LAKSON ASSET ALLOCATION DEVELOPED MARKETS FUND

Half Yearly Report (December 31, 2019)

LAKSON INVESTMENTS

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Fund's Information

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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 half year ended December 31, 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 Statements for the half year ended December 31, 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.

Development and Performance Review

Lakson Asset Allocation Developed Markets Fund generated an absolute return of 6.17% in the 1HFY20 compared to the Benchmark return of 6.41%. The LAADMF has underperformed the benchmark by 0.24%. As of December 31, 2019, allocation in Developed Market Equities was 36% and remaining 63% in cash. The Fund size of the LAADMF as of December 31, 2019 was PKR 663 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

Pakistan formally entered a fresh US$6bn IMF bailout program in 2H19, after successful implementation of pre-conditions followed by rigorous structural reforms. These included reigning in fiscal slippages via reduction in circular debt, rise in power (7%) and gas tariffs (c. 31%) and removal of power sector subsidies to recover costs. These led to inflationary pressures in 2H while food supply disruptions and a weak crop cycle (on heavy rainfall and pest infestation) led to much volatility with national inflation rising from under 8% in 2HFY19 to c. 11% in 1HFY20. However, 6MFY20 general inflation (national) of 11.1% still remains below the CPI target set by SBP for 11-12% through FY20. SBP has guided to commence monetary easing when disinflation is firmly entrenched. This may be delayed due to volatility in global oil prices, supply disruptions in food items and rising utility tariffs which may feed into current account and inflation.

Formal entry into the IMF program gave confidence to multilateral/bi-lateral creditors to extend fresh financing, allowing the PKR to find firm footing in 1HFY20 (3% appreciation in Jul-Dec'19 following 13% slippage in 2HFY19). This was further supported by external market-based borrowing (hot money flows) as SBP Governor Reza Baqir opened up foreign investment in Government papers in Jun'19 (SCRA net inflow of US$1.86bn in 2H19, vs. net outflow of US$10.2mn in 1H19). SBP foreign exchange reserves have climbed from a low of US$7.3bn in Jun'19 (pre-IMF program) to US$11.5bn as at Dec'19. Sharp PKR devaluation has led a substantial decline in imports (down 18% yoy in 1HFY20) with Pakistan posting a Current Account surplus of US$99mn in Oct'19 after a gap of four years (1HFY20 CAD: US$1.8bn, down 73%yoy). On the flip side, this has proved counterproductive for export growth which has decelerated to 4%yoy in 1HFY20.

Fixed Income Market Review

GoP raised cumulative PKR10.8tn in T-Bill auctions during 1HFY20 vs. PKR8.5tn in 2HFY19. During the period, yields began to invert sharply after peaking in Aug'19, Weighted average T-Bill yields for 3M, 6M and 12M tenors peaked at 13.7%, 13.9% and 14.1% in Aug'19 to close the year at 13.4%, 13.35% and 13.1% in Dec'19.

With interest rates seemingly peaked in 2019, participation in PIB auctions picked up significantly, with bids accepted by SBP rising to PKR1.5tn in 1HFY20 vs. PKR0.7tn in 2HFY19. Longer tenor papers understandably witnessed a sharper inversion in yields curve, down c.200bps in Aug-Dec'19. Weighted average cut-off yields peaked at 14.0%, 13.5% and 13.3% for 3-year, 5-year and 10-year duration, to sharply close the year at 11.6%, 11.0% and 11.1% respectively.

Developed Markets Review
S&P 500 Index was up by 9.8% in 1HFY20 in line with global equities, overcoming concerns about economy and trade war with China. Stocks rallied in December 2019 as the "phase-one" US-China trade deal and greater Brexit clarity eliminated key sources of market uncertainty. Overall, technology stocks led the strong performance in US markets in 2019, followed by communications and financial sectors. The S&P 500's technology sector vastly outperformed. FTSE100 was up 1.6% in 1HFY20.

Other markets which rallied during the 1HFY20 include Denmark's OMXC20 (+13.3%), Finland's OMXH 25 (+6.5%), Ireland's ISEQ (+16.8%), Norway's OSE (+7.7%), Sweden's OMX (+9.2%), Germany's DAX Index (+6.9%) and Canada's SPTSX Index (+4.2%). Bullish sentiment also prevailed in European bond markets with investment-grade credit slipping to within one basis point (12 year low). Japanese stock market index (Nikkei 225) posted return of 11.2% while Singapore's SGXL was up 11.9% in 1HFY20.

Future Outlook
Inflation to remain a challenge: One of the main challenges for Pakistan's economy is inflation. CPI based inflation in 1HFY20 stands at 11.11% compared to 5.96% in SPLY. In CY20 we expect CPI to remain in the range of 11.00%-12.00%, as upward adjustment in utility and gas tariff hikes has been committed to the IMF. Unless inflation starts to decline the SBP will not be able to boost economic activity by cutting interest rates. No expect inflationary pressures to ease in 4QCY20 at which point the SBP can commence its monetary easing cycle.

Fiscal side to remain a weak point: The weak point for the government remains managing fiscal side. We view fiscal deficit which is targeted at 7.1% for FY20 will be difficult to maintain based on 1HFY20 provisional revenue collection of PKR2.08trn against the envisaged target of Rs2,198 billion, witnessing a shortfall of Rs118 billion. Fiscal deficit for FY20 may stand between 7.5-8.0% compared to 8.9% in FY19. Resultantly economy will have to deal with reduced development budget this year around in which may slowdown infrastructure spending against market expectations.

Exports to deliver growth less than expectations: Pakistan economy has been under a boom and bust cycle and we view the main reason for this is no or stagnant export numbers. In IHFY20 exports have delivered a growth of 3.7% to USD11.5bn. In FY20 export target is USD24bn, however if we need to boost growth in excess of 4.0% and above and conserve our FX reserves we need to increase our exports because currently imports have bottomed out, we view. The government should focus on incentivizing exports sector to revive growth and to keep USD PKR parity under control.

Inflation and policy rates have peaked out; thus, we view long term tenor papers yields have bottomed out, however short-term rates have declined but have remained downward sticky thus we view T-bill yields might come down from July 2020 onwards.

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

For and on Behalf of the Board

Chief Executive Officer **Director**

Dated: February 20, 2020

لیکسن ایسیٹ ایلوکیشن ڈیویلپڈ مارکیٹس فنڈ
31 دسمبر 2019ء کو ختم ہونے والے نصف سال کے لیے
مینجمنٹ کمپنی کے ڈائریکٹرز کی جائزہ رپورٹ

لیکسن انویسٹمنٹس لمیٹڈ کے بورڈ آف ڈائریکٹرز، لیکسن ایسیٹ ایلوکیشن ڈیویلپڈ مارکیٹس فنڈ ("LAADMF") 31 دسمبر 2019ء کو ختم ہونے والے نصف سال کے لیے اپنی جائزہ رپورٹ مع عبوری 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 منظر نامے 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 اوور ویٹ یا انڈر ویٹ کر سکتی ہے۔ اسکیم کی سرمایہ کاری کو فکسڈ انکم سیکیوریٹیز میں اس کی مدت اور yield curve مینجمنٹ کے ذریعے مختلف میچوریٹیز اور حکومتی سیکیوریٹیز کے درمیان منتقل کرتے ہوئے منظم کیا جائے گا۔

پیش رفت اور کارکردگی کا جائزہ

لیکسن ایسیٹ ایلوکیشن ڈیویلپڈ مارکیٹس فنڈ نے مالی سال 2020ء کے پہلے نصف کے دوران بینچ مارک منافع 6.41% کے مقابلے میں 6.17% کا مطلق منافع حاصل کیا۔ LAADMF نے بینچ مارک کے مقابلے میں 0.24% کم تر کارکردگی کا مظاہرہ کیا ہے۔ 31 دسمبر 2019 کے مطابق 36% ڈیویلپڈ مارکیٹ ایکویٹیز میں جبکہ بقیہ کیش 63% میں تفویض کیا گیا۔ 31 دسمبر 2019 کے مطابق LAADMF کے فنڈ کا حجم 663 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 قابل عمل نہیں ہے۔

معاشی جائزہ

کوئی ساختی اصلاحات پر عمل درآمد کے بعد پیشگی شرائط کے کامیاب نفاذ کے بعد، پاکستان نے مالی سال 2019 کے دوسرے نصف میں 6 ارب امریکی ڈالر کے آئی ایم ایف بیل آؤٹ پروگرام میں باضابطہ شمولیت اختیار کی۔ ان اصلاحات میں گردشی قرضوں میں کمی، بجلی (7%) اور گیس (31%) کے نرخوں میں اضافے لاگتوں کی وصولی کے لئے بجلی کے شعبے کی سبسڈی ختم کرنے کے ذریعے مالیاتی زوال پر قابو پانا شامل ہے۔ اس کے نتیجے میں مالی سال کے دوسرے نصف میں افراط زر کا دباؤ پیدا ہوا جبکہ خوراک کی فراہمی میں خلل اور فصلوں کی پیداوار میں کمی (بھاری بارشوں اور کیڑا لگنے کی وجہ سے) کے نتیجے میں قومی سطح پر افراط زر کافی اتار چڑھاؤ کا شکار رہا اور مالی سال 2019 کے دوسرے نصف میں 8% سے بڑھ کر مالی سال 2020 کے پہلے نصف میں 11% تک پہنچ گیا۔ تاہم مالی سال 2020 کے 6 ماہ کا 11.1% عمومی افراط زر (قومی) اب بھی مالی سال 2020 کے دوران اسٹیٹ بینک کے طے کردہ CPI ہدف 11-12% سے کم رہا۔

اسٹیٹ بینک نے افراطِ زر میں کمی کے مستحکم ہونے کے بعد مالیاتی نرمی کے آغاز کی ہدایت کی ہے۔ تیل کی عالمی قیمتوں میں اتار چڑھاؤ، اشیائے خورد و نوش کی رسد میں خلل اور یوٹیلیٹی کے نرخوں میں اضافے کی وجہ سے، جو کرنٹ اکاؤنٹ اور افراط زر میں اضافے کا سبب بن سکتا ہے، اس میں تاخیر ہو سکتی ہے۔

آئی ایم ایف پروگرام میں باضابطہ شمولیت سے کثیر جہتی / دوطرفہ قرض دہندگان کو تازہ مالی اعانت فراہم کرنے کا اعتماد ملا، جس سے پاکستانی روپے کو مالی سال 2020 کے پہلے نصف میں قدم جمانے میں مدد ملی (مالی سال 2019 کے دوسرے نصف میں 13% گراوٹ کے بعد جولائی دسمبر 2019 میں 3% فیصد اضافہ)۔

اس سے بیرونی منڈی پر مبنی قرض (قلیل مدتی منافع کے لیے سرمایے کے بہاؤ) کو مزید معاونت حاصل ہوئی جیسا کہ اسٹیٹ بینک کے گورنر رضا باقر نے جون 2019 میں حکومتی تمسکات میں غیر ملکی سرمایہ کاری کا آغاز کیا (مالی سال 2019 کے پہلے نصف میں 10.2 ملین امریکی ڈالر کے خالص اخراج کے مقابلے میں مالی سال 2019 کے دوسرے نصف میں 1.86 بلین امریکی ڈالر کے SCRA کی خالص آمد)۔ ایس بی پی کے زرمبادلہ کے ذخائر جون 2019 (قبل از آئی ایم ایف پروگرام) میں 7.3 بلین امریکی ڈالر سے بڑھ کر بمطابق دسمبر 2019، 11.5 بلین امریکی ڈالر ہو گئے۔

پاکستانی روپے کی قدر میں تیز رفتار کمی کی وجہ سے درآمدات میں نمایاں کمی واقع ہوئی ہے (مالی سال 2020 کے پہلے نصف میں سال بہ سال بنیاد پر 18% فیصد کمی) جیسا کہ پاکستان نے چار سال کے وقفے کے بعد اکتوبر 2019 میں 99 ملین امریکی ڈالر کا کرنٹ اکاؤنٹ اضافہ درج کرایا (مالی سال 2020 کا پہلا نصف CAD: 1.8 ارب امریکی ڈالر، سال بہ سال بنیاد پر 73% کمی)۔ جب کہ اس کے برعکس یہ برآمدی نمو کے لئے منفی نتائج کا سبب بنا جس میں مالی سال 2020 کے پہلے نصف میں سال بہ سال بنیاد پر 4% تک کمی ہو چکی ہے۔

فکسڈ انکم مارکیٹ کا جائزہ

حکومت پاکستان نے مالی سال 2019 کے دوسرے نصف میں 8.5 ٹریلین روپے کے مقابلے میں مالی سال 2020 کے پہلے نصف میں T بلز کی نیلامیوں سے مجموعی طور پر 10.8 ٹریلین روپے اکٹھے کیے۔ اس مدت کے دوران، اگست 2019 میں بلند ترین سطح پر پہنچنے کے بعد آمدنی میں تیزی سے کمی آئی۔ سہ ماہی، شش ماہی اور بارہ ماہی میعادوں کے لیے T بلز کی تخمینہ شدہ آمدنی نے اگست 2019 میں بالترتیب 13.7%، 13.9% اور 14.1% کی بلند ترین سطح پر پہنچنے کے بعد دسمبر 2019 میں 13.4%، 13.35% اور 13.1% پر سال کا اختتام کیا۔

2019 میں سود کی شرح کے بظاہر بلند ترین سطح چھونے کے ساتھ، PIB کی نیلامیوں میں سرمایہ کاری میں نمایاں اضافہ ہوا، جیسا کہ ایس بی پی کی طرف سے قبول کی گئی بولیوں میں مالی سال 2019 میں 0.7 ٹریلین روپے کے مقابلے میں مالی سال 2020 کے پہلے نصف میں 1.5 ٹریلین روپے تک اضافہ ہوا۔ دس سالہ تمسکات کی آمدنی (Yeilds Curve) میں قابل فہم طور پر زیادہ تیزی سے واپسی دیکھنے میں آئی جن میں اگست دسمبر 2019 میں 200 بنیادی پوائنٹس کی کمی ہوئی ۔ 3 سالہ، 5 سالہ اور 10 سالہ میعادوں کے لیے تخمینہ شدہ اوسط حتمی آمدنی نے بالترتیب 14.0%، 13.5% اور 13.5% کی بلند ترین سطح چھونے کے بعد 11.6%، 11.0% اور 11.1% تک تیز رفتار کمی کے ساتھ سال کا اختتام کیا۔

ڈیویلپڈ مارکیٹ کا جائزہ

معیشت اور چین کے ساتھ تجارتی جنگ سے متعلق خدشات پر قابو پاتے ہوئے، S&P 500 انڈیکس میں مالی سال 2020 کے پہلے نصف میں عالمی ایکویٹیز کے مطابق 9.8% کا اضافہ ہوا۔ ''فیز ون'' امریکہ چین تجارتی معاہدہ اور بریکزٹ کے حوالے سے زیادہ واضح صورتِ حال نے مارکیٹ کی بے یقینی کے کلیدی ذرائع کو ختم کردیا۔ مجموعی طور پر، ٹیکنالوجی اسٹاکس نے 2019 میں امریکی منڈیوں میں مضبوط کارکردگی کا مظاہرہ کیا، اس کے بعد مواصلات اور مالیاتی شعبے شامل ہیں۔ S&P 500 کے ٹیکنالوجی کے شعبے نے بڑے پیمانے پر بہتر کارکردگی کا مظاہرہ کیا۔ مالی سال 2020 کے پہلے نصف میں FTSE100 میں 1.6% اضافہ ہوا۔

مالی سال 2020 کے پہلے نصف میں تیزی دکھانے والی دیگر منڈیوں میں ڈنمارک کا OMXC20 (13.3% اضافہ)، فن لینڈ کا OMXH 25 (6.5% اضافہ)، آئرلینڈ کا ISEQ (16.8% اضافہ)، ناروے کا OSE (+7.7 ÷)، سویڈن کا OMX (9.2% اضافہ)، جرمنی کا DAX انڈیکس (6.9% اضافہ) اور کینیڈا کا SPTSX انڈیکس (4.2% اضافہ) شامل ہیں۔ یورپی بانڈ مارکیٹس میں بھی تیزی کا جذبہ برقرار رہا جب کہ انویسٹمنٹ گریڈ کریڈٹ میں ایک بنیادی پوائنٹ (12 سال میں سب سے کم) کے اندر کمی ہوئی۔ جاپانی اسٹاک مارکیٹ انڈیکس (Nikkei 225) نے مالی سال 2020 کے پہلے نصف میں 11.2% منافع درج کرایا جبکہ سنگاپور کے SGXL میں 11.9% اضافہ ہوا۔

مستقبل کی توقعات

افراطِ زر بدستور ایک چیلنج بنا رہے گا: پاکستان کی معیشت کے لئے اب تک کا سب سے بڑا چیلنج افراطِ زر ہے۔ مالی سال 2020 کے پہلے نصف میں سی پی آئی پر مبنی افراطِ زر 11.11% پر موجود ہے جبکہ اس کے مقابلے میں یہ گزشتہ سال اسی مدت میں 5.96% تھا۔ موجودہ سال 2020 میں ہم 11% -12% کی حد میں رہنے کی توقع کرتے ہیں، تاہم یوٹیلیٹی اور گیس کے نرخوں میں اضافہ آئی ایم ایف سے وابستہ کیا گیا ہے۔ جب تک مہنگائی میں کمی نہیں آتی، SBP سود کی شرح میں کمی کر کے معاشی سرگرمیوں کو فروغ نہیں دے سکے گی۔ کوئی توقع نہیں کی جا سکتی ہے کہ افراطِ زر کے دباؤ میں 4QCY20 میں آسانی ہوگی جس وقت SBP اپنی مانیٹری پالیسی میں نرمی کر سکتا ہے۔

مالیاتی پہلو ایک کمزور نکتہ رہے گا: مالیاتی پہلو سنبھالنا حکومت کے لیے بدستور ایک کمزور نکتہ ہے۔ 2,198 بلین روپے کے مجوزہ ہدف کے مقابلے میں 118 بلین روپے کی کمی کے ساتھ 2.08 ٹریلین روپے کی عبوری آمدنی کی وصولی کی بنیاد پر ہم دیکھتے ہیں کہ مالی سال 2020 کے لئے 7.1% کا مالیاتی خسارے کا ہدف برقرار رکھنا مشکل ہوگا۔ مالیاتی سال 2020 میں مالیاتی خسارہ 7.5%-8.0 کے درمیان رہ سکتا ہے جبکہ مالی سال 2019 میں یہ 8.9% تھا۔ اس کے نتیجے میں معیشت کو رواں سال کم ترقیاتی بجٹ سے نمٹنا ہوگا جس سے انفرا اسٹرکچر پر اخراجات میں مارکیٹ

کی توقعات کے مقابلہ میں سست روی آسکتی ہے۔

برآمدات توقعات سے کم نمو فراہم کریں گی: پاکستان کی معیشت عروج و زوال کی گردش میں چلی آرہی ہے اور ہم برآمداتی اعداد وشمار کی عدم موجودگی یا انجماد کو اس کی بڑی وجہ سمجھتے ہیں کہ برآمدی تعداد غیر منقولہ ہے۔ مالی سال 2020 کے پہلے نصف میں برآمدات 3.7% اضافے سے 11.5 بلین ڈالر تک پہنچ گئی۔ مالی سال 2020 میں برآمدات کا ہدف 24 بلین ڈالر ہے، تاہم، اگر ہمیں نمو کو 4.0% یا اس سے زیادہ کی شرح تک بڑھانا اور اپنے زرِ مبادلہ کے ذخائر محفوظ رکھنے ہیں تو ہمیں اپنی برآمدات میں اضافہ کرنے کی ضرورت ہے کیونکہ ہم دیکھ سکتے ہیں کہ اس وقت درآمدات میں آخری حد تک کمی ہو چکی ہے۔ حکومت کو چاہئے کہ وہ نمو کی بحالی کے لئے برآمدات کے شعبے کو ترغیبات دینے پر توجہ دے اور امریکی ڈالر اور پاکستانی روپے کی شرح مبادلہ پر قابو رکھے۔

افراطِ زر اور پالیسی ریٹس اپنی بلند ترین سطح چھو چکے ہیں۔ لہٰذا، ہماری رائے میں طویل مدتی تمسکات کی آمدنی اپنی پست ترین سطح تک پہنچ چکی ہے، تاہم قلیل مدتی شرح میں کمی آئی ہے لیکن وہ پستی کی طرف مائل رہی ہے اس طرح ہم دیکھتے ہیں کہ جولائی 2020 سے T بلوں کی آمدنی کم ہو سکتی ہے۔

اظہار تشکر

یہ بورڈ اپنے قابل قدر انویسٹرز، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان، فنڈ کے ٹرسٹی، سینٹرل ڈپازیٹری کمپنی آف پاکستان لمیٹڈ اور پاکستان اسٹاک ایکسچینج لمیٹڈ کا، ان کے مسلسل تعاون اور مدد پر شکر گزار ہے۔ مینجمنٹ کمپنی کے ڈائریکٹرز فنڈ کی ترقی اور دانش مند 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: 20 فروری 2020

CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED
Head Office
CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shahra-e-Faisal
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TRUSTEE REPORT TO THE UNIT HOLDERS

LAKSON ASSET ALLOCATION DEVELOPED MARKETS FUND

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

We Central Depository Company of Pakistan Limited, being the Trustee of Lakson Asset Allocation Developed Markets Fund (the Fund) are of the opinion that Lakson Investments Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2019 in accordance with the provisions of the following:

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

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

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

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 20, 2020

CENTRAL DEPOSITORY COMPANY

Independent Auditor's Review Report to the unit holders of
Lakson Asset Allocation Developed Markets Fund

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Lakson Asset Allocation Developed Markets Fund** ("the Fund") as at December 31, 2019 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes to the condensed interim financial information for the six months period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other matters

The figures for the quarter ended December 31, 2019 in the condensed interim income statement and statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

The engagement partner on the engagement resulting in this independent auditor's review report is Amyn Pirani.

Date: February 29, 2020

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Amyn Pirani

Condensed Interim Statement of Assets and Liabilities
As at December 31, 2019

	Note	December 31, 2019 (Unaudited)	June 30, 2019 (Audited)
		----------- (Rupees) -----------	
Assets			
Bank balances	6	**425,821,106**	345,797,093
Investments	7	**243,014,986**	224,526,020
Dividend receivables		**580,891**	631,812
Profit accrued on profit and loss sharing bank balances		**3,663,460**	495,291
Prepayments and Other Receivables		**55,091**	-
Total assets		**673,135,534**	571,450,216
Liabilities			
Payable to the Management Company	8	**5,850,900**	5,658,676
Remuneration payable to the Trustee	9	**245,013**	197,535
Annual fee payable to Securities and Exchange Commission of Pakistan	10	**61,060**	320,403
Accrued expenses and other liabilities	11	**4,131,672**	2,975,288
Total liabilities		**10,288,645**	9,151,902
Contingencies and commitments	13	-	-
Net assets		**662,846,889**	562,298,314
Unit holders' fund		**662,846,889**	562,298,314
		(Number)	
Number of units in issue		**4,137,918**	3,725,923
		(Rupees)	
Net assets value per unit		**160.1884**	150.9151

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

For Lakson Investments Limited
(Management Company)

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

Condensed Interim Income Statement (Unaudited)
For the half year and quarter ended December 31, 2019

	Note	Half year ended December 31, 2019	Half year ended December 31, 2018	Quarter ended December 31, 2019	Quarter ended December 31, 2018
		----------------(Rupees)	----------------	----------------	----------------
Income					
Capital loss on sale of investments held at fair value through profit or loss - net		**(78,087)**	(98,535)	**(50,290)**	(48,149)
Unrealized gain / (loss) on revaluation of investments at fair value through profit or loss - net	7.1 to 7.3	**18,488,966**	3,653,499	**20,797,062**	(6,132,610)
		18,410,879	3,554,964	**20,746,772**	(6,180,759)
Dividend income on investments at fair value through profit or loss		**1,186,661**	620,640	**580,891**	333,553
Return / Mark up on:					
- bank balances - at amortised cost		**11,834,171**	594,016	**4,917,545**	347,754
- Government securities (at fair value through profit or loss)		**13,909,442**	6,644,318	**9,022,467**	3,587,810
		25,743,613	7,238,334	**13,940,012**	3,935,564
Exchange (loss) / gain on foreign currency deposits and investments - at amortised cost		**(45,458)**	849,905	**(25,116)**	726,109
		45,295,695	12,263,843	**35,242,559**	(1,185,533)
Expenses					
Remuneration to the Management Company		**4,723,316**	2,214,881	**2,567,485**	1,095,479
Sindh sales tax on remuneration to the Management Company	8.2	**614,031**	287,935	**333,773**	142,413
Remuneration to the Trustee		**690,259**	398,752	**365,047**	199,376
Annual fee to the Securities and Exchange Commission of Pakistan		**61,086**	138,847	**32,306**	70,091
Auditors' remuneration		**157,607**	177,922	**82,345**	90,952
Fees and subscription		**270,692**	371,101	**117,078**	333,503
Fund rating fee		**95,471**	118,465	**47,760**	76,535
SECP Supervisory fee		**1,257**	1,260	**629**	630
Printing charges		**6,780**	16,950	**6,780**	11,909
Brokerage, custody, settlement and bank charges		**305,282**	123,666	**149,718**	71,227
		6,925,781	3,849,779	**3,702,921**	2,092,115
Net income from operating activities		**38,369,914**	8,414,064	**31,539,638**	(3,277,648)
Provision for Sindh Workers' Welfare Fund		**(767,398)**	(168,282)	**(630,793)**	65,553
Net income / (loss) for the period before taxation		**37,602,516**	8,245,782	**30,908,846**	(3,212,095)
Taxation	14	-	-	-	-
Net income / (loss) for the period after taxation		**37,602,516**	8,245,782	**30,908,846**	(3,212,095)
Allocation of net income for the period					
Net income for the period after taxation		**37,602,516**	8,245,782	**30,908,846**	
Income already paid on units redeemed		**(814)**	(32,394)	**7,320**	-
		37,601,702	8,213,388	**30,916,166**	-
Accounting income available for distribution					
- Relating to capital gains		**18,410,879**	3,536,546	**18,410,879**	
- Excluding capital gains		**19,190,823**	4,676,842	**12,505,287**	
		37,601,702	8,213,388	**30,916,166**	-

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

For Lakson Investments Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

Condensed Interim Statement of Comprehensive Income (Unaudited)
For the half year and quarter ended December 31, 2019

	Half year ended December 31,		Quarter ended December 31,	
	2019	2018	**2019**	2018
	----------------------------(Rupees)----------------------------			
Net income / (loss) for the period after taxation	**37,602,516**	8,245,782	**30,908,846**	(3,212,095)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	**37,602,516**	8,245,782	**30,908,846**	(3,212,095)

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

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 half year ended December 31, 2019

	Half year ended 31 December 2019			Half year ended 31 December 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**	229,044,146	48,970,364	278,014,510
Issuance of 432,162 units (2018: 87,727 units)						
- Capital value	**65,219,771**	**-**	**65,219,771**	8,632,827	-	8,632,827
- Element of income	**816,763**	**-**	**816,763**	170,989	-	170,989
Total proceeds on issuance of units	**66,036,534**	**-**	**66,036,534**	8,803,816		8,803,816
Redemption of 20,167 units (2018: 41,288 units)						
- Capital value	**(3,043,505)**	**-**	**(3,043,505)**	(5,454,954)	-	(6,132,713)
- Element of income	**(46,157)**	**(814)**	**(46,971)**	(137,922)	(32,394)	507,443
Total payments on redemption of units	**(3,089,662)**	**(814)**	**(3,090,476)**	(5,592,876)	(32,394)	(5,625,270)
Final Distribution during the period is Nil (2018: Rs. 2.3801)	**-**	**-**	**-**	-	(1,962,053)	(1,962,053)
Total comprehensive income for the period	**-**	**37,602,516**	**37,602,516**	-	8,245,782	8,245,782
Net assets as at end of the period	**549,286,135**	**113,560,753**	**662,846,889**	232,255,086	55,221,699	287,476,785
Undistributed income brought forward:						
- Realized income at beginning of the period		**43,867,223**			38,428,117	
- Unrealized income at beginning of the period		**32,091,828**			10,542,247	
		75,959,051			48,970,364	
Accounting income available for distribution:						
Relating to capital gains		**18,410,879**			3,536,546	
Excluding capital gains		**19,190,823**			4,676,842	
		37,601,702			8,213,388	
Final Distribution during the period is Nil (2018: Rs. 2.3801)		**-**			(1,962,053)	
Undistributed income at end of the period		**113,560,753**			55,221,699	
Represented by:						
- Realized income at end of the period		**95,071,787**			51,568,200	
- Unrealized income at end of the period		**18,488,966**			3,653,499	
Undistributed income at end of the period		**113,560,753**			55,221,699	
Net assets value per unit at beginning of the period			**150.9151**			134.4997
Net assets value per unit at end of the period			**160.1884**			136.0215

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

For Lakson Investments Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

Condensed Interim Statement of Cash Flows (Unaudited)
For the half year ended December 31, 2019

	Six months period ended December 31, 2019	2018
	-----------------(Rupees)-----------------	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	**37,602,516**	8,245,782
Adjustments for:		
Unrealized (loss) on revaluation of investments at fair value through profit and loss - net	**(18,488,966)**	(3,653,499)
	19,113,550	4,592,283
(Increase) / decrease in assets		
Markup receivables on investments and bank balances	**(3,168,169)**	308,229
Dividend receivables	**50,921**	(62,043)
Prepayments	**(55,091)**	(13,635)
	(3,172,339)	232,551
Increase / (decrease) in liabilities		
Payable to the Management Company	**192,224**	12,118
Remuneration payable to the Trustee	**47,478**	2,170
Annual fee payable to Securities and Exchange Commission of Pakistan	**(259,343)**	(103,291)
Accrued expenses and other liabilities	**1,156,384**	26,999
	1,136,743	(62,004)
Net cash flows from operating activities	**17,077,954**	4,762,830
CASH FLOWS FROM FINANCING ACTIVITIES		
Received on issuance of units	**66,036,534**	8,803,816
Paid against redemption of units	**(3,090,476)**	(5,625,270)
Cash dividend paid		(1,962,053)
Net cash generated from financing activities	**62,946,058**	1,216,493
Net increase in cash and cash equivalents during the period	**80,024,012**	5,979,323
Cash and cash equivalents at beginning of the period	**345,797,093**	184,316,259
Cash and cash equivalents at end of the period	**425,821,106**	190,295,582

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

For Lakson Investments Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

Notes to and Forming Part of the Condensed Interim Financial Information (Unaudited) For the half year ended December 31, 2019

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 The Lakson Asset Allocation Developed Markets 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 ordinance 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).

1.2 The Management Company of the Fund has been licensed by SECP to undertake Asset Management and Investment Advisory Services as a Non-Banking Finance Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The registered office of the Management Company is located at 14 - Ali Block, New Garden Town, Lahore.

1.3 The Fund is an open end mutual fund and is listed on 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 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 December 31, 2019, VIS assigned following rankings to the Fund based on the performance review for the period ended 30 June 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 condensed interim financial statements of the Fund have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34 'Interim Financial Reporting issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017; and

- 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).

In case where requirements differ, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordnance, 1984, the NBFC Rules, and the NBFC Regulations have been followed.

2.2 The comparative balance sheet presented in these condensed interim financial information as at 31 December 2019 has been extracted from the audited financial statements of the Company for the year ended 30 June 2019, whereas the comparative income statement, statement of comprehensive income, the cash flow statement and statement of movement in unitholders' fund for the six months period ended 31 December 2018 have been extracted from the unaudited condensed interim financial information for the period then ended.

2.3 These 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.

2.4 These condensed interim financial information are being submitted to the unit holders as required under Regulation 38(2)(f) of the Non-Banking Finance Companies and notified Entities Regulations, 2008 (NBFC Regulations) and are unaudited. However, a limited scope review has been carried out by the auditors in accordance with the requirements of clause 5.19.13 of the Pakistan Stock Exchange Limited (PSX) Rule Book.

In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company declare that these condensed interim financial information give a true and fair view of the state of the Fund’s affairs as at 31 December 2019.

2.5 Basis of measurement

These condensed interim financial statement have been prepared under the historical cost convention, except that investment are stated at fair values.

2.6 Functional and presentation currency

These condensed interim financial information are 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.

2.7 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

There are certain amendments which are effective from annual period beginning on or after 1 July 2019. These amendments are not likely to have an impact on the Fund's financial position. Therefore these are not stated in this condensed interim financial information.

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

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Fund 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	December 31, 2019 (Unaudited)	June 30, 2018 (Audited)
6. BANK BALANCES		(Rupees)	
Local Currency			
In profit and loss sharing accounts	6.1	**423,923,390**	344,816,406
In current account		**7,874**	7,874
Foreign Currency			
In current account	6.2	**1,889,842**	972,814
		425,821,106	345,797,093

6.1 These represent profit and loss sharing accounts maintained with banks carrying mark-up rates ranging from 11.25% to 14.45% (30 June 2019: 9.25% to 13.20%) per annum.

6.2 This represents USD denominated current account maintained in a foreign country amounting to USD 12,204 (30 June 2019: USD 6,038).

7. INVESTMENTS

At fair value through profit or loss

Government Securities			
- Market Treasury Bills	7.1	-	-
- Exchange traded fund (foreign investment)	7.2	**243,014,986**	224,526,020
		243,014,986	224,526,020

7.1 Government securities - Market Treasury Bills
At fair value through profit or loss

	Note	Maturities	------------Number certificates------------				Balance as at December 31, 2019			Market value as % of total investments (based on market value)	Market value as % of net assets (based on market value)
			Holding as at 01 July 2019	Purchases during the period	Disposed / matured during the period	Holdings as at December 2019	Carrying value before revaluation as of 31 December 2019	Market value as of 31 December 2019	Unrealised appreciation / (diminution)		
							--------------------- (Rupees) ---------------------			----------- % -----------	
T-BILL-3M-23052019			-	3,370	3,370	-	-	-	-	-	-
T-BILL-3M-29082019			-	4,000	4,000	-	-	-	-	-	-
T-BILL-1Y-29082019			-	970	970	-	-	-	-	-	-
T-BILL-3M-01082019			-	4,100	4,100	-	-	-	-	-	-
T-BILL-3M-18072019			-	4,080	4,080	-	-	-	-	-	-
T-BILL-3M-10102019			-	4,260	4,260	-	-	-	-	-	-
T-BILL-3M-16082019			-	7,500	7,500	-	-	-	-	-	-
T-BILL-6M-18072019			-	4,210	4,210	-	-	-	-	-	-
T-BILL-1Y-12092019			-	700	700	-	-	-	-	-	-
											-
Total as at 31 December 2019							**-**	**-**	**-**	**-**	**-**
Total as at 30 June 2019							-	-	-		

7.2 Exchange traded fund (foreign investment)
At fair value through profit or loss

	-------------------- Number of certificates --------------------				Balance as at December 31, 2019			Market value as % of total investments	Market value as % of net assets
	Holding as at 01 July 2019	Purchases during the period	Disposed / matured during the period	Holding as at 31 December 2019	Carrying value before revaluation as of 31 December 2019	Market value as of 31 December 2019	Unrealised appreciation / (diminution)		
					--------------------- (Rupees) ---------------------			----------- % -----------	
Invesco QQQ Trust Series 1 - 7.3.1	3,780	-	-	3,780	112,977,128	124,445,720	11,468,592	51.21%	18.77%
Vanguard Funds Plc - Vanguard S&P 500 UCITS for Exchange Trades Fund USD shares - 7.3.2	12,525	-	-	12,525	111,548,891	118,569,266	7,020,375	48.79%	17.89%
Total as at 31 December 2019					224,526,020	243,014,986	18,488,966	100.00%	36.66%
Total Cost as at 31 December 2019					136,537,868				
Total as at 30 June 2019					175,202,939	224,526,020	49,323,080		
Total Cost as at 30 June 2019					136,537,868				

7.3.1 Invesco QQQ Trust Series 1 is an Exchange Traded Fund incorporated in USA. It tracks the performance of the Nasdaq 100 Index and holds large cap U.S. stocks. Its investments exclude the financial sector and therefore, tend to be focused on the technology and consumer sector. These are valued at the rate quoted on a daily basis by NASDAQ 100 Index. Total value of the units at USD 212.61 per unit as at the period-end amounted to USD 803,666 (30 June 2019: USD 705,877).

7.3.2 Vanguard S&P 500 is also an Exchange Traded Fund, incorporated in Ireland. The Fund seeks to track the performance of the S&P 500 Index, comprising of the stocks of large U.S. companies. These are valued at the rates quoted on a daily basis by the London Stock Exchange. Total value of the units at USD 61.14 per unit as at the period-end amounted to USD 765,716 (30 June 2019: USD 696,954).

7.3.3 Above units are held by Habib Bank AG Zurich as a custodian.

	Note	**December 31, 2019 (Unaudited)**	June 30, 2019 (Audited)
8. PAYABLE TO MANAGEMENT COMPANY		**(Rupees)**	
Remuneration payable to the Management Company	8.1	**906,762**	736,652
Sales tax payable on remuneration to the Management Company	8.2	**756,769**	734,655
Federal excise duty payable on remuneration to the Management Company	8.3	**4,184,410**	4,184,410
Sale load payable to the Management Company		**2,959**	2,959
		5,850,900	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 period ended 31 December 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 period ended 31 December 2019 is 1.54% of the average annual net assets. Remuneration is paid to the Management company in arrears on a monthly basis.

8.2 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (till 30 June 201: 13%) on Management Company's remuneration. Above liability includes Rs. 638,891 (30 June 2019: Rs. 638,891) 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 31 December 2019 would have been higher by Re. 0.15 (30 June 2019: Re. 0.17) per unit.

8.3 There is no change in the status of the appeal pending in the Supreme Court of Pakistan against of the decision of Sindh High Court as more fully disclosed in the annual financial statements for the year ended 30 June 2018 regarding the FED on management's remuneration. 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.4.184 million. Had the provision not been made, Net asset Value per unit of the Fund as at 31 December 2019 would have been higher by Re. 1.01 (30 June 2019: Re. 1.12) per unit.

8.4 As per the clause 60(s) of the Non-Banking Finance Companies and Notified Entities Regulation, 2008 fees and expenses related to registrar services, accounting, operation and valuation services relating to the Fund maximum up to 0.1% of average annual net assets of the Fund or actual whichever is less shall be payable by the Fund to the Management Company. However, the above mentioned expenses were not charged by the Management Company to the Fund. Above expenses for the period, had it been charged to the Fund, would not have been material.

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	0.10% per annum of the daily average net assets of the Fund Rs. 1 billion 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. Currently 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, at the rate of 0.095% per annum of the average daily net assets of the fund.

	Note	December 31, 2019 (Unaudited)	June 30, 2019 (Audited)
		(Rupees)	
11. ACCRUED EXPENSES AND OTHER LIABILITIES			
Payable to Sindh Workers' Welfare Fund	9.1	**3,306,113**	2,538,715
Mutual fund rating fee payable		**213,421**	117,950
Auditors' remuneration		**171,071**	194,656
Custody fee payable		**43,558**	46,064
Other liabilities		**387,335**	25,299
Withholding tax payable		**10,175**	52,604
		4,131,672	2,975,288

11.1 The status of initial chargeability of SWWF is the same as disclosed in the annual financial statements for the year ended 30 June 2019. Total provision for SWWF till 31 December 2019 is Rs. 3.306 million (30 June 2019 : Rs. 2.539 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 31 December 2019 would have been higher by Re 0.80 per unit (30 June 2019: Re 0.68 per unit).

This has been fully explained in 30 June 2019 final accounts.

12 TOTAL EXPENSE RATIO

Total expense ratio (comprising of all the expenses, including the government levies, incurred during the year divided by average net asset value for the year) is 2.52% per annum. Total expense ratio (excluding government levies) is 2.19% per annum. As per the NBFC Regulations, 2008 total expense ratio of the Asset Allocation Scheme shall be caped upto 4% (excluding the government levies).

13 CONTINGENCIES AND COMMITMENTS

The Fund had no contingency or commitment at the period end except as those mentioned elsewhere in these condensed interim financial information.

14 TAXATION

The Fund is exempt from taxation under clause 99 of the Part I of the 2nd 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 intends to distribute at least 90% of the income earned (if any) during the year by the Fund to the unit holders.

During the year ended 30 June 2014, FBR had 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 the amended assessment amounts to Rs. 7.203 million and Rs 19.001 million for the tax years 2012 and 2013 respectively. Trustee of the Fund has filed a suit in the High Court of Sindh for declaration and permanent injunction for which a stay order has been granted by Sindh High Court. The management expects a favorable outcome and, accordingly, no provision has been recorded in respect of this matter.

15 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties include Lakson Investments Limited being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the trustee, Habib Bank AG Zurich 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 31 December 2019. It also includes staff retirement funds of the above related parties / connected persons.

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

		December 31, 2019 (Unaudited)	June 30, 2019 (Audited)
15.1 Details of balance with related parties / connected persons at the period end		------------ (Rupees) ------------	
Lakson Investments Limited - Management Company of the Fund			
Remuneration and other payables (including the Sindh sales tax and federal excise duty amounting to Rs. 4.941 million (30 June 2019: Rs. 4.919 million)*	13.4	**5,847,941**	5,655,717
Sales load payable	13.4	**2,959**	2,959
Central Depositary Company Limited - Trustee of the Fund			
Remuneration payable to trustee		**245,013**	197,535
Habib Bank AG Zurich - Custodian			
Bank deposits		**1,889,842**	972,814
Custodian fee payable		**43,558**	46,064

		Six months ended December 31, 2019	2018
15.2 Details of transaction with related parties / connected persons during the year		(Unaudited) (Rupees)	
Lakson Investments Limited - Management Company of the Fund			
Remuneration for the period	13.4	**4,723,316**	2,214,881
Sindh sales tax on remuneration of Management Company *		**614,031**	287,935

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

Central Depositary Company Limited - Trustee of the Fund			
Remuneration for the period	13.4	**690,259**	398,752
Habib Bank AG Zurich - Custodian			
Custody charges, transaction & other fee		**272,587**	118,540

15.3 Details of transactions and balances with directors, key management personnel, employees, associated company/ undertakings of the Management Company and connected person are as follows:

	Period ended December 31, 2019								
	------------ Number of Units ------------					------------ Rupees ------------			
	Number of units as at 01 July 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 01 July 2019	Units issued during the period	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	372,788		14,840.25	1,142,688	118,429,204	56,736,534	2,275,000	183,045,421
Other key management personnel	1	-	-	-	1	151	-	-	176
Associated companies / undertakings of the Management Company									
Lakson Investments Limited	1,091,716				1,091,716	164,756,466	-		174,880,278
Lakson Business Solutions Limited - Employees Contributory Provident Fund Trust	1,129				1,129	170,323			180,789
Lakson Investments Limited - Employees Contributory Provident Fund Trust	3,051				3,051	460,443	-	-	488,736
GAM Corporation (Private) Limited - Employees Contributory Provident Fund Trust	74,904	-	-	-	74,904	11,304,176	-	-	11,998,785
SIZA Foods (Private) Limited - Employees Contributory Provident Fund Trust	53,462	-	-	-	53,462	8,068,182	-	-	8,563,949
Colgate Palmolive (Pakistan) Limited - Employees Gratuity Fund	372,017	-	-	-	372,017	56,143,045	-	-	59,592,874
Colgate Palmolive (Pakistan) Limited - Employees Gratuity Fund	315,252	-	-	-	315,252	47,576,259	-	-	50,499,683
Cyber Internet Services (Private) Limited - Employees Contributory Provident Fund Trust	136,796	-	-	-	136,796	20,644,633	-	-	21,913,186
Accuracy Surgicals Limited - Employees Contributory Provident Fund Trust	35,060	-	-	-	35,060	5,291,108	-	-	5,616,232
Merit Packaging Limited - Employees Contributory Provident Fund Trust	56,379	-	-	-	56,379	8,508,453	-	-	9,031,273
Merit Packaging Limited - Employees Gratuity Fund	23,335	-	-	-	23,335	3,521,665	-	-	3,738,062
Century Paper & Board Mills Limited - Employees Contributory Provident Fund Trust	354,326	-	-	-	354,326	53,473,171	-	-	56,758,944
Century Paper & Board Mills Limited - Employees Gratuity Fund	286,986	-	-	-	286,986	43,310,503	-	-	45,971,809
Century Insurance Company Limited - Employees Contributory Provident Fund Trust	28,075	-	-	-	28,075	4,236,949	-	-	4,497,297
Sybrid Private Limited - Employees Contributory Provident Fund Trust	30,864	-	-	-	30,864	4,657,880	-	-	4,944,093
Century Insurance Company Limited - Employees Gratuity Fund	21,142	-	-	-	21,142	3,190,707	-	-	3,386,767
Princeton Travels Private Limited - Employees Contributory Provident Fund Trust	3,737	-	-	-	3,737	563,916	-	-	598,567
Siza Services Private Limited - Employees Contributory Provident Fund Trust	16,102	-	-	-	16,102	2,429,994	-	-	2,579,310
Hasanali Karabhai Foundation - Employees Contributory Provident Fund Trust	11,450	-	-	-	11,450	1,727,951	-	-	1,834,129

Above related parties / connected person held 98% of the units of the fund (30 June 2019: 99%)

	Period ended December 31, 2018								
	----- Number of Units -----					----- Rupees -----			
	Number of units as at 01 July 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 01 July 2018	Units issued during the period	Units redeemed during the period	Balance at the end of the period (Investment at current NAV)
Directors, Chief Executive and their spouse and minors	611,427	12,532	-	-	623,959	83,922,298	1,655,749	-	84,871,839
Other key management personnel	-	1	-	-	1	-	122	-	122
Associated companies / undertakings of the Management Company									
Lakson Investments Limited	816,972	344	14,313	-	831,629	109,882,469	45,439		113,119,404
Lakson Business Solutions Limited - Employees Contributory Provident Fund Trust	1,073	-	19	-	1,092	144,304	1	-	148,522
Lakson Investments Limited - Employees Contributory Provident Fund Trust	2,899	1	51	-	2,952	389,959	186	-	401,499
GAM Corporation (Private) Limited - Employees Contributory Provident Fund Trust	23,793	-	428	-	24,221	3,200,191	32	-	3,294,617
SIZA Foods (Private) Limited - Employees Contributory Provident Fund Trust	17,102	-	308	-	17,410	2,300,173	23	-	2,368,093
Colgate Palmolive (Pakistan) Limited - Employees Gratuity Fund	102,609	1	1,847	-	104,457	13,800,921	138	-	14,208,439
Cyber Internet Services (Private) Limited - Employees Contributory Provident Fund Trust	40,895	-	736	-	41,631	5,500,420	55	-	5,662,766
Accuracy Surgicals Limited - Employees Contributory Provident Fund Trust	11,897	-	214	-	12,111	1,600,104	16	-	1,647,317
Merit Packaging Limited - Employees Contributory Provident Fund Trust	20,076	-	361	-	20,437	2,700,247	27	-	2,779,903
Merit Packaging Limited - Employees Gratuity Fund	8,105	-	146	-	8,251	1,090,168	11	-	1,122,362
Century Paper & Board Mills Limited - Employees Contributory Provident Fund Trust	118,967	1	2,142	-	121,110	16,001,002	160	-	16,473,567
Century Paper & Board Mills Limited - Employees Gratuity Fund	95,174	1	1,714	-	96,889	12,800,936	128	-	13,179,049

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.

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 including their levels in the fair value hierarchy:

		31 December 2019						
		Carrying amount				Fair Value		
On-balance sheet financial instruments		Mandatory at fair value through profit or loss	Amortized cost	Other financial liabilities	Total	Level 1	Level 2	Total
	Note	(Rupees)						
Financial assets measured at fair value								
Exchange traded fund (foreign investment)		243,014,986	-	-	243,014,986	243,014,986	-	243,014,986
		243,014,986	-	-	243,014,986	243,014,986	-	243,014,986
Financial assets not measured at fair value	16.1							
Bank balances - Held at amortized cost		-	425,821,106	-	425,821,106	-	-	-
Dividend receivables		-	580,891	-	580,891	-	-	-
Markup accrued		-	3,663,460	-	3,663,460	-	-	-
		-	430,065,457	-	430,065,457	-	-	-
Financial liabilities not measured at fair value	16.1							
Payable to the Management Company		-	-	909,721	909,721	-	-	-
Remuneration payable to the Trustee		-	-	245,013	245,013	-	-	-
Accrued expenses and other liabilities		-	-	815,384	815,384	-	-	-
		-	-	1,970,118	1,970,118	-	-	-

		30 June 2019						
		Carrying amount				Fair Value		
On-balance sheet financial instruments		Mandatory at fair value through profit or loss	Amortized cost	Other financial liabilities	Total	Level 1	Level 2	Total
	Note	---------- (Rupees) ----------						
Financial assets measured at fair value								
Exchange traded fund (foreign investment)		224,526,020	-	-	224,526,020	224,526,020	-	224,526,020
		224,526,020	-	-	224,526,020	224,526,020	-	224,526,020
Financial assets not measured at fair value	16.1							
Bank balances - Held at amortized cost		-	345,797,093	-	345,797,093	-	-	-
Dividend receivables		-	631,812	-	631,812	-	-	-
Markup accrued		-	495,291	-	495,291	-	-	-
		-	346,924,196	-	346,924,196	-	-	-
Financial liabilities not measured at fair value	16.1							
Payable to the Management Company		-	-	739,611	739,611	-	-	-
Remuneration payable to the Trustee		-	-	197,535	197,535	-	-	-
Accrued expenses and other liabilities		-	-	383,969	383,969	-	-	-
		-	-	1,321,115	1,321,115	-	-	-

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

17 GENERAL

Figures have been rounded off to the nearest rupee.

18 DATE OF AUTHORIZATION OF ISSUE

These condensed interim financial information were authorised for issue on February 20, 2020 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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