

LAKSON ISLAMIC TACTICAL FUND  
Half Yearly Report (December 31, 2019)



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**Fund's Information**

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



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**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 : 2-Star  
3 Year ranking : 3-Star  
5 Year ranking : 1-Star  
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 Islamic Tactical Fund ("LITF") 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 Lakson Islamic Tactical Fund is to provide long-term capital appreciation by exclusively investing in Shariah Compliant avenues including equities, fixed income instruments and emerging market securities.

### **Principal activities**

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

### **Development and Fund performance**

Lakson Islamic Tactical Fund provided return of 13.49% for 1HFY20 against the Benchmark return of -14.59%. The fund has underperformed the benchmark by 1.1% during the period. As of December 31, 2019, the Fund had 64% exposure in equities, 29% in cash, and 5% in Sukuk on a total asset basis. The Fund size of the LITF as of December 31, 2019 was PKR 160 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.

#### **Equity Market Review**

The year started on a weak note with the KSE-100 index hitting its 5-year low in Aug'19 (down 22% Jan-mid-Aug'19). Trading activity stalled with volumes hitting a 5-year low of 76.5mn in Jul'19 and daily turnover falling to a c. 7-year low of US\$17.5mn in Jul'19. However, the KSE-100 bounced back by a sharp 42% from its low in Aug'19 (45% in US\$ terms), emerging as the best performing market in Nov'19 to close the year at 40,735.08pts (up 9.9%yoy). In 6MFY20 the equity market recorded a return of 20%. The sharp recovery in 2H19 was primarily led by individuals and foreign buying which helped offset large redemptions from Mutual Funds. The re-rating was led by (i) successful entry into US\$6bn IMF Program which helped obtain much needed multi-lateral/bilateral aid, (ii) status quo decision in the Jul-Sep'19 Monetary Policy sparking expectation of rate cuts from 2020 (iii) marked improvement in Current account posting a US\$90mn surplus in Oct'19, (iv) hot money net inflows of c. US\$2.0bn in 2H19 supporting fx reserves (US\$10.9bn as at Dec'19), and (v) orderly transition to a market-determined exchange rate (which has remained stable at PKR155 in 2H19). The cumulative outflow since 2015 to-date stands at US\$1.6bn, depicting marginal reduction.

#### **Emerging Markets Review**

Emerging markets continued their positive momentum during first half with MSCI EM Index posting return of 5.7% in 1HFY20. The increase was mainly due to the major gains driven by Brazil, Russia, Argentina, Turkey, China and India. However, Hong Kong, South Korea, Poland and Czech market were flatish during the period. Chile, Malaysia and Mexico were the worst performer.

Emerging markets like China, India and Russia and Turkey remained bullish, posting gains of up to 20% YoY. Brazil's Ibovespa index closed with a gain of 31.6% as lower interest rates in the country attracted investment in equities. Despite the U.S-China trade war and weakest pace of economic growth, China's Shanghai Composite was up 9.1% YoY in 1HFY20 as investors were encouraged by increased foreign inflows and government's stimulus measures like of easing monetary policy and stepping up fiscal spending.

Argentina's Merval Index posted return of 12.9%, despite being most volatile market in region triggered by depreciation of currency and increase in inflation. Turkey's benchmark Index Borsa remained bullish during 1HFY20 with gain of 10% on the back of economic recovery.

#### **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.

Following a strong rebound in 4QCY19 from multiyear low levels, we expect the KSE-100 to continue the rally into 2020, where the momentum in economic recovery and transition towards higher growth will both help the Index converge to its historical mean valuations and catalyze corporate profitability. We believe that market confidence on the present government's will and ability to eradicate long-standing structural issues and put the economy on a longer-term growth path (breaking away from the short-lived boom & bust cycles) is more important than the timing and pace of monetary easing. Even if monetary easing is delayed, we think the market will digest it so long as the medium-term inflation outlook of 5-7% remains intact.

**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 اسلامک ٹیکٹیکل فنڈ

31 دسمبر 2019ء کو ختم ہونے والے نصف سال کے لیے

منجمنٹ کمپنی کے ڈائریکٹرز کی جائزہ رپورٹ

لیکسن انویسٹمنٹس لمیٹڈ کے بورڈ آف ڈائریکٹرز، لیکسن اسلامک ٹیکٹیکل فنڈ ("LITF") کی منجمنٹ کمپنی 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 اسلامک ٹیکٹیکل فنڈ کی سرمایہ کاری کا مقصد، خاص طور پر شریعہ سے مطابقت رکھنے والے ذرائع بشمول ایکویٹیز، فکسڈ انکم انسٹرومنٹس اور ایئر بنگ مارکیٹس سیکورٹیز میں سرمایہ کاری کرتے ہوئے سرمائے کی قدر میں طویل مدتی اضافہ کرنا ہے۔

#### نمایاں سرگرمیاں

LITF ایک اوجن اینڈ ایسیٹ ایلوکیشن اسکیم ہے اور پاکستان اسٹاک ایکسچینج لمیٹڈ میں لٹڈ ہے۔ اس اسکیم کا انتظام و انصرام ایک ایکٹیو انویسٹمنٹ منجمنٹ اسٹائل استعمال کرتے ہوئے کیا جاتا ہے جو اقتصادی ماحول کے تجزیے پر توجہ مرکوز رکھتا ہے مثلاً حکومتی پالیسیز، عالمی اقتصادی ڈینا، کموڈیٹیز کی قیمتیں اور رسد اطلب کا تحریک شامل ہے۔ اسکیم انویسٹمنٹ ٹیم کی توقعات کی بنیاد پر ایکویٹیز اور فکسڈ انکم میں سرمایہ کاری جہدیل کرتی ہے۔ فکسڈ انکم سیکورٹیز میں اسکیم کی سرمایہ کاری کا انتظام و انصرام دورانیے اور مختلف مچوریز کے درمیان سرمایہ کاری کے تبادلے اور yield curve منجمنٹ کو مد نظر رکھ کر کیا جاتا ہے۔

#### پیش رفت اور کارکردگی کا جائزہ

لیکسن اسلامک ٹیکٹیکل فنڈ نے پینچ مارک منافع 14.59% کے مقابلے میں مالی سال 2020 کے پہلے نصف کے لیے 13.49% منافع فراہم کیا۔ فنڈ نے مدت کے دوران پینچ مارک سے 1.1% کم تر کارکردگی کا مظاہرہ کیا۔ 31 دسمبر 2019 کے مطابق فنڈ مجموعی اثاثوں کی بنیاد پر ایکویٹی میں 64% کیش میں 29% اور رسلوک میں 5% سرمایہ کاری رکھتا ہے۔ 31 دسمبر 2019 کے مطابق LITF کے فنڈ کا حجم 160 ملین روپے تھا۔

#### فی شیئر آمدنی (EPU)

فی شیئر آمدنی (EPU) ظاہر نہیں کی گئی ہے کیوں کہ ہم محسوس کرتے ہیں کہ EPU ہمارے کرنے کے لیے موزوں اور وسطیو ٹیکس کا تعین اوجن 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 گردش قرضوں میں کمی، بجلی (7%) اور گیس (31%) کے نرخوں میں اضافے لاکٹوں 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 کا 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 12%-11% سے کم رہا۔

اسٹیٹ بینک نے افراط زر میں کمی کے مستحکم ہونے کے بعد مالیاتی نرمی کے آغاز کی ہدایت کی ہے۔ تیل کی عالمی قیمتوں میں اتار چڑھاؤ، ایشیائی خورد و نوش کی رسد میں خلل اور یوٹیلٹی 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 / دو طرفہ قرض دہندگان کو تازہ مالی اعانت فراہم کرنے کا اعتماد ملا، جس سے پاکستانی روپے کو مالی سال 2020 کے پہلے نصف میں قدم ہمانے میں مدد ملی (مالی سال 2019 کے دوسرے نصف میں 13% گراؤٹ کے بعد جولائی دسمبر 2019 میں 3% فیصد اضافہ)۔

اس سے ہرونی منڈی پر معنی قرض (قلیل مدتی منافع کے لیے سرمایے کے بہاؤ) کو مزید معاونت حاصل ہوئی جیسا کہ اسٹیٹ بینک کے گورنر رضاباقر نے جون 2019 میں حکومتی تمککات 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 رفتاری 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 کر لیا (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 معنی خیز نتائج کا سبب بنا جس میں مالی سال 2020 کے پہلے نصف میں سال بہ سال بنیاد پر 4% تک کمی ہو چکی ہے۔

### فلسڈ 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 تہلہ 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، ہشش ماہی اور بارہ ماہی میعادوں کے لیے تہلہ کی تخمینہ شدہ آمدنی نے اگست 2019 میں باآزاد تیب 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 رفتاری کے ساتھ سال کا اختتام کیا۔

#### ایکویٹی مارکیٹ کا جائزہ

سال کی شروعات کمزور صورت حال سے ہوئیں جیسا کہ ایس ای 100 انڈیکس اگست 2019 میں 5 سال کی کم ترین سطح پر آ گیا (جنوری تا وسط اگست 2019، 22% کمی ہوئی)۔ تجارتی سرگرمیاں ٹھپ رہیں جیسا کہ جولائی 2019 میں فروخت کا حجم 76.5 ملین ڈالر کے ساتھ 5 سال کی کم ترین سطح تک گر گیا اور جولائی 2019 میں یومیٹرن اور 17.5 ملین ڈالر کے ساتھ 7 سال کی کم ترین سطح تک گر گیا۔ تاہم، کے ایس ای 100 نے اگست 2019 میں اپنی پست ترین کارکردگی سے 42% کی تیز رفتاری بحالی کی (امریکی ڈالر کے اعتبار سے 45%) اور جو نومبر 2019 میں بہترین کارکردگی کا مظاہرہ کرنے والی مارکیٹ کے طور پر ابھر اور 40,735.08 پوائنٹس پر سال کا اختتام کیا (سال بہ سال بنیاد پر 9.9% اضافہ)۔ مالی سال 2020 کے 6 ماہ میں ایکویٹی مارکیٹ میں 20% منافع ریکارڈ کیا گیا۔

مالی سال 2019 کے دوسرے نصف میں تیز رفتاری بحالی بنیادی طور پر افراد کی طرف سے اور غیر ملکی خریداری کا نتیجہ تھی جس نے میوچل فنڈز سے بڑے ہیمنے پر رقم نکالنے کے اثرات ختم کرنے میں مدد کی۔ اس دوبارہ ریٹنگ کے سرکردہ حوالہ یہ ہیں (i) 6 ارب امریکی ڈالر کے آئی ایم ایف پروگرام میں کامیاب شمولیت کی وجہ سے، جوئی جس کی وجہ سے ضرورت سے زیادہ کثیر جہتی/دوطرفہ امداد حاصل کرنے میں مدد ملی، (ii) جولائی ستمبر 2019 میں مائیکرو پالیسی میں صورت حال جوں کی توں رکھنے کے فیصلے نے 2020 سے شروع میں کمی کی توقعات کو جنم دیا۔ (iii) اکتوبر 1919 میں 990 ملین ڈالر کا اضافہ

درج کرانے کے ساتھ کرنٹ اکاؤنٹ میں نمایاں بہتری (iv) مالی سال 2019 کے دوسرے نصف میں 2 بلین امریکی ڈالر کے قلیل مدتی منافع کے لیے سرمایے کے خالص بہاؤ سے زرمبادلہ کے ذخائر کو تقویت ملی (بمطابق دسمبر 2019، 10.9 بلین امریکی ڈالر)، اور (v) مارکیٹ کی متعین کردہ شرح مبادلہ کی طرف قریبے کے ساتھ منتقلی (جو مالی سال 2019 کے دوسرے نصف میں روپے پر مستحکم ہے)۔ 2015 سے لے کر اب تک سرمائے کا مجموعی اخراج 1.6 بلین امریکی ڈالر ہے جو معمولی کمی کو ظاہر کرتا ہے۔

#### ایرجنگ مارکیٹس کا جائزہ

مالی سال 2020 کے پہلے نصف میں MSCI EM انڈیکس میں 5.7% منافع کے اندراج کے ساتھ، پہلی ششماہی کے دوران ابھرتی ہوئی مارکیٹوں نے اپنی مثبت رفتار جاری رکھی۔ برازیل، روس، ارجنٹائن، ترکی، چین اور ہندوستان کی طرف سے زبردست منافع جات اس اضافے کی بنیادی وجہ تھے۔ تاہم، اس عرصے کے دوران ہانگ کانگ، جنوبی کوریا، پولینڈ اور چیک مارکیٹ سست رہی۔ چلی، ملائیشیا اور نیکیسکوپ سے بری کارکردگی کا مظاہرہ کرنے والوں میں سے تھے۔



چین، ہندوستان، روس اور ترکی جیسی ابھرتی ہوئی منڈیوں میں تیزی رہی، جنہوں نے سال بہ سال بنیاد پر 20% تک منافع جات درج کرائے۔ برازیل کا Ibovesp انڈیکس 31.6% فیصد کے اضافے کے ساتھ بند ہوا کیونکہ ملک میں سود کی کم شرحیں ایکویٹی میں سرمایہ کاری کو راغب کرتی ہیں۔ امریکا اور چین کی تجارتی جنگ اور معاشی نمو کی سب سے کمزور رفتار کے باوجود، مالی سال 2020 کے پہلے نصف میں چین کے شگنائی کمپوزٹ میں سال بہ سال بنیاد پر 9.1% اضافہ ہوا کیونکہ حکومت کی طرف سے غیر ملکی آمدنی میں اضافے اور مالیاتی پالیسی میں نرمی لانے اور مالی اخراجات میں اضافے جیسے محرک اقدامات کے ذریعے سرمایہ کاروں کی حوصلہ افزائی کی گئی تھی۔

کرسی کی قدر میں کمی اور افراط زر میں اضافے کی وجہ سے نٹے میں سب سے زیادہ غیر مستحکم مارکیٹ ہونے کے باوجود ارجنٹائن کے Merval انڈیکس نے 12.9% منافع درج کر لیا۔ اقتصادی بحالی کی بدولت 10% نفع کے ساتھ ترکی کے پیٹ مارک انڈیکس Borsa میں مالی سال 2020 کے پہلے نصف کے دوران تیزی رہی۔

#### مستقبل کی توقعات

افراط زر بدستور ایک چیلنج بنا رہے گا: پانچ کستان کی معیشت کے لئے اب تک کاسب سے بڑا چیلنج افراط زر ہے۔ مالی سال 2020 کے پہلے نصف میں سی پی آئی پر مبنی افراط 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 12%-11% کی حد میں رہنے کی توقع کرتے ہیں، تاہم یوٹیلٹی اور گیس کے نرخوں میں اضافہ آئی ایم ایف سے وابستہ کیا گیا ہے۔ جب تک مزگانی میں کمی نہیں آتی، SBP سود کی شرح میں کمی کر کے معاشی سرگرمیوں کو فروغ نہیں دے سکے گی۔ کوئی توقع نہیں کی جاسکتی ہے کہ افراط 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 سمجھانا 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 بلین 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 تر قیاتی بجٹ سے نمٹنا ہوگا جس سے انفراسٹرکچر پر اخراجات میں مارکیٹ کی توقعات کے مقابلے میں سست روی آسکتی ہے۔

برآمدات توقعات سے کم ہو کر رہیں گی: پانچ کستان کی معیشت عروج و زوال کی گردش میں چلی آ رہی ہے اور ہم برآمداتی اعداد و شمار 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 زرمبادلہ 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 یورو پانچ کستان روپے کی شرح مبادلہ پر قابو رکھے۔

افراط زر اور پالیسی ریٹس اپنی بلند ترین سطح چھو چکے ہیں۔ لہذا، ہماری رائے میں طویل مدتی تمسکات کی آمدنی اپنی بہترین 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 بلو کی آمدنی کم ہو سکتی ہے۔



کئی سال کی نجلی سطحوں سے مالی سال 2019 کی چوتھی سہ ماہی میں زبردست واپسی کے بعد، ہم توقع کرتے ہیں کہ کے ایس ای 100 اپنی تیزی کو 2020 تک جاری رکھے گا، جہاں معاشی بحالی میں تیزی اور اعلیٰ نمو کی طرف منتقلی دونوں انڈیکس کو اپنی تاریخی اوسط قیمتوں کی طرف پلٹنے اور کارپوریٹ منافع کو فروغ دینے میں مدد فراہم کرے گی۔ ہم یقین رکھتے ہیں کہ موجودہ حکومت کے ارادوں اور دیرینہ ساختی مسائل کو ختم کرنے اور معیشت کو طویل المدت ترقی (تارچواہاؤ کی مختصر مدتی گردشوں سے دامن چھڑانے) کی راہ پر گامزن کرنے کی صلاحیت پر مارکیٹ کا اعتماد مالیاتی نرمی کے اوقات اور رفتار سے زیادہ اہم ہے۔ یہاں تک کہ اگر مالیاتی نرمی میں تاخیر بھی ہو جاتی ہے تو، ہمارے خیال میں مارکیٹ اس وقت سے برداشت کر لے گی جب تک کہ 5-7% تک کے وسط مدتی افراط زر کی توقع برقرار رہتی ہے۔

اظہار تشکر

یہ بورڈ اپنے قابل۔ قدر انویسٹرز، سیکورٹیز اینڈ ایلیمنٹس کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان، فنڈ کے ٹرسٹی، سینیٹرل ڈیپازٹری کمیٹی آف پاکستان لمیٹڈ اور پاکستان اسٹاک ایکسچینج لمیٹڈ کا ان کے مسلسل تعاون اور مدد پر شکر گزار ہے۔ مینجمنٹ کمیٹی کے ڈائریکٹرز فنڈ کی ترقی اور دانش مند انتظام و انصرام کے لیے مینجمنٹ کمیٹی کی ٹیم کی محنت اور کاوشوں کا بھی اعتراف کرتے ہیں۔

برائے و متحاب بورڈ

ڈائریکٹر

چیف ایگزیکٹو آفیسر

تاریخ: 20 فروری 2020

CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED

**Head Office**

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**TRUSTEE REPORT TO THE UNIT HOLDERS**

**LAKSON ISLAMIC TACTICAL 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 Islamic Tactical Fund (the Fund) are of the opinion that Lakson Investments Limited being the Management Company of the Fund has in all material respects managed the Fund during the 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



**Independent Auditor's Review Report to the unit holders' of Lakson Islamic Tactical Fund**

**Introduction**

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Lakson Islamic Tactical Fund ("the Fund")** as at December 31, 2019 and the related condensed interim income statement and 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 Aryn Pirani.

**Date: February 29, 2020**

**Karachi**

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**KPMG Taseer Hadi & Co.**  
**Chartered Accountants**  
**Aryn Pirani**

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

	Note	December 31, 2019 (Unaudited) (Rupees)	June 30, 2019 (Audited)
<b>Assets</b>			
Bank balances	6	46,594,379	40,838,183
Investments	7	112,863,164	95,312,489
Dividend receivables		2,845	240,543
Markup accrued	8	551,671	491,227
Deposits, prepayments and other receivables	9	2,619,590	2,646,087
<b>Total assets</b>		<b>162,631,649</b>	<b>139,528,529</b>
<b>Liabilities</b>			
Payable to the Management Company	10	1,522,400	1,466,604
Remuneration payable to the Trustee	11	38,006	72,754
Annual fee payable to Securities and Exchange Commission of Pakistan	12	14,237	156,274
Accrued expenses and other liabilities	13	1,375,310	593,978
<b>Total liabilities</b>		<b>2,949,953</b>	<b>2,289,610</b>
<b>Contingencies and commitments</b>	15		
<b>Net assets</b>		<b>159,681,696</b>	<b>137,238,919</b>
<b>Unit holders' fund</b>		<b>159,681,696</b>	<b>137,238,919</b>
		(Number)	
<b>Number of units in issue</b>		<b>1,709,360</b>	<b>1,667,282</b>
		(Rupees)	
<b>Net assets value per unit</b>		<b>93.4160</b>	<b>82.3129</b>

The annexed notes from 1 to 20 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		Quarter ended	
		December 31, 2019	2018	December 31, 2019	2018
----- (Rupees) -----					
<b>Income</b>					
Gain / (Loss) on sale of investment					
at fair value through profit or loss - net		2,092,726	752,836	3,064,345	(231,710)
Unrealized gain / (loss) on revaluation of investment					
at fair value through profit or loss - net	7.1 & 7.2	13,700,190	(10,018,640)	18,842,623	(9,438,557)
		<u>15,792,916</u>	<u>(9,265,804)</u>	<u>21,906,968</u>	<u>(9,670,267)</u>
Dividend income on investment at fair value					
through profit or loss		3,094,937	2,326,675	1,913,105	1,389,020
Return / mark up on:					
- bank balances - at amortised cost		2,431,594	2,780,107	1,265,555	1,476,659
- debt securities (at fair value through profit or loss)		663,588	452,295	329,062	240,744
		<u>3,095,182</u>	<u>3,232,402</u>	<u>1,594,617</u>	<u>1,717,403</u>
Exchange (loss) / gain on foreign currency					
deposits - at amortised cost		(1,873)	13,361	(902)	11,126
		<u>21,981,162</u>	<u>(3,693,366)</u>	<u>25,413,788</u>	<u>(6,552,718)</u>
<b>Expenses</b>					
Remuneration to the Management Company		992,329	1,078,974	562,204	544,148
Sindh Sales tax on remuneration to the					
Management Company		129,003	140,267	73,087	70,740
Remuneration to the Trustee		160,887	398,752	85,326	199,376
Annual fee to the Securities and Exchange					
Commission of Pakistan		14,238	80,361	7,552	40,402
Auditors' remuneration		138,086	164,055	71,029	91,934
Fees and subscription		335,597	563,640	168,156	443,331
Fund rating fee		95,520	115,549	47,760	70,179
SECP supervisory fee		1,037	1,260	1,037	630
Printing charges		-	18,645	-	13,604
Brokerage, settlement and bank charges		379,609	344,641	261,588	205,161
Charity expense		234,565	103,677	234,565	103,677
		<u>2,480,871</u>	<u>3,009,821</u>	<u>1,512,304</u>	<u>1,783,182</u>
Net income / (loss) from the operating activities		19,500,291	(6,703,187)	23,901,484	(8,335,900)
Sindh Workers' Welfare Fund (SWWF)		(390,006)	-	(478,030)	-
<b>Net income / (loss) from the period before taxation</b>		<u>19,110,285</u>	<u>(6,703,187)</u>	<u>23,423,454</u>	<u>(8,335,900)</u>
Taxation	14	-	-	-	-
<b>Net income / (loss) from the period after taxation</b>		<u>19,110,285</u>	<u>(6,703,187)</u>	<u>23,423,454</u>	<u>(8,335,900)</u>
<b>Allocation of net income for the period after taxation</b>					
Net income for the period after taxation		19,110,285	-	23,423,454	-
Income already paid on units redeemed		-	-	-	-
		<u>19,110,285</u>	<u>-</u>	<u>23,423,454</u>	<u>-</u>
<b>Accounting income available for distribution</b>					
- Relating to capital gains		15,792,916	-	21,906,968	-
- Excluding capital gains		3,317,369	-	1,516,486	-
		<u>19,110,285</u>	<u>-</u>	<u>23,423,454</u>	<u>-</u>

The annexed notes from 1 to 20 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	<b>19,110,285</b>	(6,703,187)	<b>23,423,454</b>	(8,335,900)
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<u><b>19,110,285</b></u>	<u>(6,703,187)</u>	<u><b>23,423,454</b></u>	<u>(8,335,900)</u>

The annexed notes from 1 to 20 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	Capital value	Undistributed income
	------(Rupees)-----			
<b>Net assets at beginning of the period</b>	168,874,818	(31,635,899)	137,238,919	174,898,036
<b>Issuance of 47,502 units (2018: 56,646 units)</b>				2,743,601
- Capital value	3,909,996	-	3,909,996	5,311,481
- Element of income / (loss)	(157,482)	-	(157,482)	-
Total proceeds on issuance of units	3,752,504	-	3,752,504	5,468,862
<b>Redemption of 5,423 units (2018: 1,301 units)</b>				
- Capital value	(420,012)	-	(420,012)	(121,964)
- Element of (income) / loss	-	-	-	(3,875)
Total payments on redemption of units	(420,012)	-	(420,012)	(125,839)
Total comprehensive income for the period	-	19,110,285	19,110,285	(18,434,851)
<b>Net assets as at end of the period</b>	<b>172,207,310</b>	<b>(12,525,614)</b>	<b>159,681,696</b>	<b>180,241,059</b>
Undistributed income brought forward:				
- Realized loss at beginning of the period	(12,303,548)	-	-	(2,657,572)
- Unrealized loss at beginning of the period	(49,332,351)	-	-	(8,324,705)
Accounting income available for distribution:				
Relating to capital gains	15,702,916	-	-	-
Excluding capital gains	3,317,369	-	-	-
Total comprehensive income for the period	-	-	-	(6,703,187)
<b>Undistributed loss at end of the period</b>	<b>(12,525,614)</b>	<b>-</b>	<b>(17,685,464)</b>	<b>(17,685,464)</b>
<b>Represented by:</b>				
- Realized loss at end of the period	(26,225,804)	-	-	(7,666,824)
- Unrealized income / (loss) at end of the period	13,700,190	-	-	(10,018,640)
<b>Undistributed loss at end of the period</b>	<b>(12,525,614)</b>	<b>-</b>	<b>(17,685,464)</b>	<b>(17,685,464)</b>
Net assets value per unit at beginning of the period		82.3129		101.5686
Net assets value per unit at end of the period		93.4160		91.0585

The annexed notes from 1 to 20 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**

	Half year ended December 31,	
	2019	2018
	(Rupees)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income / (loss) for the period	19,110,285	(6,703,187)
<b>Adjustments for:</b>		
Unrealized loss on revaluation of investment at fair value through profit or loss - net	(13,700,190)	10,018,640
	5,410,095	3,315,453
<b>(Increase) / Decrease in assets</b>		
Investments	(3,850,485)	(28,812,945)
Dividend receivables	237,698	129,130
Markup accrued	(60,444)	(127,818)
Receivable against sale of investments	-	285,450
Deposits, prepayments and other receivables	26,497	(112,788)
	(3,646,734)	(28,638,971)
<b>Increase / (decrease) in liabilities</b>		
Remuneration payable to the Management Company	55,796	3,775
Remuneration payable to the Trustee	(34,748)	2,170
Annual fee payable to Securities and Exchange Commission of Pakistan	(142,037)	(78,221)
Payable against the purchase of equity investments	-	1,633,405
Accrued expenses and other liabilities	781,332	176,895
	660,343	1,738,024
<b>Net cash flows from operating activities</b>	2,423,704	(23,585,494)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Received on issuance of units	3,752,504	5,468,862
Paid against redemption of units	(420,012)	(125,839)
<b>Net cash generated from financing activities</b>	3,332,492	5,343,023
<b>Net decrease in cash and cash equivalents during the period</b>	5,756,196	(18,242,471)
Cash and cash equivalents at beginning of the period	40,838,183	82,851,982
<b>Cash and cash equivalents at end of the period</b>	46,594,379	64,609,511

The annexed notes from 1 to 20 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 (Un-audited)  
For the Half year ended December 31, 2019**

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

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

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 Pakistan Credit Rating Company Limited (PACRA) has maintained the rating of the Management Company of the Fund to the scale 'AM2+' (stable outlook) vide its report dated 29 August 2019 (2019: AM2+ as on 27 February 2019)

On December 31, 2019, VIS credit rating company limited assigned following rankings to the Fund based on the performance review for the period ended 31 Dec 2019:

1 Year ranking : 2-Star  
3 Year ranking : 3-Star  
5 Year ranking : 1-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 VIII A of the repealed Companies Ordinance, 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.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied in this 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.

**4. USE OF ESTIMATES AND JUDGEMENTS**

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.

**5. FINANCIAL RISK MANAGEMENT**

The Financial risk management objectives and policies are consistent with that disclosed in financial statements as at and for the year ended June 30, 2019.

		December 31, 2019 (Unaudited)	June 30, 2019 (Audited)
6. BANK BALANCES	Note	(Rupees)	
Local Currency			
In profit and loss sharing accounts	6.1	46,504,593	40,746,524
Foreign Currency			
In current account	6.2	89,786	91,659
		<u>46,594,379</u>	<u>40,838,183</u>
6.1 These represent profit and loss sharing accounts maintained with banks carrying mark-up rates ranging from 6.5% to 11.00% (30 June 2019: 6.00% to 11.00%) per annum.			
6.2 This represents USD denominated current account maintained in a foreign country amounting to USD 769.61 (30 June 2019: USD 770).			
<b>7. INVESTMENTS</b>			
<b>At fair value through profit or loss</b>			
Equity Securities	7.1	104,239,474	85,685,849
Sukuk certificates	7.2	8,623,690	9,626,640
		<u>112,863,164</u>	<u>95,312,489</u>

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

Name of investee company	Balance as at December 31, 2019										
	Holding as at 01 July 2019	Purchases during the period	*Bonus / right shares received during the period	Disposed during the period	Holdings as at 31 December 2019	Carrying value before revaluation as at 31 December 2019 (revised)	Unrealized gain / (loss) - net	Market value as % of total investments	Market value as % of net assets	Par value of shares held as a percentage of capital of the investee company	
<b>Chemicals</b>											
Engro Polymer & Chemicals Limited	130,083	84,000	-	9,500	204,583	5,754,464	1,039,137	6.02	4.25	0.2253%	
IOE Pakistan Limited	28,700	2,100	-	269,600	3,200	1,722,637	441,607	1.32	1.36	0.0347%	
<b>Fertilizers</b>											
Engro Fertilizers Limited	35,784	38,376	-	11,600	62,560	4,138,640	455,141	4.07	2.88	0.4885%	
Engro Corporation Limited (7.1.1)	44,110	25,228	-	9,600	59,738	16,360,034	4,264,511	18.27	12.92	0.1027%	
<b>Pharma &amp; Bio Tech</b>											
The Searl Company Limited (7.1.3)	6	-	-	-	6	25,270,709	30,088,886	4,818,177	26.66	18.84	0.0000%
<b>Textile Composite</b>											
Nishat Mills Limited (7.1.1)	34,599	3,000	-	14,300	23,299	2,210,699	2,472,956	262,257	2.19	1.55	0.0066%
<b>Cement</b>											
Rohtas Cement Company Limited (7.1.1)	15,256	9,450	-	15,256	9,450	4,009,576	4,009,390	38,805	3.59	3.54	0.023%
D.K. Khan Cement	15,500	15,500	-	15,500	14,500	827,305	1,122,300	294,995	0.99	0.70	0.072%
Maple Leaf Cement Limited	75,133	101,000	-	176,133	-	-	-	-	-	-	0.0000%
<b>Power Generation &amp; Distribution</b>											
Hala Power Company Limited	36,632	26,500	-	63,132	-	4,836,880	5,170,680	333,800	4.58	3.21	0.0000%
<b>Oil and Gas Exploration Companies</b>											
Mear Petroleum Company Limited	5,151	2,000	*715	1,240	6,526	5,760,302	8,549,713	2,789,411	7.58	5.35	0.048%
Pakistan Petroleum Limited (7.1.1)	77,578	33,350	*15,795	36,800	88,923	10,931,352	12,335,040	1,403,688	10.93	7.72	0.396%
Oil and Gas Development Company Limited (7.1.1)	108,265	20,600	-	51,200	78,365	10,248,081	11,152,907	904,826	9.88	6.98	0.1822%
<b>Oil and Gas Marketing Companies</b>											
Hitech Lubricants Limited	5,846	43,000	-	5,846	0	36,388,394	42,696,526	6,308,132	37.83	26.74	0.0000%
Pakistan State Oil Company Limited (7.1.3)	4,501	29,250	*24	4,378	147	1,637,375	1,339,020	(298,355)	1.19	0.84	0.370%
Sui Northern Gas Pipeline Limited	68,342	-	-	97,592	97,592	6,628,508	7,433,583	805,075	6.59	4.66	0.0000%
<b>Automobile and Parts</b>											
Agrano Industries Limited (face value - 5 Rs.)	7,900	-	-	700	7,200	1,439,712	1,440,000	288	1.28	0.90	0.0250%
<b>Engineering</b>											
International Industries Limited	19,492	98,800	*1,649	21,141	98,800	4,191,100	4,007,836	(183,264)	3.59	2.53	0.0000%
International Steels Limited	42,012	-	-	42,012	-	4,191,100	4,007,836	(183,264)	4.49	2.97	0.0000%
<b>Technology &amp; Communication</b>											
Systems Limited	17,023	-	-	12,500	4,523	434,112	562,239	128,127	0.50	0.35	0.0027%
<b>Paper and Boards</b>											
Cheent Packaging Limited (7.1.4)	23,115	-	*105	23,220	-	494,112	982,239	488,127	0.59	0.23	0.0000%
<b>Total as at 31 December 2019</b>						<b>90,536,354</b>	<b>104,239,474</b>	<b>13,703,140</b>	<b>99</b>	<b>66</b>	
<b>Total cost as at 31 December 2019</b>						<b>107,969,991</b>					
Total as at 30 June 2019						104,983,600	85,685,849	(19,297,751)	90	62	
Total cost as at 30 June 2019						106,975,657					



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

	31 December 2019	30 June 2019	31 December 2019	30 June 2019
	----- (Number of shares) -----		----- (Rupees) -----	
Oil and Gas Development Company Limited	5,000	5,000	711,600	657,450
Engro Corporation Limited	5,300	2,000	1,829,825	627,720
Lucky Cement Company Limited	-	2,500	-	951,175
Nishat Mills Limited	10,000	10,000	1,061,400	933,400
Pakistan Oilfield Limited	1,500	1,500	670,080	608,835
Pakistan Petroleum Limited	300	300	41,142	43,329
	<b>22,100</b>	<b>21,300</b>	<b>4,314,047</b>	<b>3,821,909</b>

**7.1.2 Above investment track PSX KMI all shares Islamic Index.**

7.1.3 Finance act, 2014 had introduced tax on bonus shares issued by the companies. Most of the equity funds including the Fund have challenged the applicability of withholding tax provision on bonus shares before Honourable High Court of Sindh ("the Court") on various legal grounds and have sought relief from the Court. In the Fund's case, tax in the shape of 123 shares of Pakistan State Oils Limited (30 June 2019: 123 shares) and 6 shares of The Searle Company Limited (30 June 2019: 6 shares) have been withheld by CDC. Market value of these shares as at 31 December 2019 amounted to Rs. 29,303 (30 June 2019: Rs. 21,642) and are included in the Fund's investments in these financial statements.

**7.2 Sukuk certificates  
At fair value through profit or loss**

Name of Security	Date of Maturity	Mark-up rate	Holding as at 01 July 2019	Purchases during the period	Disposed / matured during the period	Holding as at 31 December 2019	Carrying value as of the year ended 31 Dec 2019 (before revaluation)	Market value as of the year ended 31 December 2019 (after revaluation)	Unrealised appreciation (diminishing)	Credit rating (Long term)	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 (Face value of Rs. 100,000 each) - 7.2.1	15 November 2022	3 months KIBOR + base rate of 1%	35	-	-	35	2,789,640	2,792,720	3,080	AA (dated 28 Dec 18)	2.47	1.75	0.05
Dawood Hercules Corporation Limited (Face value of Rs. 100,000 each) - 7.2.1	1 March 2023	3 months KIBOR + base rate of 1%	65	-	-	65	5,837,000	5,830,970	(6,030)	AA (dated 28 Dec 18)	5.17	3.65	0.10
<b>Total as at 31 December 2019</b>							<b>8,626,640</b>	<b>8,623,690</b>	<b>(2,950)</b>		<b>2.47</b>	<b>1.75</b>	<b>0.05</b>
<b>Total cost as at 31 December 2019</b>							<b>10,000,000</b>						
<b>Total as at 30 June 2019</b>							<b>9,661,199</b>	<b>9,626,640</b>	<b>(34,559)</b>				
<b>Total cost as at 30 June 2019</b>							<b>9,650,000</b>						

7.2.1 This represents investment in sukuk certificates of Dawood Hercules 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 2021 in six semi-annual instalments of Rs 0.35 million each and the last two semi-annual instalments 2022 and November 2022 at Rs. 0.7 million each. These sukuk certificates are secured by way of first pari passu charge of the investee company's assets with 25% margin.

7.2.2 This represents investment in sukuk certificates of Dawood Hercules 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.

		December 31, 2019 (Unaudited)	June 30, 2019 (Audited)
	Note	(Rupees)	
<b>8. Markup Accrued</b>			
Profit receivable on:			
- Bank balances		427,376	366,386
- Debt securities		124,295	124,841
		<u>551,671</u>	<u>491,227</u>
<b>9. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>			
Security deposit to Central Depository Company of Pakistan Limited		100,000	100,000
Security deposit to National Clearing Company of Pakistan Limited		2,500,000	2,500,000
Prepayments		19,590	46,087
		<u>2,619,590</u>	<u>2,646,087</u>
<b>10. PAYABLE TO THE MANAGEMENT COMPANY</b>			
Remuneration payable to the Management Company	10.1	193,457	144,082
Sales tax payable on remuneration to the Management Company	10.2	192,010	185,589
Federal excise duty payable on remuneration to the Management Company	10.3	1,132,564	1,132,564
Sales load payable to the Management Company		4,369	4,369
		<u>1,522,400</u>	<u>1,466,604</u>

- 10.1 The Management Company is entitled to remuneration for services rendered to the Fund under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, of an amount not exceeding 2% per annum of the average annual net assets of the Fund. However, the Management Company is currently charging a fee at the rate of 10% of the gross earnings of the scheme for the period ended 31 December 2019. The fee is subject to a minimum of 1% and a maximum of 2% of the average annual net assets of the Fund. (30 June 2018: 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 31 December 2019 is 1.39% (30 June 2019 1.28%) of the average annual net assets. Remuneration is paid to the Management company in arrears on a monthly basis.
- 10.2 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (till 30 June 2019: 13%) on Management Company's remuneration. Above liability includes Rs. 166,859 (30 June 2018: Rs. 166,859) accrued on Federal Excise Duty (FED) on the management remuneration as more fully explained in note 10.3 below. Had the provision relating to FED not been made, Net Asset Value per unit of the Fund as at 31 December 2019 would have been higher by 0.10 (30 June 2019: 0.10 per unit. This amount is payable to management company for onward payment to the Government.
- 10.3 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.1.686 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. 0.66 (30 June 2019: Re. 0.68) per unit.
- 10.4 As per the clause 60(s) of the Non-Banking Finance Companies and Notified Entities Regulation, 2008 fees and expenses for registrar services, accounting, operation and valuation services relating to the Fund up to a maximum of 0.1% of the average annual net assets of the Fund or actual expenses, whichever is less, shall be charged to the Fund by the Management Company.

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

**11. REMUNERATION PAYABLE TO THE TRUSTEE**

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

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

This represents annual fee payable to SECP in accordance with the NBFC Regulations. 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 Regulation 2008, at the rate of 0.095% per annum of the average daily net assets of the fund.

**13. ACCRUED EXPENSES AND OTHER LIABILITIES**

		December 31, 2019 (Unaudited)	June 30, 2019 (Audited)
	Note	(Rupees)	
Provision for Sindh workers' welfare fund	11.1	548,225	158,219
Auditors' remuneration		131,509	180,479
Brokerage charges payable		94,728	27,660
Shariah advisor fee payable		63,449	15,639
Fee payable to National Clearing Company of Pakistan Limited		61,826	22,864
Charity payable		369,283	134,718
Fee payable to Central Depository Company Limited		6,585	14,721
Payable for Professional tax		30,273	-
Payable for Rating fee		49,432	-
Withholding tax payable		-	19,678
Other liabilities		20,000	20,000
		<u>1,375,310</u>	<u>593,978</u>



- 13.1 Provision for Sindh Workers' Welfare Fund is being made on a daily basis pursuant to MUFAP's recommendation to all its members on 12 January 2017 against the backdrop of the Sindh Revenue Board (SRB) letter to certain 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 31 December 2019 is Rs. 0.548 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. 0.32 (30 June 2019: Re. 0.09) per unit.

**14. 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 December 31, 2019 is 4.03% which includes 0.59% 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 capped up to 4.5% (December 31, 2019: 4%).

**15. 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.

**16. 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.

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

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

**17.1 Details of balances with related parties / connected persons at the period end**

<b>Lakson Investments Limited - Management Company of the Fund</b>	<b>Note</b>	<b>December 31, 2019 (Unaudited) (Rupees)</b>	<b>June 30, 2019 (Audited)</b>
Remuneration and other payables (including the Sindh sales tax and federal excise duty amounting to Rs. 1.3246 million (30 June 2019: Rs. 1.3182 million)*	15.4	<u>1,518,031</u>	<u>1,466,604</u>
Sales load payable		<u>4,369</u>	<u>4,369</u>
<b>Central Depository Company of Pakistan Limited - Trustee of the Fund</b>			
Remuneration payable (Including Sindh sales tax amounting to Rs. 11,214 (30 June 2019: 15,211))	15.4	<u>38,006</u>	<u>72,751</u>
Security deposit		<u>100,000</u>	<u>100,000</u>
Settlement charges payable		<u>6,585</u>	<u>4,212</u>

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

<b>17.2 Details of transactions with related parties / connected persons during the period</b>		<b>Half year ended December 31, 2019 2018 (Unaudited) (Rupees)</b>	
<b>Lakson Investments Limited - Management Company of the Fund</b>			
Remuneration for the period	15.4	<u>992,329</u>	<u>1,078,974</u>
Sindh sales tax on remuneration of Management Company *		<u>129,003</u>	<u>140,267</u>
<b>Central Depository Company of Pakistan Limited - Trustee of the Fund</b>			
Remuneration for the period	15.4	<u>160,887</u>	<u>398,752</u>
Settlement charges		<u>26,770</u>	<u>4,930</u>

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

	Half year ended December 31, 2019				Rupees			
	Number of Units as at July 01, 2019	Units issued during the period	Units redeemed during the period	Number of units as at December 31, 2019	Balance as at July 01, 2019	Units issued during the period	Units redeemed during the period	Balance as at December 31, 2019
<b>Lakson Investments Limited</b>	517,823	-	-	517,823	42,623,493	-	-	48,372,942
Directors, Chief Executive, their spouse and minors	99,573	-	-	99,573	8,196,139	-	-	9,301,711
<b>Associated companies / undertakings of the Management Company</b>								
Accuracy Surgicals Limited Employees Contributory Provident Fund Trust	19,842	-	-	19,842	1,633,267	-	-	1,853,578
Century Insurance Company Limited Employees Contributory Provident Fund Trust	16,003	1,139	-	17,142	1,317,214	90,000	-	1,601,319
Century Insurance Company Limited Employees Gratuity Fund	14,167	-	-	14,167	1,166,110	-	-	1,323,405
Century Paper & Board Mills Limited Employees Contributory Provident Fund Trust	200,100	10,886	-	210,987	16,470,823	860,000	-	19,709,532
Century Paper & Board Mills Limited Employees Gratuity Fund	162,443	12,026	-	174,468	13,371,127	950,000	-	16,298,146
Colgate Palmolive (Pakistan) Limited Employees Contributory Provident Fund Trust	209,949	-	-	209,949	17,281,468	-	-	19,612,557
Colgate Palmolive (Pakistan) Limited Employees Gratuity Fund	177,690	-	-	177,690	14,626,138	-	-	16,599,050
Cyber Internet Services (Private) Limited Employees Contributory Provident Fund Trust	77,142	5,760	-	82,901	6,349,760	-	-	7,744,323
GAM Corporation (Private) Limited Employees Contributory Provident Fund Trust	41,865	7,975	-	49,840	3,446,043	630,000	-	4,655,867
Hasanali Karabhai Foundation Employees Contributory Provident Fund Trust	6,536	-	-	6,536	538,019	-	-	610,592
Lakson Business Solutions Limited Employees Contributory Provident Fund Trust	5,349	-	-	5,349	440,291	-	-	499,682
Lakson Investments Limited Employees Contributory Provident Fund Trust	2,791	-	-	2,791	229,735	-	-	260,724
Merit Packaging Limited Employees Contributory Provident Fund Trust	32,358	-	-	32,358	2,663,474	-	-	3,022,748
Merit Packaging Limited Employees Gratuity Fund	13,240	443	-	13,683	1,089,850	35,000	-	1,278,247
Princeton Travelies Limited Employees Contributory Provident Fund Trust	2,104	-	-	2,104	173,211	-	-	196,575
SIZA Foods (Private) Limited Employees Contributory Provident Fund Trust	30,389	5,380	-	35,769	2,501,384	425,000	-	3,341,367
Sipa Services Pvt Limited Employees Contributory Provident Fund Trust	9,296	-	-	9,296	765,148	-	-	868,359
Sybird Private Limited Employees Contributory Provident Fund Trust	17,406	1,614	-	19,020	1,432,766	127,500	-	1,776,803

Above related parties / connected person held 99.33% of the units of the fund ( 30 June 2019: 99.53%).

	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 December 31, 2018	Balance as at July 01, 2018	Units issued during the period	Units redeemed during the period	Balance as at December 31, 2018
Lakson Investments Limited	517,823	-	-	517,823	42,623,503	-	-	48,372,942
Directors, Chief Executive, their spouse and minors	99,573	-	-	99,573	8,196,142	-	-	9,301,711
<b>Associated companies / undertakings of the Management Company</b>								
Lakson Business Solutions Limited Employees Contributory Provident Fund Trust	4,967	5,127	4,967	5,127	408,848	513,086	511,393	546,210
Lakson Investments Limited Employees Contributory Provident Fund Trust	2,791	-	-	2,791	283,478	-	-	254,144
GAMI Corporation (Private) Limited Employees Contributory Provident Fund Trust	43,966	-	-	43,966	3,618,977	-	-	4,107,137
SIZA Foods (Private) Limited Employees Contributory Provident Fund Trust	25,403	-	-	25,403	2,090,995	-	-	2,373,047
Colgate Palmolive (Pakistan) Limited Employees Contributory Provident Fund Trust	302,877	-	-	302,877	24,930,684	-	-	28,293,558
Colgate Palmolive (Pakistan) Limited Employees Gratuity Fund	168,373	-	-	168,373	13,859,270	-	-	15,728,732
Cyber Internet Services (Private) Limited Employees Contributory Provident Fund Trust	53,802	790	-	54,592	4,428,599	76,446	-	5,099,775
Accuray Surgicals Limited Employees Contributory Provident Fund Trust	48,851	-	-	48,851	4,021,067	-	-	4,563,465
Merit Packaging Limited Employees Contributory Provident Fund Trust	63,507	-	-	63,507	5,227,445	-	-	5,932,570
Merit Packaging Limited Employees Gratuity Fund	33,219	-	-	33,219	2,734,352	-	-	3,103,186
Century Paper & Board Mills Limited Employees Contributory Provident Fund Trust	138,342	21,406	-	159,748	11,387,331	2,071,155	-	14,923,036
Century Paper & Board Mills Limited Employees Gratuity Fund	218,637	-	-	218,637	17,996,646	-	-	20,424,194
Century Insurance Company Limited Employees Contributory Provident Fund Trust	-	13,807	-	13,807	-	1,335,887	-	1,289,785
Sybrid Private Limited Employees Contributory Provident Fund Trust	-	13,347	-	13,347	-	1,291,428	-	1,246,861

- 17.4 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.
- 17.5 Purchase and redemption of the Fund's unit by related parties / connected persons are recorded at the applicable net asset value per unit. Dividend income is recorded at the amounts these are declared by the investee company. Other transactions are at agreed rates.

**18. 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.

As at 31 December 2019 (Un-audited)							
On-balance sheet financial instruments	Carrying amount			Fair Value			
	Mandatory at fair value through profit or loss	Amortized cost	Other financial liabilities	Total	Level 1	Level 2	Total
----- (Rupees) -----							
<b>Financial assets measured at fair value</b>							
Listed equity securities	104,239,474	-	-	104,239,474	104,239,474	-	104,239,474
Sukuk certificates	8,623,690	-	-	8,623,690	-	8,623,690	8,623,690
	<b>112,863,164</b>	-	-	<b>112,863,164</b>	<b>104,239,474</b>	<b>8,623,690</b>	<b>112,863,164</b>
<b>Financial assets not measured at fair value</b>							
Bank balances - Held at amortized cost	-	46,594,379	-	46,594,379	-	-	-
Markup accrued	-	551,671	-	551,671	-	-	-
Security deposit	-	2,600,000	-	2,600,000	-	-	-
Dividend receivables	-	2,845	-	2,845	-	-	-
	-	<b>49,748,895</b>	-	<b>49,748,895</b>	-	-	-
<b>Financial liabilities not measured at fair value</b>							
Payable to the Management Company	-	-	197,826	197,826	-	-	-
Remuneration payable to the Trustee	-	-	38,006	38,006	-	-	-
Payable against purchase of investments	-	-	-	-	-	-	-
Accrued expenses and other liabilities	-	-	747,380	747,380	-	-	-
	-	-	<b>983,212</b>	<b>983,212</b>	-	-	-

		As at 30 June 2019 (Audited)						
		Carrying amount			Fair Value			
		Mandatory at fair value through profit or loss	Amortized cost	Other financial liabilities	Total	Level 1	Level 2	Total
		----- (Rupees) -----						
<b>On-balance sheet financial instruments</b>								
<b>Financial assets measured at fair value</b>								
		85,685,849	-	-	85,685,849	85,685,849	-	85,685,849
		9,626,640	-	-	9,626,640	-	9,626,640	9,626,640
		<u>95,312,489</u>	-	-	<u>95,312,489</u>	<u>85,685,849</u>	<u>9,626,640</u>	<u>95,312,489</u>
<b>Financial assets not measured at fair value</b>								
18.1	Bank balances - Held at amortized cost	-	40,838,183	-	40,838,183	-	-	-
	Markup accrued	-	491,227	-	491,227	-	-	-
	Dividend receivables	-	240,543	-	240,543	-	-	-
	Security deposit	-	2,600,000	-	2,600,000	-	-	-
	Receivable against sale of securities	-	-	-	-	-	-	-
		-	<u>44,169,953</u>	-	<u>44,169,953</u>	-	-	-
<b>Financial liabilities not measured at fair value</b>								
18.1	Payable to the Management Company	-	-	148,451	148,451	-	-	-
	Remuneration payable to the Trustee	-	-	72,754	72,754	-	-	-
	Accrued expenses and other liabilities	-	-	416,081	416,081	-	-	-
	Payable against purchase of investments	-	-	-	-	-	-	-
		-	-	<u>637,286</u>	<u>637,286</u>	-	-	-

18.1 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.

## 19. GENERAL

Figures have been rounded off to the nearest rupee.

## 20. 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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