human Resource and Remuneration Committee	Ms. Gaite Ali - Chairman Mr. Babar Ali Lakhani Mr. Iqbal Ali Lakhani
Trustee	Central Depository Company of Pakistan Limited CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi, Pakistan.
Auditors	KPMG Taseer Hadi & Co. Chartered Accountants Sheikh Sultan Trust Building No.2, Beaumont Road, Karachi - 75530, Pakistan

Bankers to the Fund	Allied Bank Limited Askari Bank Limited Bank 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

Review Report of the Directors of the Management Company for the quarter ended September 30, 2019

The Board of Directors of Lakson Investments Limited, the Management Company of the Lakson Money Markets Fund ("LMMF") is pleased to submit its review report together with Condensed Interim Financial Information for the period ended September 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.

Fund performance

The LMMF yielded 12.43% in 1QFY20 compared to Benchmark (70% average 3M T-Bills yield + 30% average 3M TDR rate of minimum AA rated banks) return of 12.20% in given period. The LMMF outperformed the benchmark by 23bps. Asset allocation was concentrated in cash 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 17 day and fund size as at 30th September 2019 is PKR 9,331mn.

Earning per Unit (EPU)

EPU has not been disclosed as we feel the determination of weighted average units for calculating EPU is not practicable for open end funds.

Income Distribution

The Chief Executive Officer under the authority from Board of Directors of the Management Company during the period declared the interim payouts of PKR 3.0060 per unit (3.0060%) of face value of PKR 100/-) amounting to PKR 215.0083 million distribution in cash for the period ended September 30, 2019.

Economic Review

After 8 consecutive rate hikes, SBP maintained the key policy rate at 13.75% in the Sep'19 Monetary Policy. SBP's stance was led by an unchanged inflation outlook (SBP guidance for 11-12% range) where CPI remained on track, averaging 9.45% in 2MFY20 on new 2015-16 base (11.0% on old 2007-08 base). Moreover, with bulk of the exchange rate correction achieved in the previous quarters, REER for 1QFY20 remained well below 100 (provisional). The external sector continued to show significant improvement with a sizeable reduction of 53%yoy during 2MFY20 to US$1.3bn. This, together with the disbursement of program related inflows and activation of the Saudi oil facility, helped to build SBP's fx reserves, which stood at US$8.47bn as at 20th Sep'19, however import cover still remains weak at 2x monthly cover. However, some support has come in the form of hot money following central bank's decision to open up debt markets for foreign investors. Interest has been largely focused in T-Bills (US$234mn) with year-to-date SCRA (special convertible rupee account) returns clocking in at US$327mn, indicating immense potential for future participation. That said, SBP Governor has made clear that monetary policy is to be based on inflationary expectations and not flows. While upcoming electricity tariff hikes may lead to inflationary pressures, we think the interest rates have largely peaked, however, the central bank may wait until 2020 before commencing monetary easing.

Fixed Income Market Review

Participation in T-Bill auctions picked up significantly during 1QFY20 to PKR6.1tn vs. PKR4.9tn in 4QFY19 (and vs. PKR4.6tn in SPLY) with major traction witnessed in the 3-6months tenor. Cut-off yields for 3M/6M/12M tenors rose 90bps qoq on average to 13.73%/13.78%/13.74% in Sep'19, (from 12.73%/12.84%/12.97% on avg. in Jun'19). That said, yield curves began to invert following central bank's decision to maintain the key policy rate at 13.25% in the Sep'19 MPS, sparking expectations for monetary easing to follow soon (yields inverted 18bps MoM in Sep'19). Participation in PIB auctions rose significantly, however, bids accepted by SBP were lower at PKR963bn in 1QFY20 vs. PKR431bn in 4QFY19 (and PKR21bn in 1QFY19). PIB yields for 3YR/5YR/10YR tenors witnessed a sharp inversion, dropping 117bps qoq on average to 12.84%/12.40%/12.31% in Sep'19 (vs. 13.69%/13.75%/13.64% in Jun'19 on average).

Future Outlook

Economic growth is expected to remain weak in FY20 given high levels of interest rates and inflation. GDP growth rate is forecasted at 2.5%-3.0 by SBP.

Entry into the IMF program for Extended Fund Facility of USD 6bn, will help unlock USD 38bn in external borrowing and grants over the next few years and improve external account position and outlook on PKR. Fiscal position remains challenging but is expected to further improve on the back of tax reforms aimed to increase tax revenue generation. 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 FY20, the deficit is expected to cross 7% compared to 8.9% in FY19. This is expected to be curtailed going forward with aggressive tax collection targets.

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 REER stood at 93 for August 2019. (as per SBP) and is likely to stay at current levels for the remainder of FY20. 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.

Acknowledgement

The Board is thankful to its valued investors, the Securities & Exchange Commission of Pakistan, the State Bank of Pakistan, the Trustee of the Fund - Central Depository Company of Pakistan Limited and the management of the Pakistan Stock Exchange Limited for their continued cooperation and support. The Directors of the Management Company also acknowledge the efforts put in by the team of the Management Company for the growth and the prudent management of the Fund.

For and on Behalf of the Board

Director **Chief Executive Officer**

Dated: October 22, 2019

لیکسن منی مارکیٹ فنڈ
30 ستمبر 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 ستمبر 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 رسیپٹس 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۔

فنڈ کی کارکردگی

LMMF نے گذشتہ سال اسی مدت کے بینچ مارک منافع (سہ ماہی بلز کے اوسط منافع جات کا 70% + کم از کم AA ریٹڈ بینکس کے اوسط سہ ماہی TDR ریٹ کا 30%) 12.20% کے مقابلے میں مالی سال 2020 کی پہلی سہ ماہی میں 12.43% منافع کمایا۔ LMMF نے بینچ مارک کو 23 بنیادی پوائنٹس سے پیچھے چھوڑ دیا۔ اثاثوں کی تفویض کا ارتکاز 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۔ بمطابق 30 ستمبر 2019، LMMF پورٹ فولیو کی تخمینہ شدہ اوسط میچورٹی (WAM)، 17 دن ہے اور فنڈ سائز 9,331 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 ایگزیکٹو آفیسر نے مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے تفویض کردہ اختیار کے تحت سال کے دوران 3.0060 روپے فی یونٹ (-/100 پاکستانی روپے کی 3.0060% فیس ویلیو) کی عبوری ادائیگی کے ساتھ 215.0083 ملین روپے نقد تقسیم کرنے کا اعلان کیا ہے۔

معاشی جائزہ

ریٹ میں لگا تار 8 اضافوں کے بعد، ایس بی پی نے ستمبر 2019 کی مانیٹری پالیسی میں مرکزی پالیسی ریٹ کو 13.75% پر برقرار رکھا۔ ایس بی پی کا موقف افراطِ زر کی توقعات میں کوئی تبدیلی نہ ہونے (11-12% رینج کے لیے ایس بی پی کی رہنمائی) کا نتیجہ تھا جہاں سی پی آئی ٹریک پر رہی، جس کی اوسط 2015-15 کی نئی بنیادی سطح پر مالی سال 2020 کے 2 ماہ میں 9.45% رہی (2007-08 کی پرانی بنیادی سطح پر 11.0%) تھی۔ اس کے علاوہ، پچھلے سہ ماہیوں میں زرمبادلہ کی شرح میں بھاری اصلاح کے ساتھ مالی سال 2020 کی پہلی سہ ماہی کے لئے REER، 100 سے (عبوری) سے بھی کم رہا۔ بیرونی شعبے نے مالی
سال 2020 کے 2 ماہ کے دوران سال بہ سال بنیاد پر 53% کیبھاری کمی کے ساتھ 1.3 ارب ڈالر تک نمایاں بہتری دکھائی۔ اس نے، پروگرام سے متعلق زرِ مبادلہ کی آمد اور سعودی تیل کی سہولت فعال ہونے نے کے ساتھ، ایس بی پی کے زرِمبادلہ کے ذخائر بڑھنے میں مدد ملی، جو 20 ستمبر 2019 کو 8.47 ارب ڈالر تھے۔ تاہم درآمدی حفاظتی حد (امپورٹ کور) اب بھی 2x ماہ کی حفاظتی حد پر کمزور ہے۔ تاہم، غیر ملکی سرمایہ کاروں کے لئے قرضوں کی منڈیوں کو کھولنے کے مرکزی بینک کے فیصلے کے بعد کچھ مالی معاونت مختصر مدتی سرمایہ کاری کی شکل میں آئی ہے۔ سرمایہ کاروں کی دل چسپی بڑی حد تک ٹی بلز (234 ملین ڈالر) پر مرکوز رہی ہے۔ جس میں کے ایس سی آر اے (اسپیشل کنورٹیبل روپی اکاؤنٹ) کے گزشتہ سال تا حال منافع جات 327 ملین امریکی ڈالر رہے جس سے مستقبل میں سرمایہ کاری کے بے پناہ امکانات کی نشاندہی ہوتی ہے۔ اس سے قطع نظر، اسٹیٹ بینک کے گورنر نے واضح کیا ہے کہ مالیاتی پالیسی سرمایے آمد کے بجائے افراطِ زر کی توقعات پر مبنی ہے جہاں بجلی کے نرخوں میں آیندہ اضافے کا نتیجہ افراطِ زر کے دباؤ کا
سبب بن سکتا ہے، ہم سمجھتے ہیں کہ سود کی شرحیں اپنی بلند ترین حد تک پہنچ چکی ہیں، تاہم، مالیاتی نرمی شروع کرنے سے قبل مرکزی بینک 2020 تک انتظار کر سکتا ہے۔

فکسڈ انکم مارکیٹ کا جائزہ

مالی سال 2019 کی چوتھی سہ ماہی میں 4.9 ٹریلین روپے کے مقابلے میں مالی سال 2020 کی پہلی سہ ماہی کے دوران 6.1 ٹریلین روپے کے ساتھ ٹی بلز میں سرمایہ کاری میں (گزشتہ سال اسی مدت میں 4.6 ٹریلین روپے کے مقابلے میں) نمایاں اضافہ ہوا جہاں 3 سے 6 ماہ کی میعادوں میں بھاری تیزی دیکھنے میں آئی۔ 3 ماہ/6 ماہ/12 ماہ کی میعادوں کے لیے حتمی (Cut-off) منافع جات میں سہ ماہی بہ سہ ماہی بنیاد پر 90 بنیادی پوائنٹ کا اضافہ ہوا جس کی ستمبر 2019 میں اوسط (جون 2019 میں 12.97%/12.84%/12.73% کی اوسط کے مقابلے میں) بالترتیب 13.74%/13.78%/13.73% رہی۔ اس کے باوجود مرکزی بینک کی طرف سے ستمبر 2019 میں مالیاتی پالیسی میں مرکزی پالیسی ریٹ 13.25% پالیسی برقرار رکھنے کے بعد جلد ہی مالی نرمی کی روشن توقعات کے ساتھ منافع جات کے خطوط (yield curves) بلندی کی طرف بحال ہونے شروع ہو گئے ہیں (ستمبر 2019 میں منافع جات میں ماہ بہ ماہ بنیاد پر 18 بنیادی پوائنٹس کی بحالی ہوئی)۔ PIB کی نیلامیوں میں سرمایہ کاری میں نمایاں اضافہ ہوا، تاہم مالی سال 2020 کی پہلی سہ ماہی میں ایس بی پی طرف سے قبول کردہ 963 ارب روپے کی پیشکشیں مالی سال 2019 کی چوتھی سہ ماہی میں 431 ارب روپے (اور مالی سال 2019 کی پہلی سہ ماہی میں 21 ارب روپے) کے مقابلے میں کم تھیں۔

3 سال/5 سال/10 سال کی میعادوں کے لیے PIB کے منافع جات میں تیزی سے گراوٹ آئی جو ستمبر 2019 میں 12.31%/12.40%/12.84% کی اوسط کے ساتھ سہ ماہی بہ سہ ماہی بنیاد پر (جون 2019 میں 13.64%/13.75%/13.69% کی اوسط کے مقابلے میں) 117 بنیادی پوائنٹس گر گئے۔

مستقبل کی توقعات

سود اور افراطِ زر کی بلند شرحوں کی وجہ سے مالی سال 2020 میں معاشی نمو کمزور رہنے کی توقع ہے۔ اسٹیٹ بینک کی طرف سے جی ڈی پی کی %2.5-3.0 شرح نمو کی پیش گوئی کی گئی ہے۔

6 ارب امریکی ڈالر کے توسیعی فنڈ کی سہولت کے لئے آئی ایم ایف پروگرام میں شمولیت سے آئندہ چند سالوں میں 38 بلین ڈالر کی بیرونی قرضے اور گرانٹ کے دروازے کھولنے اور بیرونی اکاؤنٹ کی صورتِ حال اور پاکستانی روپے پر توقعات بہتر بنانے میں مدد ملے گی۔ مالیاتی صورتِ حال بدستور چیلنج سے بھرپور ہے تاہم ٹیکس آمدنی کی پیداوار میں اضافے کے ہدف کے ساتھ ٹیکس اصلاحات کی بدولت مزید بہتری کی توقع ہے۔ جس کا مقصد ٹیکس محصولات کی پیداوار میں اضافہ کرنا ہے۔ ہم خطہ ممالک کے مقابلے میں کمزور کرنسی اور برآمدات کو فروغ دینے کے اقدامات کی بدولت مالی سال 2020 میں برآمدات بڑھنے کا امکان ہے۔ اشیائے تعیش پر بلند محصولات کی بدولت درآمدات میں نمو محدود رہے گی۔

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

مالی سال 2020 کے لیے خسارہ، مالی سال 2019 میں 8.9 فیصد کے مقابلے میں 7 فیصد سے تجاوز کرنے کی توقع ہے۔ ٹیکس وصولی کے جارحانہ اہداف کے ساتھ آگے بڑھتے ہوئے اس میں کمی متوقع ہے۔

جیسا کہ مرکزی بینک نے مالی سال کے اختتام کے بعد پالیسی شرح میں مزید 100 بنیادی پوائنٹس کا اضافہ کیا ہے، افراطِ زر کے خطرات کے پیشِ نظر اسٹیٹ بینک آف پاکستان کی طرف پیشگی طے کردہ قیمتوں اور موجودہ سال 2019 کے دوسرے نصف میں سی پی آئی %10-12 کی حد میں رہنے کی رہنمائی کے ساتھ مزید سختی کی توقع نہیں ہے۔ زرِ مبادلہ کی شرح میں بہت حد تک درستی حاصل کر لی گئی ہے جہاں اگست 2019 کے لئے REER 93 پر کھڑا ہوا تھا (ایس بی پی کے مطابق) اور امکان ہے کہ مالی سال 2020 کے باقی عرصہ تک موجودہ سطح پر رہے گا۔ ہم توقع کرتے ہیں کہ قدر میں کمی کی رفتار %5-6 کی زیادہ معتدل رفتار اپنائے گی جس سے آگے بڑھنے پر افراطِ زر کے دباؤ میں مزید کمی آنی چاہیے۔

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 شکرگزار 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 ایگزیکیٹو آفیسر ڈائریکٹر

تاریخ: 22 اکتوبر 2019

Condensed Interim Statement of Assets and Liabilities
As at September 30, 2019

	Note	September 30, 2019 (Unaudited)	June 30, 2019 (Audited)
		(Rupees)	
ASSETS			
Bank balances	6	**8,538,586,620**	8,615,306,057
Investments	7	**747,257,909**	-
Markup receivable		**103,388,536**	64,023,028
Advance tax		**13,983,126**	9,793,403
Prepayments		**327,927**	133,569
TOTAL ASSETS		**9,403,544,118**	8,689,256,057
LIABILITIES			
Payable to the Management Company	8	**36,806,356**	44,364,429
Remuneration payable to the Trustee	9	**505,761**	734,675
Annual fee payable to Securities and Exchange Commission of Pakistan	10	**418,052**	6,710,153
Accrued expenses and other liabilities	11	**34,777,536**	29,279,235
TOTAL LIABILITIES		**72,507,705**	81,088,492
NET ASSETS		**9,331,036,413**	8,608,167,565
UNIT HOLDERS' FUND (as per statement of movement in unit holders' fund)		**9,331,036,413**	8,608,167,565
CONTINGENCIES AND COMMITMENTS	12		
		(Number of units)	
Number of units in issue		**92,720,806**	85,632,524
		(Rupees)	
Net assets value per unit		**100.6359**	100.5246

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

For Lakson Investments Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

Condensed Interim Income Statement (Unaudited)
For the quarter ended September 30, 2019

	Note	2019	2018
		(Rupees)	
INCOME			
Mark-up income		**286,201,782**	105,099,336
Loss on sale of investments - net		**(1,211,449)**	(2,454,587)
		284,990,333	102,644,749
EXPENSES			
Remuneration to the Management Company	8.1	**18,373,413**	10,416,221
Sindh Sales Tax on remuneration to Management Company	8.2	**2,388,544**	1,354,109
Remuneration to the Trustee	9	**1,535,294**	1,410,751
Annual fee to the Securities and Exchange Commission of Pakistan	10	**418,051**	1,059,411
SECP Supervisory fee on PSX Listing Fee		**628**	630
Auditors' remuneration		**89,251**	117,072
Fees and subscription		**182,513**	134,682
Printing charges		-	7,561
Brokerage expenses and bank charges		**103,682**	55,039
		23,091,376	14,555,476
Net income from operating activities		**261,898,957**	88,089,273
Sindh Workers' Welfare Fund	11.1	**(5,237,979)**	(1,761,785)
Net income for the period before taxation		**256,660,978**	86,327,488
Taxation	13	-	-
Net income for the period after taxation		**256,660,978**	86,327,488
Allocation of Net Income for the year			
Net income for the year after taxation		**256,660,978**	86,327,488
Income already paid on units redeemed		**(31,449,133)**	(10,355,063)
		225,211,845	75,972,425
Accounting income available for distribution			
Relating to capital gains		-	-
Excluding capital gains		**225,211,845**	75,972,425
Accounting income available for distribution		**225,211,845**	75,972,425

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

For Lakson Investments Limited
(Management Company)

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

Condensed Interim Statement of Comprehensive Income (Unaudited)
For the quarter ended September 30, 2019

	2019	2018
	(Rupees)	
Net income for the period after taxation	**256,660,978**	86,327,488
Other comprehensive income for the period	-	-
Total comprehensive income for the period	**256,660,978**	86,327,488

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

For Lakson Investments Limited
(Management Company)

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

Condensed Interim Statement of Movement In Reserve or Unit Holders' Fund (Unaudited)
For the quarter ended September 30, 2019

	2019				2018			
	Capital Value	Undistributed income	Unrealised (losses) / gains on investment	Total	Capital Value	Undistributed income	Unrealised (losses) / gains on investment	Total
	------------------------- (Rupees) -------------------------				------------------------- (Rupees) -------------------------			
Net assets at beginning of the period	8,581,794,761	26,372,803	-	8,608,167,564	5,553,837,584	219,941,522	-	5,773,779,106
Total proceeds on issuance of 63,683,099 units (2018: 10,728,260units)								
-Capital Value	6,401,718,076	-	-	6,401,718,076	1,000,432,811			1,000,432,811
-Element of Income	48,232,432	-	-	48,232,432				
	6,449,950,508	-	-	6,449,950,508	1,000,432,811			1,000,432,811
Total payments on redemption of 56,594,818 units (2018: 13,523,456 units)								
-Capital Value	(5,689,171,408)			(5,689,171,408)	(1,358,259,000)			(1,358,259,000)
-Element of Loss	(1,304,918)	(31,449,133)		(32,754,051)		(10,355,063)		(10,355,063)
	(5,690,476,326)	(31,449,133)	-	(5,721,925,459)	(1,358,259,000)	(10,355,063)	-	(1,368,614,063)
Total comprehensive income for the period	-	256,660,978	-	256,660,978	-	86,327,488	-	86,327,488
Distribution during the period:								
Interim Distribution @ Rs. 0.9015 per unit declared on July 26,2019								
Cash Distribution		(72,291,089)		(72,291,089)				
Refund of Capital	(9,049,800)			(9,049,800)				
Interim Distribution @ Rs. 1.0987 per unit declared on Aug 30, 2019								
Cash Distribution		(72,459,436)		(72,459,436)				
Refund of Capital	(17,161,693)			(17,161,693)				
Interim Distribution @ Rs. 1.0059 per unit declared on Sep 27, 2019								
Cash Distribution		(70,257,789)		(70,257,789)				
Refund of Capital	(20,597,372)			(20,597,372)				
			-	-	-	(201,673,210)	-	(201,673,210)
	(46,808,865)	(215,008,313)	-	(261,817,178)	-	(201,673,210)	-	(201,673,210)
Net assets at end of the period	9,294,460,078	36,576,335	-	9,331,036,413	5,196,011,395	94,240,737	-	5,290,252,132
Undistributed income brought forward								
Realised gain		26,372,803				219,941,522		
Unrealised gain		-				-		
		26,372,803				219,941,522		
Accounting (loss) / income available for distribution								
Relating to capital (loss)		-				-		
Excluding capital gains		225,211,845				75,972,425		
		225,211,845				75,972,425		
Distribution during the period:								
Interim Distribution @ Rs. 0.9015 per unit declared on July 26,2019		(72,291,089)						
Interim Distribution @ Rs. 1.0987 per unit declared on Aug 30, 2019		(72,459,436)						
Interim Distribution @ Rs. 1.0059 per unit declared on Sep 27, 2019		(70,257,789)						
Final Distribution @ Rs. 5.1947 per unit declared on July 3, 2018		-				(201,673,210)		
Undistributed income carried forward		36,576,335				94,240,737		
Undistributed income carried forward comprises of:								
Realised income		36,576,335				94,240,737		
Unrealised gain		-				-		
		36,576,335				94,240,737		
				(Rupees)				(Rupees)
Net assets value per unit at beginning of the period				100.5246				105.6246
Net assets value per unit at end of the period				100.6359				101.9946

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

For Lakson Investments Limited
(Management Company)

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

Condensed Interim Cash Flow Statement (Unaudited)
For the quarter ended September 30, 2019

	2019	2018
	(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	**256,660,978**	86,327,488
(Increase) / Decrease in assets		
Investments	**(747,257,910)**	175,000,000
Markup receivable	**(39,365,508)**	3,836,722
Advance tax	**(4,189,723)**	-
Prepayments	**(194,358)**	(407,426)
	(791,007,499)	178,429,296
(Decrease) in liabilities		
Payable to the Management Company	**(7,558,073)**	(380,597)
Remuneration payable to the Trustee	**(228,914)**	(68,939)
Annual fee payable to Securities and Exchange Commission of Pakistan	**(6,292,101)**	(3,658,104)
Accrued expenses and other liabilities	**5,498,301**	1,660,351
	(8,580,787)	(2,447,289)
Net cash used in operating activities	**(542,927,308)**	262,309,495
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issuance of units	**6,403,141,643**	1,000,432,811
Payment against redemption of units	**(5,721,925,459)**	(1,368,614,063)
Cash dividend paid	**(215,008,313)**	(201,673,210)
Net cash generated from / (used in) financing activities	**466,207,871**	(569,854,462)
Net Increase / (decrease) in cash and cash equivalents	**(76,719,437)**	(307,544,967)
Cash and cash equivalents at the beginning of the period	**8,615,306,057**	5,121,706,902
Cash and cash equivalents at the end of the period	**8,538,586,620**	4,814,161,935

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

For Lakson Investments Limited
(Management Company)

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

Notes to the Condensed Interim Financial Information (Unaudited)
For the quarter ended September 30, 2019

1 LEGAL STATUS AND NATURE OF BUSINESS

The 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.

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

In compliance with schedule V of the NBFC Regulations the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at September 30, 2019.

2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention, except for investments that are stated at fair values.

This condensed interim financial information has been prepared following accrual basis of accounting except for cash flow information

2.3 Functional and presentation currency

This condensed interim financial information is presented in Pak Rupees, which is the Fund's functional and presentation currency. All financial information presented in Pak Rupees has been rounded off to the nearest of rupees.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial informations are the same as those applied in the preparation of the financial statements as at and for the year ended June 30, 2019.

4 SIGNIFICANT JUDGEMENTS AND ESTIMATES

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

The significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied to financial statements as at and for the year ended June 30, 2019.

5 FINANCIAL RISK MANAGEMENT

The Fund financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements for the year ended June 30, 2019.

6 BANK BALANCES	**Note**	**September 30, 2019 (Unaudited)**	June 30, 2019 (Audited)
		(Rupees)	
Local currency			
In profit and loss sharing accounts	6.1	**7,688,579,180**	8,615,298,617
In current accounts		**7,440**	7,440
Term Deposit Receipt	6.2	**850,000,000**	
		8,538,586,620	8,615,306,057

6.1 These represents profit and loss account maintained with banks carrying mark-up rates ranging from 11.50% to 14.45% (June 30, 2019: 10.50% to 13.20%) per annum.

6.2 These represents term deposit receipt account maintained with banks carrying mark-up rate 14.45% (June 30, 2019: Nil) per annum.

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

	Note	September 30, 2019 (Unaudited)	June 30, 2019 (Audited)
		(Rupees)	
Government securities			
Market Treasury Bills	7.1	-	-
At amortized cost			
Commercial Paper	7.2	747,257,909	
		747,257,909	-

7.1 Market Treasury Bills

	Note	Number of treasury bills: Number of holdings at beginning of the period	Acquired during the period	Disposed/ matured during the period	Number of holdings at the end of the period	Balance as at September 30, 2019: Carrying Value	Market value	Unrealized appreciation / (diminution)	Market value as percentage of net assets of the Fund	Market value as percentage of total investment
						(Rupees)				
Government Securities										
3 Months Market Treasury Bills (face value of Rs. 100,000 each)		-	104,460	104,460	-	-	-	-	-	-
September 30, 2019						-	-	-	-	-
June 30, 2019						-	-	-	-	-

8 PAYABLE TO THE MANAGEMENT COMPANY

	Note	September 30, 2019 (Unaudited)	June 30, 2019 (Audited)
		(Rupees)	
Remuneration payable to the Management Company	8.1	960,438	7,648,998
Sales tax payable on remuneration to the Management Company	8.2	4,868,008	5,737,521
Federal excise duty payable on remuneration to the Management Company	8.3	30,977,910	30,977,910
		36,806,356	44,364,429

8.1 The Management Company is entitled to remuneration for services rendered to the Fund under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, of an amount not exceeding 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 0.5% of the net assets of the Fund, calculated on a daily basis (2019: 0.83%).

8.2 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (June 30, 2019: 13%) on Management Company's remuneration. Above liability includes Rs. 4,743,150 (June 30, 2019: Rs. 4,743,150) accrued on Federal Excise Duty (FED) on the management remuneration as more fully explained in note 8.3 below. Had the provision relating to FED not been made, Net Asset Value per unit of the Fund as at September 30, 2019 would have been higher by Re. 0.0512 (June 30, 2019: Re. 0.0554) per unit.

8.3 As per the requirements of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Management Company has been applied effective from 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 High Court of Sindh (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 from June 13, 2013 to June 30, 2016 aggregating to Rs. 30.978 million. Had the provision not been made, NAV per unit of the Fund as at September 30, 2019 would have been higher by Re. 0.33 (June 30, 2019: Re. 0.36) per unit.

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

9 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. Effective from 01 July 2019 the Trustee has revised the trustee fee which is 0.065% per annum of the net assets.

Upto 30 June 2019 the Trustee was entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the following rates:

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.

10 ANNUAL FEE PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

This represents annual fee payable to SECP in accordance with the NBFC Regulations. Effective from 01 July 2019 the SECP has revised the Annual SECP fee as under:

The Company is required to pay SECP an amount at the rate of 0.02% per annum of the average daily net assets of the fund.

Upto 30 June 2019 the SECP was entitled for annual fee payable in accordance with the regulation 62 of the NBFC Reulation 2008, as per the following rates:

The Company is required to pay SECP an amount at the rate of 0.075% per annum of the average daily net assets of the fund.

	Note	**September 30, 2019 (Unaudited)**	June 30, 2019 (Audited)
		(Rupees)	
11. ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration		**91,984**	207,933
Sindh Workers' Welfare Fund	11.1	**33,458,025**	28,220,046
Brokerage payable		**247,801**	199,223
Withholding tax		**713,921**	652,033
Bank Charges Payable		**40,000**	-
Others		**225,805**	
		34,777,536	29,279,235

11.1 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 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).

Provision for SWWF as of September 30, 2018 amounted to Rs. 13.951 million. Had the recognition in previous years not been made, the net assets value per unit of the Fund would be higher by Re. 0.36 / 0.36% (June 30, 2019: Re. 0.33 / 0.33%).

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.

Both the legal and tax advisors consulted were of the view that the SCP's judgment has removed the very basis on which the demands were raised against the CISs. Therefore, there was no longer any liability against the CISs under the WWF Ordinance and that all cases pending in the SHC or lower appellate forums will now be disposed off in light of the earlier judgement of the SCP.

12. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at September 30, 2019 and June 30, 2019.

13. TAXATION

The Fund's income is exempt from income tax as per clause (99) of part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders. The management intends to distribute at least 90% of the income earned by the year end by this Fund to the unit holders. The Fund is also 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 has been made in this condensed interim financial information.

13.1 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, 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 statements for the period ended September 30, 2019.

14. 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 Funds as September 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 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	**September 30, 2019 (Unaudited)**	June 30, 2019 (Audited)
		(Rupees)	
14.1 Balance as at year end			
Lakson Investments Limited - Management Company			
Remuneration payable	8.1	**960,438**	7,648,998
Sindh Sales Tax and Federal Excise Duty on remuneration to Management Company	8.2 & 8.3	**35,845,918**	36,715,431
Central Depository Company of Pakistan Limited - Trustee of the Fund			
Remuneration payable		**505,761**	734,675

14.2 Unit Holders' Fund

	Quarter ended September 30, 2019								
	Number of Units					Rupees			
	Number of Units as at July 01, 2019	Units issued during the period	Refund / Adjustment of units as element of income	Units redeemed during the period	Number of units as at September 30, 2019	Balance as at July 01, 2019	Units issued during the period	Units redeemed during the period	Balance as at September 30, 2019
Lakson Investments Limited - Management Company	2,506,825	7,591,856	74,815	7,591,856	2,581,639	251,997,558	770,186,707	502,310	259,805,605.98
Directors, Chief Executive and their spouse and minors	7,209,047	10,479,535	414,392	2,669,501	15,433,473	724,686,518	1,058,646,038	36,461,746	1,553,161,402.25
Key management personnel, employees and connected persons of the Management Company	29,148	25,988	1,090	11,329	44,896	2,930,091	2,625,262	96,700	4,518,182.14
Holding company / associated companies / undertakings of the Management Company									
SIZA Services (Private) Limited					-				-
(Holding Company of the Management Company)	3,149,897	8,685,884	104,025	8,054,829	3,884,978	316,642,139	881,185,072	2,701,762	390,968,248.25
SIZA (Private) Limited	2,849,970	9,636,975	91,054	9,329,099	3,248,899	286,492,064	977,630,742	596,116	326,955,913.88
Hasanali & Gulbanoo Lakhani Foundation	566,308	32,269	9,692	524,774	83,495	56,927,847	3,245,000	973,140	8,402,548.22
Premier Fashions (Private) Limited	142,337	1,501,760	10,208	1,288,392	365,913	14,308,360	152,105,647	55,684	36,824,004.93
Lakson Power Limited	3,864		97	248	3,713	388,427		9,744	373,693.96
Colgate Palmolive (Pakistan) Limited	24,523,303	1,969,367	573,822	4,948,340	22,118,152	2,465,195,264	200,000,000	55,652,972	2,225,880,132.84
SIZA Commodities (Private) Limited	2,703,722	278,451	76,034	49,469	3,008,738	271,790,541	28,000,000	7,634,509	302,787,041.91
Baluchistan Polyproducts (Private) Limited	1,746	11	45		1,802	175,550	1,085	4,502	181,337.39
Accuray Surgical Limited	172,324		4,417		176,741	17,322,771		444,035	17,786,478.13
Express Publications Private Limited	118,116		3,028		121,144	11,873,609		304,355	12,191,448.06
Book ME Tickets Private Limited	202,010		5,139		207,149	20,306,974		516,588	20,846,618.16
Connected person due to holding more than 10% units									
Bashir Dawood	-				-	-			-
Millat Tractors Limited	-				-	-			-
Fauji Fertilizer Company Limited	17,499,041	10,162,718	259,218	17,622,800	10,298,177	1,759,084,130	1,031,545,890	16,115,121	1,036,366,360.82
Mobilink Microfinance Bank Limited	-				-	-			-

	Quarter ended September 30, 2018								
	Number of Units					Rupees			
	Number of Units as at July 01, 2018	Units issued during the period	Refund / Adjustment of units as element of income	Units redeemed during the period	Number of units as at September 30, 2018	Balance as at July 01, 2018	Units issued during the period	Units redeemed during the period	Balance as at September 30, 2018
Lakson Investments Limited - Management Company	2,036,870	605	104,645	-	2,142,120	215,143,562	60,762	-	218,484,656
Directors, Chief Executive and their spouse and minors	7,842,759	386,410	-	2,126,888	6,102,281	828,388,277	38,807,032	215,000,000	622,399,705
Key management personnel, employees and connected persons of the Management Company	705,311	1,735	-	5,963	701,083	74,498,203	174,335	600,000	71,506,691
Holding company / associated companies / undertakings of the Management Company									
SIZA Services (Private) Limited (Holding Company of the Management Company)	294,139	1,185,410	8,041	69,292	1,418,298	31,068,279	120,612,304	7,000,000	144,658,703
SIZA (Private) Limited	963,577	1,407,608	33,010	989,982	1,414,213	101,777,414	141,436,712	100,000,000	144,242,069
Hasanali & Gulbanoo Lakhani Foundation	487,907	25,526	6,187	-	519,620	51,534,982	2,564,177	-	52,998,434
Premier Fashions (Private) Limited	1,748,182	543,784	55,779	-	2,347,745	184,650,981	54,957,480	-	239,457,271
Lakson Power Limited	3,745	-	-	-	3,745	395,564			381,970
SIZA Commodities (Private) Limited	2,079,234	362,570	67,372	995,316	1,513,860	219,618,264	36,429,575	101,000,000	154,405,549
Baluchistan Polyproducts (Private) Limited	14,279	66	661	-	15,006	1,508,183	6,615	-	1,530,501
Accuray Surgical Limited	106,682	2,159	2,978	-	111,819	11,268,244	216,841	-	11,404,934
Bashir Dawood (holding more than 10% outstanding units) *	9,886,216	366,438	92,575	-	10,345,229	1,044,227,660	36,801,290	-	1,055,157,542
Millat Tractors Limited	4,886,438				-	516,128,059			-
Mobilink Microfinance Bank Limited* (holding more than 10% outstanding units)	7,105,550	141,895	200,597	-	7,448,042	750,520,837	14,250,483	-	759,660,026

* holding increased to above 10 % due to investment of Unit holder (s) / divestment from other Unit holders

14.3 Transaction during the period	Note	September 30, 2019	2018
		(Unaudited)	
		(Rupees)	
Lakson Investments Limited - Management Company			
Remuneration to the Management Company	8.1	**18,373,413**	10,416,221
Sindh Sales Tax on remuneration to the Management Company	8.2	**2,388,544**	1,354,109
Central Depository Company of Pakistan Limited - Trustee of the Fund			
Remuneration to the Trustee		**1,535,294**	1,410,751
Century Insurance Company Limited - ECPFT			
Sale of T-Bills		**399,606**	-
Colgate Palmolive (Pakistan) Limited - ECPFT			
Sale of T-Bills		**9,990,150**	-
Colgate Palmolive (Pakistan) Limited - EGF			
Sale of T-Bills		**6,893,204**	-
GAM Corp. (Pvt.) Limited - ECPFT			
Sale of T-Bills		**65,835,089**	-
Merit Packaging Limited - ECPFT			
Sale of T-Bills		**999,015**	-
Merit Packaging Limited - EGF			
Sale of T-Bills		**399,606**	-
Lakson Investments Limited - ECPFT			
Sale of T-Bills		**24,475,868**	-
Saad Iqbal			
Sale of T-Bills		**9,190,938**	-
Amin Mohammed Lakhani			
Sale of T-Bills		**19,980,300**	-
Azhar Mohamed			
Sale of T-Bills		**6,493,598**	-
Abrar Hasan			
Sale of T-Bills		**499,508**	-
Abdus Samad Parekh			
Sale of T-Bills		**599,409**	-

	Note	September 30, 2019	2018
		(Unaudited) (Rupees)	
Muhammad Ashraf			
Sale of T-Bills		1,998,030	-
Century Insurance Company Limited			
Sale of T-Bills		7,292,810	-
Crescent Steel And Allied Products Limited - Pension Worker's Participation Fund			
Sale of T-Bills		10,489,658	-
Crescent Steel And Allied Products Limited - Staff Provident Fund			
Sale of T-Bills		8,591,529	-
Crescent Steel And Allied Products Limited - Steel Division Worker's Participation Fund			
Sale of T-Bills		94,906,425	-

15 TOTAL EXPENSE RATIO

Securities and Exchange Commission of Pakistan (SECP) vide its Directive No. SCD/PRDD/Direction/18/2016 dated 20 July 2016, required that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS / the Fund. TER of the Fund for the quarter ended September 30, 2019 is 1.36% which includes 0.39% representing government levies (comprising of Government Levies and SECP fee, etc.). As per NBFC Regulation the total expense ratio of the Money Market Scheme shall be caped up to 2% (Sep 30, 2018: 2%).

16 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Asset Management Company 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).

Investments of the Fund carried at fair value are categorised as follows:

	As at September 30, 2019			
	-------------------- Un-audited --------------------			
	Level 1	Level 2	Level 3	Total
Assets	-------------------- Rupees --------------------			
Financial assets at fair value through profit or loss	-	-	-	-

	As at June 30, 2019			
	-------------------- Audited --------------------			
	Level 1	Level 2	Level 3	Total
Assets	-------------------- Rupees --------------------			
Financial assets at fair value through profit or loss	-	-	-	-

17 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorised for issue on October 22, 2019 by the Board of Directors of the Management Company.

18 GENERAL

Figures have been rounded off to the nearest rupee.

For Lakson Investments Limited
(Management Company)

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

A Lakson Group Company

Lakson Investments Limited
Lakson Square, Building No. 2,
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Lakson Investments (DIFC) Limited
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LAKSON TACTICAL FUND

Quarterly Report (September 30, 2019)

LAKSON INVESTMENTS

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Fund's Information

Management Company	Lakson Investments Limited Head Office Lakson Square, Building No.2, Sarwar Shaheed Road, Karachi-74200, Pakistan. Phone: (9221) 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 Ms. Gaite Ali Ms. Kathleen Kennedy Townsend
Chief Financial Officer & Company Secretary of the Management Company	Mr. Salman Shafiq Hashmi
Audit Committee	Mr. Jacques John Visser - Chairman Mr. Amin Mohammed Lakhani Mr. Iqbal Ali Lakhani Mr. Jamil Ahmed Mughal
Human Resource and Remuneration Committee	Ms. Gaite Ali - Chairman Mr. Babar Ali Lakhani Mr. Iqbal Ali Lakhani
Trustee	Central Depository Company of Pakistan Limited CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahra-e-Faisal, Karachi, Pakistan.
Auditors	KPMG Taseer Hadi & Co. Chartered Accountants Sheikh Sultan Trust Building No.2, Beaumont Road, Karachi - 75530, Pakistan

Bankers to the Fund	Allied Bank Limited Bank Alfalah Limited Habib Bank Limited Habib Metropolitan Bank Limited Habib Bank AG Zurich JS Bank Limited Telenor Microfinance Bank Limited United Bank Limited NRSP Microfinance Bank Limited National Bank of Pakistan Mobilink Microfinance Bank Limited Silk Bank Limited Sindh Bank Limited Finca Microfinance Bank Limited U Microfinance Bank Limited
Legal Adviser	Fazleghani Advocates F-72/I, Block 8, KDA-5, Kehkashan, Clifton, Karachi, Pakistan.
Registrar	Lakson Investments Limited Lakson Square Building No.2, Sarwar Shaheed Road, Karachi-74200, Pakistan
Distributor	Rabia Fida BMA Capital Management Limited
Rating	1 Year : 2-Star 3 Year : 3-Star 5 Year : 3-Star AM2+ : Asset Manager Rating by PACRA

Review Report of the Directors of the Management Company
For the quarter ended September 30, 2019

The Board of Directors of Lakson Investments Limited, the Management Company of the Lakson Tactical Fund ('LTF' or 'Fund') is pleased to submit its review report together with Condensed Interim Financial Information for the period ended September 30, 2019

Fund Objective
The investment objective of the LTF is to provide long-term capital appreciation by investing in a mix of securities comprising debt, equity and commodities future contracts.

Principal activities
LTF is an open-end asset allocation fund and is listed on Pakistan Stock Exchange Limited. The Fund is managed using an active investment management style which focuses on an analysis of macro factors such as government policies, interest rates, liquidity, exchange rates and economic growth. The Fund switches exposure between domestic debt securities and domestic equities based on the forward price to earnings multiple of the equity market. Asset allocation to different sectors and stocks will be made on the basis of earnings growth and management quality. Exposure of the scheme in fixed income securities is managed through duration and yield curve management. The Fund may overweight or underweight commodities relative to its benchmark for commodities investment.

Fund performance
Lakson Tactical Fund generated an absolute return of -2.09% against the benchmark return of- 0.88% in the 1QFY20. The fund has underperformed the benchmark by 1.21%. As of September 30, 2019, LTF portfolio was invested 58% in Equities, 20.0% in TFCs/Sukuks, and 13% in Cash.

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

Economic Review
After 8 consecutive rate hikes, SBP maintained the key policy rate at 13.75% in the Sep'19 Monetary Policy. SBP's stance was led by an unchanged inflation outlook (SBP guidance for 11-12% range) where CPI remained on track, averaging 9.45% in 2MFY20 on new 2015-16 base (11.0% on old 2007-08 base). Moreover, with bulk of the exchange rate correction achieved in the previous quarters, REER for 1QFY20 remained well below 100 (provisional). The external sector continued to show significant improvement with a sizeable reduction of 53%yoy during 2MFY20 to US$1.3bn. This, together with the disbursement of program related inflows and activation of the Saudi oil facility, helped to build SBP's fx reserves, which stood at US$8.47bn as at 20th Sep'19, however import cover still remains weak at 2x monthly cover. However, some support has come in the form of hot money following central bank's decision to open up debt markets for foreign investors. Interest has been largely focused in T-Bills (US$234mn) with year-to-date SCRA (special convertible rupee account) returns clocking in at US$327mn, indicating immense potential for future participation. That said, SBP Governor has made clear that monetary policy is to be based on inflationary expectations and not flows. While upcoming electricity tariff hikes may lead to inflationary pressures, we think the interest rates have largely peaked, however, the central bank may wait until 2020 before commencing monetary easing.

Fixed Income Market Review
Participation in T-Bill auctions picked up significantly during 1QFY20 to PKR6.1tn vs. PKR4.9tn in 4QFY19 (and vs. PKR4.6tn in SPLY) with major traction witnessed in the 3-6months tenor. Cut-off yields for 3M/6M/12M tenors rose 90bps qoq on average to 13.73%/13.78%/13.74% in Sep'19, (from 12.73%/12.84%/12.97% on avg. in Jun'19). That said, yield curves began to invert following central bank's decision to maintain the key policy rate at 13.25% in the Sep'19 MPS, sparking expectations for monetary easing to follow soon (yields inverted 18bps MoM in Sep'19). Participation in PIB auctions rose significantly, however, bids accepted by SBP were lower at PKR963bn in 1QFY20 vs. PKR431bn in 4QFY19 (and PKR21bn in 1QFY19). PIB yields for 3YR/5YR/10YR tenors witnessed a sharp inversion, dropping 117bps qoq on average to 12.84%/12.40%/12.31% in Sep'19 (vs. 13.69%/13.75%/13.64% in Jun'19 on average).

Equity Market Review

KSE-100 index continued to remain under pressure during 1QFY20, dropping by 5.4%qoq during Jul-Sep'19 to 32,079pts, despite some late recovery (up 8.1% mom in Sep'19). Negative developments including (i) tensions with India over Kashmir, (ii) a large fiscal deficit of 8.9% during FY19 and (iii) fine of US$5.9bn in Reko Diq case contributed to declining trend. Additionally, the quarter started with a 100bps increase in policy rates during Jul'19 but MPS was status quo in Sep'19 meeting, explaining market direction in Sep'19. Market activity declined significantly, as ADTO dropped 25%qoq to US$21.9mn in 1QFY20. Mutual funds and insurance companies remained heavy sellers during 1QFY20, offloading positions of US$82mn and US$23mn, respectively. Once again, the supply was partially absorbed by foreigners with a net buy of US$23mn. Foreign inflow was mainly concentrated in cements (US$13.2mn), banks (US$7.9mn) and Power (US$5.6mn) but E&P sector witnessed a huge outflow (US$8.1mn). Decline in KSE-100 was almost inline with 5.1% drop in EM markets but the former underperformed the FM markets by 3.8%. Going forward, major checkpoints for market direction include (i) FATF review due in Oct'19 and (ii) the first IMF review due in Dec'19.

Commodities Review

Crude oil prices remained mixed in September. Middle of the month, drones attacked Saudi oil facilities at Abqaiq and Khurais temporarily shutting Saudi's largest oil refinery. This saw oil shooting up as 5.7mbpd of oil output, almost half of Saudi's output and 6% of global supply, was impacted with fears that this output might be offline for months. However, within two weeks of the attacks, Saudi restored all of its output back to pre-attack output levels. By the end of the month, Saudi production was down to 8.5-8.6mbpd compared to a 9.05mbpd output in August as Saudi released its strategic reserves. OPEC's oil production in September is close to a decade low with most of the drop coming from Saudi oil shortfall. WTI continued to decline on strong US inventories and economic concerns while Brent prices for the month closed positively. During September, Arab Light and WTI declined 1.3% MoM and 1.5% MoM to close at USD 61.76/bbl and USD 54.07/bbl respectively while Brent closed up 1.4% MoM closing at USD 59.25/bbl.

Richard Bay coal prices increased strongly in September, up 7.5% MoM. This brings coal prices down 33.5% CYTD closing at USD 64.1/MT. This was driven by news that Colombia, which is the fourth largest coal producer, will see its coal production decline down to 5% YoY because of drought disrupting mining operations and low prices in the international market.

Middle East urea prices came down 1.9% MoM in September closing at USD 260/MT. Morocco DAP prices remained flat MoM closing at USD 340/MT. Gold prices adjusted during the month with gold prices down 3.1% MoM closing at USD 1,472/MT. Chinese steel prices showed muted performance in September with hot rolled coil prices down 1.0% MoM at USD 480/MT while cold rolled coil price were flat closing at USD 520/MT. PTA-PX margins slipped slightly to come down 3.7% MoM, at USD 129/MT.

Future Outlook

Economic growth is expected to remain weak in FY20 given high levels of interest rates and inflation. GDP growth rate is forecasted at 2.5%-3.0 by SBP.

Entry into the IMF program for Extended Fund Facility of USD 6bn, will help unlock USD 38bn in external borrowing and grants over the next few years and improve external account position and outlook on PKR. Fiscal position remains challenging but is expected to further improve on the back of tax reforms aimed to increase tax revenue generation. 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 FY20, the deficit is expected to cross 7% compared to 8.9% in FY19. This is expected to be curtailed going forward with aggressive tax collection targets.

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 REER stood at 93 for August 2019. (as per SBP) and is likely to stay at current levels for the remainder of FY20. 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.

In 2QFY20, the market's sentiment remains weak led by economic consolidation and weak result season. However, as further clarity emerges in 2HFY20 on (i) interest rates, (ii) inflation and relations with the US, it is possible that the stock market will remain upbeat all along in 2HFY20.

Acknowledgement
The Board is thankful to its valued investors, the Securities & Exchange Commission of Pakistan, the State Bank of Pakistan, the Trustee of the Fund - Central Depository Company of Pakistan Limited and the management of the Pakistan Stock Exchange Limited for their continued cooperation and support. The Directors of the Management Company also acknowledge the efforts put in by the team of the Management Company for the growth and the prudent management of the Fund.

For and on Behalf of the Board

Director **Chief Executive Officer**

Dated: October 22, 2019

لیکسن ٹیکٹیکل فنڈ
30 ستمبر 2019ء کوختم ہونے والے سال کے لیے
مینجمنٹ کمپنی کے ڈائریکٹرز کی رپورٹ

لیکسن انویسٹمنٹس لمیٹڈ کے بورڈ آف ڈائریکٹرز، لیکسن ٹیکٹیکل فنڈ ("LTF") کی مینجمنٹ کمپنی 30 ستمبر 2019ء کوختم ہونے والے سال کے لیے اپنی رپورٹ مع آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتا ہے۔

فنڈ کا مقصد

لیکسن ٹیکٹیکل فنڈ کی سرمایہ کاری کا مقصد، ڈیٹ (Debt)، ایکویٹی اور کموڈیٹیز فیوچر کنٹریکٹس پر مشتمل مختلف طرح کی سیکیورٹیز میں سرمایہ کاری کرتے ہوئے سرمائے کی قدر میں طویل مدتی اضافہ کرنا ہے۔

اہم سرگرمیاں

LTF ایک ایسیٹ ایلوکیشن اسکیم ہے جسے متعلقہ اثاثوں کی کلاسز کے متوقع منافع جات اور مینجمنٹ کمپنی کی صوابدید کی بنیاد پر ڈیٹ (Debt)، ایکویٹی پرمبنی انسٹرومنٹس اور کموڈیٹیز کے درمیان سرمایہ کاری کے ردوبدل کی اجازت ہے اس صوابدید کا اطلاق اقتصادی ماحول کے تجزیے کے بعد کیا جائے گا جس میں افراطِ زر، کرنسی کی قدر میں کمی، شرح سود، GDP کی نمو، حکومتی پالیسیز، عالمی اقتصادی ڈیٹا، کموڈیٹیز کی قیمتیں اور رسد/طلب کا تحرک شامل ہے۔ فکسڈ انکم سیکورٹیز میں اسکیم کی سرمایہ کاری کا انتظام وانصرام کو حکومتی سیکورٹیز کی مختلف میچورٹیز کے درمیان منتقلی کے ذریعے دورانیے اور yield curve مینجمنٹ کے ذریعے کیا جائے گا۔
ایکویٹی میں سرمایہ کاری کا انتظام وانصرام ان بنیادی اقدار کے تعین کے لیے نیچے سے اوپر کی طرف تجزیے کے ذریعے کیا جائے گا جو فنڈ کو پرکشش منافع کمانے کے قابل بنا سکیں۔ حکومتی سیکورٹیز کی مختلف میچورٹیز کے درمیان منتقلی کے ذریعے دورانیے اور yield curve مینجمنٹ کے ذریعے کیا جائے گا۔ فنڈ کموڈیٹیز میں سرمایہ کاری کے لیے بینچ مارک کو متعلقہ کموڈیٹیز کے مطابق اوورویٹ یا انڈرویٹ کرسکتا ہے۔

فنڈ کی کارکردگی

لیکسن ٹیکٹیکل فنڈ نے بینچ مارک منافع 0.88%- کے مقابلے میں مالی سال 2020 کی پہلی سہ ماہی کے دوران 2.09%- مطلق منافع فراہم کیا۔ فنڈ نے بینچ مارک کے مقابلے میں 1.21% کمتر کارکردگی کا مظاہرہ کیا۔ مالی سال 2020 کی پہلی سہ ماہی میں فنڈ نے اسی مدت کے لیے 0.90% بینچ مارک کے مقابلے میں 1.70%- منافع فراہم کیا۔ 30 ستمبر 2019 کے مطابق LTF پورٹ فولیو کی طرف سے ایکویٹیز میں 58%، TFCs/صکوکس میں 20.0% اور کیش میں 13% سرمایہ کاری کی گئی۔

فی یونٹ نقصان (LPU)

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

معاشی جائزہ

ریٹ میں لگاتار 8 اضافوں کے بعد، ایس بی پی نے ستمبر 2019 کی مانیٹری پالیسی میں مرکزی پالیسی ریٹ کو 13.75% پر برقرار رکھا۔ ایس بی پی کا مؤقف افراطِ زر کی توقعات میں کوئی تبدیلی نہ ہونے (11-12% رینج کے لیے ایس بی پی کی رہنمائی) کا نتیجہ تھا جہاں سی پی آئی ٹریک پر رہی، جس کی اوسط 2015-15 کی نئی بنیادی سطح پر مالی سال 2020 کے 2 ماہ میں 9.45% رہی (2007-08 کی پرانی بنیادی سطح پر 11.0%) تھی۔ اس کے علاوہ، پچھلے سہ ماہیوں میں زرمبادلہ کی شرح میں بھاری اصلاح کے ساتھ مالی سال 2020 کی پہلی سہ ماہی کے لئے REER، 100 سے (عبوری) سے بھی کم رہا۔ بیرونی شعبے نے مالی سال 2020 کے 2 ماہ کے دوران سال بہ سال بنیاد پر 53% کی بھاری کمی کے ساتھ 1.3 ارب ڈالر تک نمایاں بہتری دکھائی۔ اس نے، پروگرام سے متعلق زرِمبادلہ کی آمد اور سعودی تیل کی سہولت فعال ہونے کے ساتھ، ایس بی پی کے زرِمبادلہ کے ذخائر بڑھنے میں مدد ملی، جو 20 ستمبر 2019 کو 8.47 ارب ڈالر تھے۔ تاہم درآمدی حفاظتی حد (امپورٹ کور) اب بھی 2x ماہ کی حفاظتی حد پر کمزور ہے۔ تاہم، غیر ملکی سرمایہ کاروں کے لئے قرضوں کی منڈیوں کو کھولنے کے مرکزی بینک کے فیصلے کے بعد کچھ مالی معاونت مختصر مدتی سرمایہ کاری کی شکل میں آئی ہے۔ سرمایہ کاروں کی دلچسپی بڑی حد تک ٹی بلز (234 ملین ڈالر) پر مرکوز رہی ہے، جس میں کے ایس سی آر اے (اسپیشل کنورٹیبل روپی اکاؤنٹ) کے گزشتہ سال تا حال منافع جات 327 ملین امریکی ڈالر رہے، جس سے مستقبل میں سرمایہ کاری کے بے پناہ امکانات کی نشاندہی ہوتی ہے۔ اس سے قطع نظر، اسٹیٹ بینک کے گورنر نے واضح کیا ہے کہ مالیاتی پالیسی سرمایے آمد کے بجائے افراطِ زر کی توقعات پر مبنی ہے جہاں بجلی کے نرخوں میں آیندہ اضافے کا نتیجہ افراطِ زر کے دباؤ کا سبب بن سکتا ہے، ہم سمجھتے ہیں کہ سود کی شرحیں اپنی بلندترین حد تک پہنچ چکی ہیں، تاہم، مالیاتی نرمی شروع کرنے سے قبل مرکزی بینک 2020 تک انتظار کر سکتا ہے۔

فکسڈ انکم مارکیٹ کا جائزہ

مالی سال 2019 کی چوتھی سہ ماہی میں 4.9 ٹریلین روپے کے مقابلے میں مالی سال 2020 کی پہلی سہ ماہی کے دوران 6.1 ٹریلین روپے کے ساتھ ٹی بلز میں سرمایہ کاری میں (گزشتہ سال اسی مدت میں 4.6 ٹریلین روپے کے مقابلے میں) نمایاں اضافہ ہوا جہاں 3 سے 6 ماہ کی میعادوں میں بھاری تیزی دیکھنے میں آئی۔ 3 ماہ/6 ماہ/12 ماہ کی میعادوں کے لیے حتمی (Cut-off) منافع جات میں سہ ماہی بہ سہ ماہی بنیاد پر 90 بنیادی پوائنٹ کا اضافہ ہوا جس کی ستمبر 2019 میں اوسط (جون 2019 میں 12.97% / 12.84% / 12.73% کی اوسط کے مقابلے میں) بالترتیب 13.74% / 13.78% / 13.73% رہی۔ اس کے باوجود مرکزی بینک کی طرف سے ستمبر 2019 میں مالیاتی پالیسی میں مرکزی پالیسی ریٹ 13.25% پالیسی برقرار رکھنے کے بعد جلد ہی مالی نرمی کی روشن توقعات کے ساتھ منافع جات کے خطوط (yield curves) بلندی کی طرف بحال ہونے شروع ہو گئے ہیں (ستمبر 2019 میں منافع جات میں ماہ بہ ماہ بنیاد پر 18 بنیادی پوائنٹس کی بحالی ہوئی)۔ PIB کی نیلامیوں میں سرمایہ کاری میں نمایاں اضافہ ہوا، تاہم مالی سال 2020 کی پہلی سہ ماہی میں ایس بی پی طرف سے قبول کردہ 963 ارب روپے کی پیشکشیں مالی سال 2019 کی چوتھی سہ ماہی میں 431 ارب روپے (اور مالی سال 2019 کی پہلی سہ ماہی میں 21 ارب روپے) کے مقابلے میں کم تھیں۔

3 سال / 5 سال / 10 سال کی میعادوں کے لیے PIB کے منافع جات میں تیزی سے گراوٹ آئی جو ستمبر 2019 میں 12.31%/12.40%/12.84% کی اوسط کے ساتھ سہ ماہی بہ سہ ماہی بنیاد پر (جون 2019 میں 13.64%/13.75%/13.69% کی اوسط کے مقابلے میں) 117 بنیادی پوائنٹس گر گئے۔

ایکویٹی مارکیٹ کا جائزہ

مالی سال 2020 کی پہلی سہ ماہی کے دوران KSE-100 انڈیکس بدستور دباؤ میں رہا اور تاخیر سے بحالی کے باوجود (مالی سال 2019 میں ماہ بہ ماہ بنیاد پر 8.1% اضافہ) جولائی ستمبر 2019 کے دوران سہ ماہی بہ سہ ماہی بنیاد پر 5.4% کمی ہوئی۔ منفی پیش رفت میں درج ذیل شامل ہے (i) کشمیر پر انڈیا کے ساتھ تناؤ (ii) مالی سال 2019 کے دوران 8.9% کا بھاری مالیاتی خسارہ (iii) ریکوڈک مقدمے میں 5.9 ارب روپے کے جرمانے نے پستی کے رجحان میں حصہ شامل کیا۔

مزید برآں، اس سہ ماہی کا آغاز جولائی 2019 کے دوران پالیسی ریٹس میں 100 بنیادی پوائنٹس کے اضافے کے ساتھ ہوا لیکن ستمبر 2019 کے اجلاس میں MPS کی حیثیت برقرار رہی، جس نے ستمبر 2019 میں مارکیٹ کی سمت کی نشان دہی کی۔ مارکیٹ کی سرگرمی میں نمایاں کمی واقع ہوئی، جیسا کہ مالی سال 2020 کی پہلی سہ ماہی میں ADTO سہ ماہی بہ سہ ماہی بنیاد پر 25% کمی کے ساتھ 21.9 ملین ڈالر ہوگیا۔ مالی سال 2020 کی پہلی سہ ماہی میں میوچل فنڈز اور انشورنس کمپنیاں سب بڑی فروخت کنندگان رہیں جنھوں نے بالترتیب 82 ملین ڈالر اور 23 ملین ڈالر کے شیئرز فروخت کیے۔

ایک بار پھر، غیر ملکی خریداروں نے سپلائی کو جزوی طور پر جذب کیا جن کی خالص خریداری 23 ملین امریکی ڈالر تھی۔ بیرونی سرمایہ کاری کی آمد بنیادی طور پر سیمنٹ (13.2 ملین ڈالر)، بینکوں (7.9 ملین ڈالر) اور پاور (5.6 ملین ڈالر) پر مرکوز رہی لیکن ای اینڈ پی کے شعبے میں سرمایہ کاری کا زبردست اخراج (8.1 ملین ڈالر) دیکھنے میں آیا۔ کے ایس ای 100 میں کمی EM مارکیٹوں میں 5.1% کمی کے ساتھ تقریباً ہم آہنگ تھی لیکن اس نے ایف ایم مارکیٹوں سے 3.8% کم تر کارکردگی کا مظاہرہ کیا۔ مارکیٹ کی سمت کے لیے قابلِ توجہ نکات میں (i) اکتوبر 2019 میں ہونے والا FATF جائزہ اور (ii) دسمبر 2019 میں ہونے والا آئی ایم ایف کا پہلا جائزہ شامل ہے۔

کموڈیٹیز کا جائزہ

ستمبر میں خام تیل کی قیمتیں ملی جلی تھی۔ مہینے کے بیچ میں، ڈرون حملوں نے ابقیق اور خریس میں تیل کمپنیز کو نشانہ بنایا جس کے نتیجے میں سعودیہ کی سب سے بڑی تیل کمپنی وقتی طور پر بند ہوگئی۔ اس کے نتیجے میں تیل کی قیمت اوپر گئی کیونکہ 5.7mbpd تیل کی پیداوار، جو کہ تقریباً سعودیہ کی کل پیداوار کا آدھا حصہ اور عالمی پیداوار کا 6% حصہ ہے، متاثر ہوا کیونکہ اس پیداوار کے مہینوں بند رہنے کا خدشہ تھا۔ البتہ، حملے کے صرف دو ہفتوں کے بعد ہی سعودیہ نے اپنی تیل کی پیداوار کو حملوں سے پہلے والی پیداوار کے مساوی کرلیا۔ مہینے کے اختتام تک، سعودی پیداوار 8.5-8.6mbpd تک نیچے گئی جو کہ اگست کے مہینے میں 9.05mbpd سے کم تر ریکارڈ کی گئی کیونکہ سعودیہ اپنے اسٹریٹیجک اثاثے ریلیز کر چکا تھا۔ OPEC کی تیل کی پیداوار ستمبر میں سابقہ دہائی کی کم ترین سطح پر ہے جس میں کمی کی سب سے بڑی وجہ سعودیہ کے تیل کے ذخائر میں کمی ہے۔ WTI مستحکم امریکی انونٹریز اور معاشی تحفظات کے پیش نظر زوال کا شکار رہا جبکہ برینٹ قیمتیں اسی ماہ میں مثبت انجام کو پہنچیں۔ ستمبر میں، عرب لائٹ اور WTI میں 1.3% ماہانہ اور 1.5% ماہانہ زوال ریکارڈ کیا گیا جس کا اختتام 61.76/bbl اور 54.07bbl امریکی ڈالرز پر ہوا جبکہ برینٹ 1.4% ماہانہ پر 59.25/bbl امریکی ڈالرز کے ساتھ بند ہوا۔

رچرڈ بے کوئلے کی قیمتوں میں ستمبر میں ماہ بہ ماہ بنیاد پر 7.5% اضافہ ہوا۔ اس سے کوئلے کی قیمتوں میں موجودہ سال تا حال بنیاد پر 33.5% کمی واقع ہوتی ہے جو 64.1 / MT امریکی ڈالر پر بند ہوتی ہے۔ اسے اس خبر سے تقویت ملی کہ کولمبیا، جو کوئلہ تیار کرنے والا چوتھا بڑا ملک ہے، خشک سالی سے کان کنی میں خلل پڑنے اور بین الاقوامی منڈی میں کم قیمتوں کی وجہ سے کوئلے کی پیداوار میں ماہ بہ ماہ بنیاد پر 5% فیصد کمی کا سامنا کرے گا۔

مستقبل کی توقعات

سود اور افراطِ زر کی بلند شرحوں کی وجہ سے مالی سال 2020 میں معاشی نمو کمزور رہنے کی توقع ہے۔ اسٹیٹ بینک کی طرف سے جی ڈی پی کی 2.5%-3.0%

شرح نمو کی پیش گوئی کی گئی ہے۔

6 ارب امریکی ڈالر کے توسیعی فنڈ کی سہولت کے لئے آئی ایم ایف پروگرام میں شمولیت سے آئندہ چند سالوں میں 38 بلین ڈالر کی بیرونی قرضے اور گرانٹ کے دروازے کھولنے اور بیرونی اکاؤنٹ کی صورتِ حال اور پاکستانی روپے پر توقعات بہتر بنانے میں مدد ملے گی۔ مالیاتی صورتِ حال بدستور چیلنج سے بھرپور ہے تاہم ٹیکس آمدنی کی پیداوار میں اضافے کے ہدف کے ساتھ ٹیکس اصلاحات کی بدولت مزید بہتری کی توقع ہے۔ جس کا مقصد ٹیکس محصولات کی پیداوار میں اضافہ کرنا ہے۔ ہم خطہ ممالک کے مقابلے میں کمزور کرنسی اور برآمدات کو فروغ دینے کے اقدامات کی بدولت مالی سال 2020 میں برآمدات بڑھنے کا امکان ہے۔ اشیائے تعیش پر بلند محصولات کی بدولت درآمدات میں نمو محدود رہے گی۔

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

مالی سال 2020 کے لیے خسارہ، مالی سال 2019 میں 8.9 فیصد کے مقابلے میں 7 فیصد سے تجاوز کرنے کی توقع ہے۔ ٹیکس وصولی کے جارحانہ اہداف کے ساتھ آگے بڑھتے ہوئے اس میں کمی متوقع ہے۔

جیسا کہ مرکزی بینک نے مالی سال کے اختتام کے بعد پالیسی شرح میں مزید 100 بنیادی پوائنٹس کا اضافہ کیا ہے، افراطِ زر کے خطرات کے پیش نظر اسٹیٹ بینک آف پاکستان کی طرف پیشگی طے کردہ قیمتوں اور موجودہ سال 2019 کے دوسرے نصف میں سی پی آئی 10-12% کی حد میں رہنے کی رہنمائی کے ساتھ مزید سختی کی توقع نہیں ہے۔ زرمبادلہ کی شرح میں بہت حد تک درستی حاصل کرلی گئی ہے جہاں اگست 2019 کے لئے REER 93 پر کھڑا ہوا تھا (ایس بی پی کے مطابق) اور امکان ہے کہ مالی سال 2020 کے باقی عرصہ تک موجودہ سطح پر رہے گا۔ ہم توقع کرتے ہیں کہ قدر میں کمی کی رفتار 5-6% کی زیادہ معتدل رفتار اپنائے گی جس سے آگے بڑھنے پر افراطِ زر کے دباؤ میں مزید کمی آنی چاہیے۔

مالی سال 2020 کی دوسری سہ ماہی میں اقتصادی استحکام اور کمزور نتائج والے سیزن کے نتیجے میں مارکیٹ کا جذبہ بدستور کمزور ہے۔ تاہم، جیسے ہی مالی سال 2020 کے دوسرے نصف میں (i) سود کی شرحوں، (ii) افراطِ زر اور امریکہ کے ساتھ تعلقات پر صورتِ حال مزید واضح ہوگی، ممکن ہے کہ مالی سال 2020 کے دوسرے نصف میں بھی اسٹاک مارکیٹ خوش امید رہے گی۔

اظہارِ تشکر

یہ بورڈ اپنے قابل قدر انویسٹرز، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان، فنڈ کے ٹرسٹی، سینٹرل ڈپازیٹری کمپنی آف پاکستان لمیٹڈ اور پاکستان اسٹاک ایکسچینج لمیٹڈ کا، ان کے مسلسل تعاون اور مدد پر شکر گزار ہے۔ مینجمنٹ کمپنی کے ڈائریکٹرز فنڈ کی ترقی اور دانش مندانہ 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: 22 اکتوبر 2019

Condensed Interim Statement of Assets and Liabilities
As at September 30, 2019

	Note	September 30, 2019 (Unaudited)	June 30, 2019 (Audited)
		(Rupees)	
ASSETS			
Bank balances	5	**83,184,464**	85,286,659
Investments	6	**559,964,032**	670,368,027
Dividend receivable		**3,223,514**	875,703
Receivable against sale of investments		**3,338,600**	-
Markup accrued		**6,507,397**	5,341,484
Deposits, prepayments and other receivables		**3,049,555**	2,977,293
TOTAL ASSETS		**659,267,562**	764,849,166
LIABILITIES			
Remuneration payable to the Management Company	7	**2,746,124**	2,862,857
Remuneration payable to the Trustee	8	**117,408**	144,152
Annual fee payable to the Securities and Exchange Commission of Pakistan	9	**33,725**	998,749
Payable against redemption of units		-	-
Payable against purchase of investments		**3,120,475**	-
Accrued expenses and other liabilities	10	**4,444,702**	4,255,685
TOTAL LIABILITIES		**10,462,434**	8,261,443
NET ASSETS		**648,805,128**	756,587,723
UNITHOLDERS' FUND (as per statement of movement in unit holders' fund)		**648,805,128**	756,587,723
CONTINGENCIES AND COMMITMENTS	12		
		(Number of units)	
Number of units in issue		**7,390,508**	8,436,662
		(Rupees)	
Net assets value per unit		**87.7889**	89.6785

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

For Lakson Investments Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

Condensed Interim Income Statement (Unaudited)
For the quarter ended September 30, 2019

	Note	**2019**	2018
		(Rupees)	
INCOME			
Income from Government securities		**1,891,218**	430,464
Mark-up income		**7,452,147**	11,231,150
Dividend income		**5,965,740**	8,658,474
Exchange gain / (loss) on foreign currency bank balance		**(18,557)**	14,394
		15,290,548	20,334,482
Capital gain / (loss) on sale of investments - net		**(8,375,697)**	4,378,922
Unrealised (loss) / gain on revaluation of held for trading investments - net	6.1, 6.2, 6.3 & 6.4	**(21,015,374)**	(7,632,223)
		(29,391,071)	(3,253,301)
Total income / (loss)		**(14,100,523)**	17,081,181
EXPENSES			
Remuneration of the Management Company	7.1	**2,218,611**	4,031,614
Sindh Sales tax on remuneration to the Management Company	7.2	**288,419**	524,110
Remuneration of the Trustee		**381,095**	635,213
Annual fee to the Securities and Exchange Commission of Pakistan		**33,725**	294,576
Auditors' remuneration		**89,539**	73,277
Fees and subscription		**180,796**	294,923
Printing charges		**-**	14,341
SECP supervisory fee		**628**	630
Brokerage, bank and settlement charges		**317,685**	425,483
Total expenses		**3,510,498**	6,294,167
Net income / (loss) from operating activities		**(17,611,021)**	10,787,014
Sindh Workers' Welfare Fund (SWWF)	10.1	**-**	(215,740)
Net income / (loss) for the period before taxation		**(17,611,021)**	10,571,274
Taxation	13	**-**	-
Net income / (loss) for the period after taxation		**(17,611,021)**	10,571,274
Allocation of net income for the period after taxation			
Net income for the period after taxation		-	10,571,274
Income already paid on units redeemed		-	(107,203)
		-	10,464,071
Accounting income available for distribution			
- Relating to capital gains		-	-
- Excluding capital gains		-	10,464,071
		-	10,464,071

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

For Lakson Investments Limited
(Management Company)

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

Condensed Interim Statement of Comprehensive Income (Unaudited)
For the quarter ended September 30, 2019

	2019	2018
	(Rupees)	
Net income / (loss) for the period after taxation	**(17,611,021)**	10,571,274
Other comprehensive income for the period	-	-
Total comprehensive income / (loss) for the period	**(17,611,021)**	10,571,274

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

For Lakson Investments Limited
(Management Company)

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

Condensed Interim Statement of Movement In Reserve or Unit Holders' Fund (Unaudited)
For the quarter ended September 30, 2019

	2019			2018		
	Capital value	**Undistributed income**	**Total**	Capital value	Undistributed income	Total
			----(Rupees)----			
Net assets at beginning of the period	**850,911,523**	**(94,323,800)**	**756,587,723**	1,210,315,259	9,804,467	1,220,119,726
Issuance of 121,269 units (2018: Nil units)						
- Capital value	**10,875,197**	**-**	**10,875,197**	-	-	-
- Element of loss	**(305,197)**	**-**	**(305,197)**	-	-	-
Total proceeds on issuance of units	**10,570,000**	**-**	**10,570,000**	-	-	-
Redemption of 1,167,422 units (2018: 56,162 units)						
- Capital value	**(104,692,678)**	**-**	**(104,692,678)**	-	-	-
- Element of income	**3,951,104**	**-**	**3,951,104**	-	-	-
Total payments on redemption of units	**(100,741,574)**	**-**	**(100,741,574)**	(5,651,112)	(107,203)	(5,758,315)
Distribution to the unit holders in cash	**-**	**-**	**-**	-	-	-
Accounting (loss) / income for the period	**-**	**(17,592,464)**	**(17,592,464)**	-	-	-
Exchange gain / (loss) on foreign currency deposits	**-**	**(18,557)**	**(18,557)**	-	-	-
Total comprehensive income for the period	**-**	**(17,611,021)**	**(17,611,021)**	-	10,571,274	10,571,274
Net assets as at end of the period	**760,739,949**	**(111,934,821)**	**648,805,128**	1,204,664,147	20,268,538	1,224,932,685
Undistributed income brought forward:						
- Realized income		**19,456,897**			78,903,373	
- Unrealized income		**(113,780,697)**			(69,098,906)	
		(94,323,800)			9,804,467	
Accounting income available for distribution:						
Relating to capital gains		-			-	
Excluding capital gains		-			10,464,071	
		-			10,464,071	
Net income / (loss) for the period after taxation		**(17,611,021)**			-	
Distribution during the period		-			-	
Undistributed income at end of the period		**(111,934,821)**			20,268,538	
Undistributed income carried forward						
- Realized income		**(90,919,447)**			27,900,761	
- Unrealized income		**(21,015,374)**			(7,632,223)	
		(111,934,821)			20,268,538	
Net assets value per unit at beginning of the period			**89.6785**			100.6215
Net assets value per unit at end of the period			**87.7889**			101.4885

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

For Lakson Investments Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

Condensed Interim Cash Flow Statement (Unaudited)
For the quarter ended September 30, 2019

	2019	2018
	(Rupees)	
CASH FLOW FROM OPERATING ACTIVITIES		
Net income / (loss) for the period before taxation	**(17,611,021)**	10,571,274
Adjustments for:		
Unrealised loss on revaluation of held for trading investments - net	**21,015,374**	7,632,223
Dividend income on held for trading investments	**(5,965,740)**	(8,658,474)
Markup on bank balances and investments	**(7,452,147)**	(11,231,150)
	(10,013,534)	(1,686,127)
Decrease / (increase) in assets		
Investments - net	**89,388,620**	(70,706,157)
Advances, deposits, prepayments and other receivables	**(72,262)**	(207,447)
Receivable against settlement of investments	**(3,338,600)**	1,559,370
	85,977,758	(69,354,234)
(Decrease) / increase in liabilities		
Payable to the Management Company	**(116,733)**	(139,660)
Remuneration payable to the Trustee	**(26,744)**	(831)
Annual fee payable to the Securities and Exchange Commission of Pakistan	**(965,024)**	(856,335)
Payable against purchase of investments	**3,120,475**	(10,133,433)
Accrued expenses and other liabilities	**189,017**	785,092
	2,200,991	(10,345,167)
Dividend income received	**3,617,929**	3,100,568
Markup on bank balances and investments	**6,286,234**	12,100,555
Net cash used in / (generated from) operating activities	**88,069,379**	(66,184,405)
CASH FLOW FROM FINANCING ACTIVITIES		
Cash received from issue of units	**10,570,000**	-
Cash paid on redemption of units	**(100,741,574)**	(7,258,315)
Net cash used in from financing activities	**(90,171,574)**	(7,258,315)
Net decrease in cash and cash equivalent	**(2,102,195)**	(73,442,720)
Cash and cash equivalent at the beginning of the period	**85,286,659**	508,923,987
Cash and cash equivalent at the end of the period	**83,184,464**	435,481,267

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

For Lakson Investments Limited
(Management Company)

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

Notes to the Condensed Interim Financial Information (Unaudited)
For the quarter ended September 30, 2019

1 LEGAL STATUS AND NATURE OF BUSINESS

Lakson Tactical Fund ("the Fund") was established under Trust Deed executed on May 30, 2011 between Lakson Investments Limited as its Management Company and Central Depository Company of Pakistan Limited (CDC) as its Trustee. The Fund has been registered as a notified entity on July 7, 2011 by the Securities and Exchange Commission of Pakistan (SECP) in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008. The Management Company of the Fund has been licensed by SECP 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. The registered office of the Management Company is located at 14 - Ali Block, New Garden Town, Lahore. while the head office is in the Lakson Square Building No. 2, Karachi.

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

The Fund is categorised as "Asset Allocation Scheme" as per the Circular 07 of 2009 issued by Securities and Exchange Commission of Pakistan (SECP) and is authorised to invest within the prescribed limits as mentioned in the offering documents of the Fund in listed equity securities, Government securities, debt securities, deposits with banks, preference shares, placement of funds with financial institutions, reverse repo, margin trading system, money market placement, commercial paper, unlisted equity securities only if an application for listing of such securities has been accepted by the stock exchange, future contracts of equity and commodity and any other instruments authorized by SECP in Pakistan. Further, as allowed by SECP and the State Bank of Pakistan, the Fund can invest abroad up to 30% of the aggregated funds mobilized (including foreign currency funds) subject to a maximum limit of USD 15 million. The investments authorized outside Pakistan include exchange traded funds based on equities / debt with exposure in the commodities, index tracker funds tracking different commodities indices, actively managed commodities based funds, equities and debt securities of companies with exposure in commodities, future contracts of different commodities and foreign currency deposits etc.

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

Pakistan Credit Rating Company Limited (PACRA) has maintained the rating of the Management Company of the Fund to the scale 'AM2+' (stable outlook) vide its report dated 27 February 2019 (2018: AM2+ as on 28 August 2018).

On October 01, 2019: VIS Credit Rating Company assigned following rankings to the Fund based on the performance review for the period ended 30 June 2019:

1 Year ranking: 2-Star
3 Year ranking : 3-Star
5 Year ranking: 3-Star

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

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

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

The comparative Statement of Assets and Liabilities presented in these condensed interim financial information as at 30 June 2019 has been extracted from the audited financial statements of the Company for the year ended 30 June 2019, whereas the comparative profit and loss account, statement of comprehensive income, the cash flow statement and statement of changes in equity for the quarter ended 30 September 2019 have been extracted from the unaudited condensed interim financial information for the period then ended.

2.2 This condensed interim financial information do not include all the information required for a complete set of annual financial statements and should be read in conjunction with the latest annual financial statements as at and for the year ended 30 June 2019. However, selected explanatory notes are included to explain events and transactions that are significant.

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

In compliance with schedule V of the NBFC Regulations the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at September 30, 2019.

2.4 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention, except that investments are measured at fair values.

2.3 Functional And Presentation Currency

This condensed interim financial information is presented in Pak Rupees, which is the Fund's functional and presentation currency. All amount has been rounded off to the nearest of rupees, unless otherwise indicated.

2.4 SIGNIFICANT JUDGEMENTS AND ESTIMATES

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

The significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the year ended June 30, 2019.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial informations are the same as those applied in the preparation of the financial statements as at and for the year ended June 30, 2019.

4 FINANCIAL RISK MANAGEMENT

The Fund financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements for the year ended June 30, 2019.

	Note	September 30, 2019 (Unaudited)	June 30, 2019 (Audited)
		(Rupees)	
5 BANK BALANCES			
In local currency			
In profit and loss sharing accounts	5.1	**82,388,767**	84,472,405
In current account		**8,640**	8,640
In foreign currency			
In current account	5.2	**787,057**	805,614
[USD$ 5,033 (2019: USD$ 5,033)]		**83,184,464**	85,286,659

5.1 These carry mark-up rates ranging from 11.25% to 14.30% (2019: from 9.25% to 13.50%) per annum.

5.2 This represents USD denominated current account maintained in foreign country.

6 INVESTMENTS

At fair value through profit or loss			
Listed equity securities	6.1	**378,752,305**	467,849,005
Term finance certificates	6.2	**84,246,812**	84,770,083
Sukuk certificates	6.3	**44,802,235**	48,789,439
Government securities	6.4	**52,162,680**	68,959,500
		559,964,032	670,368,027
		-	-
		559,964,032	670,368,027

6.1 At fair value through profit or loss

Shares of listed companies - fully paid up ordinary shares of Rs. 10 each unless stated otherwise

Name of the Investee Company	Holding as at July 01, 2019	Purchased during the period	* Bonus shares / letter of right received during the period	Disposed during the period	Holding as at September 30, 2019	Carrying value before revaluation as of 30 September 2019	Market value as of 30 September 2019 (after revaluation)	Unrealised gain / (loss) - net	Market value as percentage of total investments	Market value as percentage of net assets	Par value of shares held as a percentage of total paid up capital of the investee company
	---------- Number of Shares ----------					---------- (Rupees) ----------			---------- (%) ----------		
Commercial Banks											
Askari Bank Limited	903,700	-	-	85,000	818,700	15,481,617	14,400,933	(1,080,684)	2.57	2.22	0.04%
Bank of Punjab	1,561,584	-	-	223,000	1,338,584	12,248,044	11,672,452	(575,592)	2.08	1.80	0.01%
Bank Al Falah Limited	615,691	-	-	125,500	490,191	21,367,426	20,068,420	(1,299,006)	3.58	3.09	0.01%
Habib Bank limited - 6.1.1	299,160	-	-	102,100	197,060	22,319,016	23,286,580	967,564	4.16	3.59	0.01%
MCB Bank Limited	126,526	-	-	45,650	80,876	14,108,818	13,714,143	(394,675)	2.45	2.11	0.00%
United Bank Limited	252,898	-	-	84,600	168,298	24,803,759	23,263,833	(1,539,926)	4.15	3.59	0.02%
						110,328,680	**106,406,361**	**(3,922,319)**	**19.00**	**16.40**	
Chemicals											
ICI Pakistan Limited	6,643	-	-	600	6,043	3,217,716	2,961,070	(256,646)	0.53	0.46	0.02%
Engro Polymer & Chemicals Limited	480,678	15,000	-	-	495,678	13,327,329	12,168,894	(1,158,435)	2.17	1.88	0.03%
Lotte Chemical Pakistan Limited	910,000	-	-	115,000	795,000	12,123,750	10,843,800	(1,279,950)	1.94	1.67	0.01%
						28,668,795	**25,973,764**	**(2,695,031)**	**4.64**	**4.00**	
Fertilizers											
Engro Corporation Limited - 6.1.1	113,395	52,500	-	-	165,895	44,264,998	44,275,717	10,719	7.91	6.82	0.00%
Fauji Fertilizer Bin Qasim Limited	143,250	-	-	112,000	31,250	569,687	463,438	(106,249)	0.08	0.07	0.00%
Fauji Fertilizers Company Limited	218,098	63,500	-	24,500	257,098	22,715,601	23,917,827	1,202,226	4.27	3.69	0.00%
Engro Fertilizers Limited	115,206	27,500	-	-	142,706	9,261,978	9,736,830	474,852	1.74	1.50	0.00%
						76,812,264	**78,393,812**	**1,581,548**	**14.00**	**12.08**	
Pharma & Bio Tech											
The Searl Company Limited - 6.1.2	79	-	-	-	79	11,578	10,919	(659)	0.00	0.00	0.00%
						11,578	**10,919**	**(659)**	**0.00**	**0.00**	
Textile Composite											
Nishat Mills Limited	117,487	-	-	50,500	66,987	6,252,567	5,626,908	(625,659)	1.00	0.87	0.04%
						6,252,567	**5,626,908**	**(625,659)**	**1.00**	**0.87**	
Cement											
Lucky Cement Company Limited	52,207	-	-	28,400	23,807	9,057,849	8,145,089	(912,760)	1.45	1.26	0.01%
Maple Leaf Cement Factory Limited	255,049	-	-	226,000	29,049	693,981	426,439	(267,542)	0.08	0.07	0.02%
						9,751,830	**8,571,528**	**(1,180,302)**	**1.53**	**1.32**	
Power Generation & Distribution											
Hub Power Company Limited - 6.1.1	126,136	61,000	-	78,500	108,636	8,268,402	7,685,997	(582,405)	1.37	1.18	0.02%
						8,268,402	**7,685,997**	**(582,405)**	**1.37**	**1.18**	
Oil and Gas Exploration Companies											
Mari Petroleum Company Limited	17,424	4,000	-	-	21,424	21,074,586	19,263,604	(1,810,982)	3.44	2.97	0.01%
Oil and gas Development Company Limited	366,603	7,700	-	42,000	332,303	43,627,223	40,883,238	(2,743,985)	7.30	6.30	0.01%
Pakistan Oilfield Limited	36,745	5,700	-	-	42,445	17,037,328	16,124,855	(912,473)	2.88	2.49	0.01%
Pakistan Petroleum Limited	256,068	-	-	34,300	221,768	32,029,952	30,167,101	(1,862,851)	5.39	4.65	0.01%
						113,769,089	**106,438,798**	**(7,330,291)**	**19.01**	**16.41**	

Name of the Investee Company	Holding as at July 01, 2019	Purchased during the period	* Bonus shares / letter of right received during the period	Disposed during the period	Holding as at September 30, 2019	Carrying value before revaluation as of 30 September 2019	Market value as of 30 September 2019 (after revaluation)	Unrealised gain / (loss) - net	Market value as percentage of total investments	Market value as percentage of net assets	Par value of shares held as a percentage of total paid up capital of the investee company
	----- Number of Shares -----					----- (Rupees) -----			----- (%) -----		
Pakistan State Oils Limited - 6.1.2	15,336	643	-	15,300	679	102,544	106,936	4,392	0.02	0.02	0.02%
Attock Petroleum Limited	19,781	-	-	7,700	12,081	3,485,489	3,720,948	235,459	0.66	0.57	0.03%
Sui Northern Gas Pipeline Limited	210,997	21,000	-	-	231,997	15,922,182	14,291,015	(1,631,167)	2.55	2.20	0.00%
						19,510,215	**18,118,899**	**(1,391,316)**	**3.24**	**2.79**	
Food & Personal Care Products											
Fauji Foods Limited	194,590	-	-	146,500	48,090	634,307	502,540	(131,767)	0.09	0.08	0.01%
						634,307	**502,540**	**(131,767)**	**0.09**	**0.08**	
Technology and Communication											
Systems Limited	67,237	-	-	-	67,237	6,452,735	5,597,480	(855,255)	1.00	0.86	0.15%
						6,452,735	**5,597,480**	**(855,255)**	**1.00**	**0.86**	
Automobile Parts & Accessories											
Agriauto Industries Limited	29,900	-	-	-	29,900	5,978,804	4,784,000	(1,194,804)	0.85	0.74	0.00%
						5,978,804	**4,784,000**	**(1,194,804)**	**0.85**	**0.74**	
Engineering											
International Industries Limited	66,347	-	4,964	27,200	44,111	3,090,617	3,058,216	(32,401)	0.55	0.47	0.02%
						3,090,617	**3,058,216**	**(32,401)**	**0.55**	**0.47**	
Automobile & Parts											
Thal Limited (Face value of Rs. 5 each)	14,531	-	-	-	14,531	5,290,155	3,466,806	(1,823,349)	0.62	0.53	0.02%
						5,290,155	**3,466,806**	**(1,823,349)**	**0.62**	**0.53**	
Paper and Board											
Cherat Packaging Company Limited	103,070	-	-	40,900	62,170	5,013,388	4,116,277	(897,111)	0.74	0.63	0.08%
						5,013,388	**4,116,277**	**(897,111)**	**0.74**	**0.63**	
Total as at 30 September 2019						**399,833,426**	**378,752,305**	**(21,081,121)**	**67.64**	**58.38**	
Total cost as at 30 September 2019						**481,301,227**					
Total as at 30 June 2019						579,017,748	467,849,005	(111,168,743)	69.79	61.84	
Total cost as at 30 June 2019						593,495,677					

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

	September 30, 2019	June 30, 2019	September 30, 2019	June 30, 2019
	------(Number of shares)------		-----(Rupees)-----	
Engro Corporation Limited	**20,000**	20,000	**5,337,800**	5,312,000
Habib Bank Limited	**50,000**	50,000	**5,908,500**	5,663,000
The Hub Power Company Limited	**100,000**	100,000	**7,075,000**	7,875,000
	170,000	170,000	**18,321,300**	18,850,000

6.1.2 Finance Act, 2014 had introduced tax on bonus shares issued by the companies. Most of the equity funds including the Fund have challenged the applicability of withholding tax provision on bonus shares before the Honourable High Court of Sindh ("the Court") on various legal grounds and have sought relief from the Court. In the Fund's case, tax in the shape of 79 shares in case of The Searl Company Limited and 679 shares in the case of Pakistan State Oils Limited have been withheld by CDC. Market value of these shares as at 30 September 2019 amounted to Rs. 10,919 and Rs. 106,936 respectively, and are included in the Fund's investments in these financial statements.

Above provision regarding the taxation of bonus shares have since been deleted vide the Finance Act, 2018.

Name of Security	Note	Date of Maturity	Mark-up rate	Holding as at 01 July 2019	Purchases during the period	Disposed / matured during the period	Holding as at 30 September 2019	Carrying value as of the year ended 30 Sep 2019 before revaluation	Market value as of the year ended 30 Sep 2019 (after revaluation)	Unrealised appreciation /(diminishing)	Credit rating	Market value as % of total investments	Market value as % of net assets	Face value as % of size of the issue
				------------Number of certificates------------				---------------(Rupees)---------------						
Silk Bank Limited	6.2.1	10-Aug-25	6 months KIBOR + 1.85%	8,000	-	-	8,000	34,776,083	34,256,812	(519,271)	A- (dated 20 Nov 2018)	6.12%	5.28%	2.00%
Bank Al-Habib Limited	6.2.2	6-Dec-28	6 months KIBOR + 1.00%	10,000	-	-	10,000	49,990,000	49,990,000	-	AA (dated 28 Jun 2019)	8.93%	7.70%	1.25%
					Total as at 30 September 2019			**84,766,083**	**84,246,812**	**(519,271)**		**15.05%**	**12.98%**	**3.25%**
					Total cost as at 30 September 2019			**89,974,000**						
					Total as at 30 June 2019			85,359,022	84,770,083	(588,939)				
					Total cost as at 30 June 2019			89,978,000						

6.2.1 This represents investments in Term Finance Certificates of Silk Bank Limited carrying an effective profit rate of 6 months Karachi Inter Bank Offered Rates (KIBOR) per annum plus 1.85% receivable semi-annually in arrears. The instrument is structured to redeem 0.14% of the issue amount during the first 7 years of issue while the remaining 99.86% in the last 2 equal semi annual instalments of 49.93% each from 10 February 2018 to 10 August 2025. These are secured by first pari passu charge on the bank's assets with 25% margin. Total face value of the individual investment is Rs. 5,000 (Rs. 40 million in total), whereas at the year end total face value of the principal amount was Rs. 39.99 million.

6.2.2 This represents investments in Term Finance Certificates of Bank Al-Habib Limited carrying an effective profit rate of 6 months Karachi Inter Bank Offered Rates (KIBOR) per annum plus 1.00% receivable semi-annually in arrears. The instrument is structured to redeem 0.36% of the issue amount during the first 9 years of issue while the remaining 99.64% in the last 2 equal semi annual instalments of 49.82% each from 06 June 2019 to 06 December 2028. These are secured by first pari passu charge on the bank's assets with 25% margin. Total face value of the individual investment is Rs. 5,000 (Rs. 50 million in total).

6.3 Sukuk certificates - at fair value through profit or loss

Name of Security / Note	Date of Maturity	Mark-up rate	Holding as at 01 July 2019	Purchases during the period	Disposed / matured during the period	Holding as at 30 September 2019	Carrying value as of the year ended 30 Sep 2019 before revaluation	Market value as of the year ended 30 Sep 2019 (after revaluation)	Unrealised appreciation /(diminishing)	Credit rating	Market value as % of total investments	Market value as % of net assets	Face value as % of size of the issue
			------------Number of certificates------------				--------------(Rupees)--------------						
Dawood Hercules Corporation Limited 6.3.1	15-Nov-22	3 months KIBOR + 1.00%	110	-	-	110	9,867,439	9,839,125	(28,314)	A- (dated 28 Jun 2019)	1.76%	1.52%	1.83%
Dawood Hercules Corporation Limited 6.3.2	1-Mar-23	3 months KIBOR + 1.00%	390	-	-	390	35,022,000	34,963,110	(58,890)	AA (dated 28 Jun 2019)	6.24%	5.39%	6.50%
Total as at 30 September 2019							**44,889,439**	**44,802,235**	**(87,204)**		**8.00%**	**6.91%**	**8.33%**
Total Cost as at 30 September 2019							**45,000,000**						
Total as at 30 June 2019							48,947,194	48,789,439	(157,755)				
Total Cost as at 30 June 2019							48,900,000						

6.3.1 This represents investment in sukuk certificates of Dawood Herculas Corporation Limited carrying an effective profit rate of 3 months Karachi Inter-bank Offer Rate (KIBOR) per annum plus margin of 1.0% per annum receivable quarterly in arrears. The principal is redeemable in eight semi-annual instalments starting from the eighteenth (18th) month from the date of issue, i.e. from May 2019 to November 2022 in the six semi-annual instalments of Rs 1.1 million each and the last two semi-annual instalments on May 2022 and November 2022 at Rs. 2.2 million each. These sukuk certificates are secured by way of first pari passu charge against ordinary shares of Engro Corporation Limited with 50% margin and charge over all of the assets of investee company with a 25% margin.

6.3.2 This represents investment in sukuk certificates of Dawood Herculas Corporation Limited carrying an effective profit rate of 3 months Karachi Inter-bank Offer Rate (KIBOR) per annum plus margin of 1.0% per annum receivable quarterly in arrears. The principal is redeemable in eight semi-annual instalments starting from the eighteenth (18th) month from the date of issue, i.e. from September 2019 to March 2023 in the six semi-annual instalments of Rs 3.9 million each and the last two semi-annual instalments on September 2022 and March 2023 at Rs. 7.8 million each. These sukuk certificates are secured by way of first pari passu charge against ordinary shares of Engro Corporation Limited with 50% margin and charge over all of the assets of investee company with a 25% margin.

6.4 Government securities - at fair value through profit or loss

Name of Security	Note	Date of Maturity	Mark-up rate	Holding as at 01 July 2019	Purchases during the year	Disposed / matured during the year	Holding as at 30 September 2019	Carrying value as of the year ended 30 September 2019 before revaluation	Market value as of the year ended 30 September 2019	Unrealised appreciation / (diminution)	Market value as % of total investments (based on market value)	Market value as % of net assets (based on market value)
				------------Number ------------				---------------(Rupees)---------------				
10 years Pakistan Investment Bond	6.4.1	31-May-28	13.20%	250,000	-	-	250,000	24,542,500	24,862,500	320,000	4.44%	3.83%
03 years Pakistan Investment Bond	6.4.2	12-Jul-21	7.25%	500,000	-	200,000	300,000	26,947,958	27,300,180	352,222	4.88%	4.21%
Total as at 30 September 2019								**51,490,458**	**52,162,680**	**672,222**	**9.32%**	**8.04%**
Total Cost as at 30 September 2019								**52,071,820**				
Total as at 30 June 2019								70,824,760	68,959,500	(1,865,260)		
Total Cost as at 30 June 2019								70,119,700				

6.4.1 This represents investments in 10 years Pakistan Investment Bond carrying an effective profit rate of 13.20% and having maturity on 31 May 2028. The face value of Pakistan Investment Bond as at 30 September 2019 amounted to Rs. 25 million.

6.4.2 This represents investments in 03 years Pakistan Investment Bond carrying an effective profit rate of 7.25% and having maturity on 12 July 2021. The face value of Pakistan Investment Bond as at 30 September 2019 amounted to Rs. 27 million.

7 PAYABLE TO THE MANAGEMENT COMPANY

	Note	September 30, 2019 (Unaudited)	June 30, 2019 (Audited)
		(Rupees)	
Remuneration payable to the Management Company	7.1	**708,371**	811,675
Sales tax payable on remuneration to theManagement Company	7.2	**348,717**	362,146
Federal excise duty payable on remuneration to the Management Company	7.3	**1,686,556**	1,686,556
Sales load payable		**2,480**	2,480
		2,746,124	2,862,857

7.1 The Management Company is entitled to remuneration for services rendered to the Fund under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, of anamount not exceeding 2% per annum of the average annual net assets of the Fund. However, the Management Company is currently charging a fee at 10% of the gross earnings of the scheme for the quarter ended 30 September 2019. The fee is subject to a minimum of 1% and maximum of 2% of the average annual net assets of the Fund. Currently the effective rate of Management Company remuneration for the period end 30 September 2019 is 1.32% of average net assets. Remuneration is paid to the Management company in arrears on a monthly basis.

7.2 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (2019: 13%) on Management Company's remuneration. Above liability includes Rs. 256,629 (2019: Rs. 256,629) accrued on Federal Excise Duty (FED) on the management remuneration as more fully explained in note 7.3 below. Had the provision on FED not been made, Net Asset Value per unit of the Fund as at 30 September 2019 would have been higher by Re. 0.03 (2019: Re. 0.03) per unit.

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

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

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

However, since the appeal is pending in the Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from 13 June 2013 to 30 June 2016 aggregating to Rs. 1.686 million. Had the provision not been made, NAV per unit of the Fund as at 30 September 2019 would have been higher by Re. 0.23 (30 June 2019: Re. 0.20) per unit.

8 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. Effective from 01 July 2019 the Trustee has revised the trustee fee as under:

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

Upto 30 June 2019 the Trustee was entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the following rates:

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

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

9 ANNUAL FEE PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

This represents annual fee payable to SECP in accordance with the NBFC Regulations. Effective from 01 July 2019 the SECP has revised the Annual SECP fee as under:

The Company is required to pay SECP an amount at the rate of 0.02% per annum of the average daily net assets of the fund.

Upto 30 June 2019 the SECP was entitled for annual fee payable in accordance with the regulation 62 of the NBFC Reulation 2008, as per the following rates:

The Company is required to pay SECP an amount at the rate of 0.095% per annum of the average daily net assets of the fund.

	Note	**September 30, 2019 (Unaudited)**	June 30, 2019 (Audited)
		(Rupees)	
10 ACCRUED EXPENSES AND OTHER LIABILITIES			
Payable to Sindh workers' welfare fund	10.1	**3,612,862**	3,612,862
Brokerage charges payable		**326,641**	167,414
Fee payable to National Clearing Company of Pakistan		**163,454**	125,528
Auditors' remuneration		**275,618**	186,078
Fee payable to Central Depository Company		**36,127**	23,739
Other liabilities		**30,000**	30,000
Withholding income tax payable		-	110,063
		4,444,702	4,255,685

10.1 Workers' Welfare Fund

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

Total provision for SWWF till 30 September 2019 is Rs. 3.61 million. Had the provision not been made, Net Asset Value per unit of the Fund as at 30 September 2019 would have been higher by Re. 0.49 (30, June 2019: Re. 0.43) per unit.

Furthermore on 10 November 2016, Honourable Supreme Court of Pakistan (SCP) passed a judgment declaring the amendments made in the Finance Acts 2006 and 2008 pertaining to WWF as illegal citingthat 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 Boardof 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 beforethe Sindh High Court (SHC), the Mutual Funds Association of Pakistan (MUFAP) (collectively on behalf of the asset management companies and their CISs) have taken legal and tax opinions on theimpact of the SCP's judgement on the CISs petition before the SHC. Both the legal and tax advisors consulted were of the view that the SCP's judgment has removed the very basis on which the demands were raised against the CISs. Therefore, there was no longer any liability against the CISs under theWWF Ordinance and that all cases pending in the SHC or lower appellate forums will now be disposed of in light of the earlier judgement of the SCP.

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

Pursuant to above MUFAP recommended that the entire provision of Rs. 1.210 million against WWF held by the CISs till 30 June 2015, to be reversed on 12 January 2017.

11 TOTAL EXPENSE RATIO

Securities and Exchange Commission of Pakistan (SECP) vide its Directive No. SCD/PRDD/Direction/18/2016 dated 20 July 2016, required that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS / the Fund. TER of the Fund for the quarter ended September 30, 2019 is 2.03% (Sep 30, 2018: 2.10%) which includes 0.34% (Sep 30, 2018: 0.39%) representing government levies (comprising of Workers Welfare Fund and SECP fee, etc.). As per NBFC Regulation the total expense ratio of the Asset Allocation Scheme shall be caped up to 4.5% (Sep 30, 2018: 4%).

12 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at September 30, 2019.

13 TAXATION

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

14 TRANSACTIONS AND BALANCES WITH RELATED PARTIES / CONNECTED PERSONS

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

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

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

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

	September 30, 2019 (Unaudited)	June 30, 2019 (Audited)
	(Rupees)	
Lakson Investments Limited - Management Company		
Remuneration payable (including the Sindh Sales Tax and Federal Excise Duty)	**2,743,644**	2,860,377
Sales load payable	**2,480**	2,480
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable (including Sindh Sales Tax)	**117,408**	144,152
Settlement charges payable	**36,126**	23,739
Security deposit	**100,000**	100,000
Habib Bank AG Zurich - Custodian		
Bank deposits	**787,057**	805,614

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

	September 30,	
	2019	2018
	(Unaudited)	
	(Rupees)	
Lakson Investments Limited - Management Company of the Fund		
Remuneration for the year	**2,218,611**	4,031,614
Sindh sales tax on remuneration of Management Company	**288,419**	524,110
Central Depository Company of Pakistan Limited - Trustee of the Fund		
Remuneration for the year (including Sindh Sales Tax)	**381,095**	381,095
CDS charges for the year	**19,662**	19,757

14.3 Unit Holders' Fund

	Period ended September 30, 2019									
	------ Number of Units ------					------ Rupees ------				
	Number of Units as at July 01, 2019	Units issued during the period	Bonus units issued during the period	Units redeemed during the period	Number of units as at September 30, 2019	Balance as at July 01, 2019	Units issued during the period	Bonus units issued during the period	Units redeemed during the period	Balance as at September 30, 2019
Directors, Chief Executive and their spouse and minors	144,776	-	-	39,810	104,966	12,983,295	-	-	3,600,000	9,214,835
Other key management personnel	17,558	-	-	-	17,558	1,574,551	-	-	-	1,541,374
Lakson Investments Limited - Management Company	1,500,388	-	-	-	1,500,388	134,552,545	-	-	-	131,717,412
Associated companies / undertakings of the Management Company										
Lakson Business Solutions Limited Employees Contributory Provident Fund Trust	5,258	-	-	-	5,258	471,530	-	-	-	461,594
Princeton Travels (Private) Limited Employees Contributory Provident Fund Trust	5,729	-	-	-	5,729	513,753	-	-	-	502,928
Lakson Investments Limited Employees Contributory Provident Fund Trust	2,838	-	-	-	2,838	254,508	-	-	-	249,145
Century Insurance Company Limited Employees Contributory Provident Fund Trust	43,994	1,491	-	-	45,486	3,945,325	130,000	-	-	3,993,129
GAM Corporation (Private) Limited Employees Contributory Provident Fund Trust	117,549	17,898	-	-	135,446	10,541,594	1,560,000	-	-	11,890,698
SIZA Foods (Private) Limited Employees Contributory Provident Fund Trust	82,849	14,341	-	-	97,190	7,429,768	1,250,000	-	-	8,532,210
Hasanali Karabhai Foundation Employees Contributory Provident Fund Trust	18,089	-	-	-	18,089	1,622,179	-	-	-	1,587,998
Colgate Palmolive (Pakistan) Limited Employees Contributory Provident Fund Trust	572,438	-	-	-	572,438	51,335,351	-	-	-	50,253,673
Colgate Palmolive (Pakistan) Limited Employees Gratuity Fund	485,844	-	-	-	485,844	43,569,767	-	-	-	42,651,716
SIZA Services (Private) Limited Employees Contributory Provident Fund Trust	25,674	-	-	-	25,674	2,302,449	-	-	-	2,253,934
Cyber Internet Services (Private) Limited Employees Contributory Provident Fund Trust	210,848	19,619	-	-	230,466	18,908,504	1,710,000	-	-	20,232,389
Merit Packaging Limited Employees Contributory Provident Fund Trust	88,628	-	-	-	88,628	7,948,034	-	-	-	7,780,563
Merit Packaging Limited Employees Gratuity Fund	35,632	1,491	-	-	37,123	3,195,380	130,000	-	-	3,258,986
Century Paper & Board Mills Limited Employees Contributory Provident Fund Trust	546,488	23,118	-	-	569,606	49,008,214	2,015,000	-	-	50,005,068
Century Paper & Board Mills Limited Employees Gratuity Fund	442,122	32,755	-	-	474,877	39,648,818	2,855,000	-	-	41,688,925
Century Insurance Company Limited	1,387,758	-	-	842,383	545,375	124,452,025	-	-	72,000,000	47,877,832
Premier Fashions (Private) Limited	975,107	-	-	-	975,107	87,446,133	-	-	-	85,603,571
Siza Commodities (Private) Limited	1,062,202	-	-	-	1,062,202	95,256,682	-	-	-	93,249,545
Sybrid (Private) Limited Employees Contributory Provident Fund Trust	47,917	4,704	-	-	52,620	4,297,089	410,000	-	-	4,619,495
Century Insurance Company Limited Gratuity Fund	32,663	5,851	-	-	38,515	2,929,208	510,000	-	-	3,381,156
Siza Private Limited	-	-	-	-	-	-	-	-	-	-
Accurate Surgical Limited - Employees Contributory Provident Fund Trust	53,443	-		-	53,443	4,792,689	-	-	-	4,691,703

	Period ended September 30, 2018									
	Number of Units					Rupees				
	Number of Units as at July 01, 2018	Units issued during the period	Bonus units issued during the period	Units redeemed during the period	Number of units as at September 30, 2018	Balance as at July 01, 2018	Units issued during the period	Bonus units issued during the period	Units redeemed during the period	Balance as at September 30, 2018
Directors, Chief Executive and their spouse and minors	144,776				144,776	14,567,578				12,971,278
Other key management personnel	14,611				14,611	1,470,181				1,309,080
Lakson Investments Limited - Management Company	1,500,388				1,500,388	150,971,291				134,428,013
Associated companies / undertakings of the Management Company										
Lakson Business Solutions Limited Employees Contributory Provident Fund Trust	5,258				5,258	529,068				461,594
Princeton Travels (Private) Limited Employees Contributory Provident Fund Trust	21,343				21,343	2,147,565				1,873,678
Lakson Investments Limited Employees Contributory Provident Fund Trust	2,838				2,838	285,564				249,145
Century Insurance Company Limited Employees Contributory Provident Fund Trust	64,630				64,630	6,503,168				5,673,797
GAM Corporation (Private) Limited Employees Contributory Provident Fund Trust	210,746				210,746	21,205,579				18,501,160
SIZA Foods (Private) Limited Employees Contributory Provident Fund Trust	152,205				152,205	15,315,095				13,361,910
Hasanali Karabhai Foundation Employees Contributory Provident Fund Trust	30,824				30,824	3,101,557				2,706,005
Colgate Palmolive (Pakistan) Limited Employees Contributory Provident Fund Trust	1,217,641				1,217,641	122,520,864				106,895,364
Colgate Palmolive (Pakistan) Limited Employees Gratuity Fund	715,637				715,637	72,008,468				62,824,985
SIZA Services (Private) Limited Employees Contributory Provident Fund Trust	46,005				46,005	4,629,092				4,038,728
Cyber Internet Services (Private) Limited Employees Contributory Provident Fund Trust	297,954				297,954	29,980,578				26,157,054
Merit Packaging Limited Employees Contributory Provident Fund Trust	61,819				61,819	6,220,321				5,427,022
Merit Packaging Limited Employees Gratuity Fund	24,353				24,353	2,450,435				2,137,923
Century Paper & Board Mills Limited Employees Contributory Provident Fund Trust	651,094				651,094	65,514,055				57,158,826
Century Paper & Board Mills Limited Employees Gratuity Fund	603,363				603,363	60,711,290				52,968,574
Century Insurance Company Limited	2,078,238				2,078,238	209,115,425				182,446,228
Premier Fashions (Private) Limited	975,107				975,107	98,116,729				85,603,571
Siza Commodities (Private) Limited	1,062,202				1,062,202	106,880,359				93,249,545
Sybrid (Private) Limited Employees Contributory Provident Fund Trust	63,224				63,224	6,361,694				5,550,365
Century Insurance Company Limited Gratuity Fund	40,390				40,390	4,064,102				3,545,794
Siza Private Limited	418,428				418,428	42,102,853				36,733,334

15 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

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

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

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

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

- Unobservable inputs for the asset or liability (level 3).

The following table shows the carrying amounts and fair values of financial assets including their levels in the fair value hierarchy.

Investments of the Fund are categorised as follows:

	(Un-Audited) As at 30 September 2019			
	Fair Value			
At fair value through income statement - held for trading	**Level 1**	**Level 2**	**Level 3**	**Total**
	------------------------ (Rupees) ------------------------			
Term finance certificates	-	84,246,812	-	84,246,812
Sukuk certificates	-	44,802,235	-	44,802,235
Government Securities	-	-	52,162,680	52,162,680
Listed equity securities	378,752,305	-	-	378,752,305
	378,752,305	129,049,047	52,162,680	559,964,032

	(Audited) As at 30 June 2019			
	Fair Value			
At fair value through income statement - held for trading	Level 1	Level 2	Level 3	Total
	----------------------- (Rupees) -----------------------			
Term finance certificates	-	84,770,083	-	84,770,083
Sukuk certificates	-	48,789,439	-	48,789,439
Government Securities		68,959,500	-	68,959,500
Listed equity securities	467,849,005	-	-	467,849,005
	467,849,005	202,519,022	-	670,368,027

16 GENERAL

Figures have been rounded off to the nearest rupee.

17 DATE OF AUTHORIZATION OF ISSUE

This condensed interim financial information was authorised for issue on October 22, 2019 by the Board of Directors of the Management Company.

For Lakson Investments Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

A Lakson Group Company

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