

LAKSON MONEY MARKET FUND
Half Yearly Report (December 31, 2019)



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Fund's Information

Management Company	Lakson Investments Limited Head Office Lakson Square, Building No.2, Sarwar Shaheed Road, Karachi-74200, Pakistan. Phone: (9221) 3840.0000 Fax: (9221) 3568.1653 Web site: www.li.com.pk E-mail: info@li.com.pk
Board of Directors of the Management Company	Mr. Iqbal Ali Lakhani - Chairman Mr. Babar Ali Lakhani - Chief Executive Officer Mr. Jamil Ahmed Mughal Mr. Amin Mohammed Lakhani Mr. Jacques John Visser Ms. Roxanne Davies Ms. Gaithe 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. Gaithe Ali - Chairman Mr. Babar Ali Lakhani Mr. Iqbal Ali Lakhani
Trustee	Central Depository Company of Pakistan Limited CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi, Pakistan.
Auditors	KPMG Taseer Hadi & Co. Chartered Accountants Sheikh Sultan Trust Building No.2, Beaumont Road, Karachi - 75530, Pakistan



Bankers to the Fund

Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
National Bank of Pakistan
Sindh Bank Limited
United Bank Limited

Legal Adviser

Fazleghani Advocates
F-72/1, Block 8, KDA-5,
Kehkashan, Clifton,
Karachi, Pakistan.

Registrar

Lakson Investments Limited
Lakson Square Building No.2,
Sarwar Shaheed Road,
Karachi-74200, Pakistan

Distributors

Adam Securities
Amir Noorani
Elixir Securities (Pvt.) Limited
Ismail Iqbal Securities (No Fee Sharing)
BMA Capital Management Limited (No Fee Sharing)
Metro Capital Pvt. Limited
Pearl Securities Pvt. Limited
Rabia Fida
Topline Securities (Pvt.) Limited
Vector Capital (Pvt.) Limited
Pyramid Financial Consultants

Rating by PACRA

AA(f) : Fund Stability Rating
AM2+ : Asset Manager Rating

Review Report of the Directors of the Management Company for the half year ended December 31, 2019

The Board of Directors of Lakson Investments Limited, the Management Company of the Lakson Money Market Fund ("LMMF") is pleased to submit its review report together with Condensed Interim Financial Statements for the half year ended December 31, 2019.

Fund Objective

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

Principal activities

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

Development and Performance Review

The LMMF generated return of 13.37% in 1HFY20 compared to Benchmark (70% average 3M T-Bills yield + 30% average 3M TDR rate of minimum AA rated banks) return of 13.07%. The LMMF outperformed the benchmark by 30bps. Asset allocation was concentrated in cash at 92.9% which provided good spread over the prevailing T bill yields without compromising liquidity and credit quality. The weighted average maturity (WAM) of the LMMF portfolio stands at 06 days and fund size as of 31st Dec 2019 is PKR 13,038mn.

Earning per Unit (EPU)

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

Income Distribution

The Chief Executive Officer under the authority from Board of Directors of the Management Company during the period declared the interim payouts of PKR 6.2381 per unit (6.2381% of face value of PKR 100/-) amounting to PKR 551.461 million distribution in cash for the period ended December 31, 2019.

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.

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 1HFY20 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.

Acknowledgement

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 منی مارکیٹ فنڈ

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

میںجٹ کینی کے ڈائریکٹرز کی جائزہ رپورٹ

لیکسن انویسٹمنٹس لمیٹڈ کا بورڈ آف ڈائریکٹرز، لیکسن منی مارکیٹ فنڈ ("LMMF") کی میںجٹ کینی 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

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

نمایاں سرگرمیاں

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

پیش رفت اور کارکردگی کا جائزہ

LMMF نے پیچ مارک منافع (سہ ماہی TDR) کے اوسط منافع جات کا 70% کم از کم AA ریٹنگ ٹیکس کے اوسط سہ ماہی TDR منافع کا 30% (13.07% کے مقابلے میں مئی سال 2020 کے پہلے نصف میں 13.37% منافع کمایا۔ LMMF نے پیچ مارک کو 30 بنیادی پوائنٹس سے نیچے چھوڑ دیا۔ اثاثوں کی تنوع بخش کارکردگی کا 92.9% کے ساتھ کیش ہڈی پر رہا جس نے لیکویڈٹی اور کریڈٹ کو اٹلی پر کھجوتا کیے بغیر TDR کے موجودہ منافع جات کے مقابلے میں قیمت خرید اور قیمت فروخت کا عمدہ فرق (spread) فراہم کیا۔ LMMF پورٹ فولیو کی تخمینہ شدہ اوسط میچورٹی (WAM) 06 دن ہے اور فنڈ ساٹو بمطابق 31 دسمبر 2019 13,038 ملین روپے ہے۔

فی شیئر آمدنی (EPU)

فی شیئر آمدنی (EPU) ظاہر نہیں کی گئی ہے کیوں کہ ہم محسوس کرتے ہیں کہ EPU شمار کرنے کے لیے موزوں اوسط پوائنٹس کا تعین اوجہ انڈی فنڈز کے لیے قابل عمل نہیں ہے۔



آمدنی کی تقسیم
چیف ایگزیکٹو آفیسر نے منجنت کھپنی کے بورڈ آف ڈائریکٹرز کی طرف سے اختیار کے تحت 31 دسمبر 2019 کو ختم ہونے والے نصف سال کے لیے
ٹی یونٹ 6.2381 روپے منافع منقسمہ (100 روپے کی فیس ویلیو کا 6.2381%)، کی عبوری نقد ادائیگی کا اعلان کیا ہے جس کی مالیت
551.461 ملین روپے بنتی 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 لائٹوں 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 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، اشیائے
خور و نوش کی رسد میں خلل اور ریوٹیلٹی 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 جمائے میں مدد ملی (مالی سال 2019 کے دوسرے نصف میں 13% گراؤٹ کے بعد جولائی دسمبر
2019 میں 3% فیصد اضافہ)۔

اس سے بیرونی منڈی پر معنی 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 اثراج 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 کمی 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 نموکے
لئے مثبت نتائج کا سبب بنا جس میں مالی سال 2020 کے پہلے نصف میں سال بہ سال بنیاد پر 4% تک کمی ہو چکی ہے۔



فلسفہ 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، سشش 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 (Yields 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۔

مستقبل کی توقعات

افراط زر بدستور ایک چیلنج بنا رہے گا: پاکستان 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 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 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 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 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 دو سال کم ترقیاتی بجٹ سے نمٹنا ہوگا جس سے انفراسٹرکچر پر اخراجات میں مارکیٹ کی توقعات کے مقابلے میں سست روی آ سکتی ہے۔

برآمدات توقعات سے کم نمونہ ہم کر سکیں گی: پاکستان 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 نمونہ 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 برآمدات میں آخری حد تک کمی ہو چکی ہے۔ حکومت کو چاہئے کہ وہ نمونہ 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۔
افراط زر اور پالیسی ریٹس اپنی بلند ترین سطح چھو چکے ہیں۔ لہذا، ہماری رائے میں طویل مدتی تمسکات کی آمدنی اپنی بہت ترین سطح تک پہنچ چکی ہے، تاہم قلیل مدتی شرح میں کمی آئی ہے لیکن وہ ہجرت کی طرف مائل رہی ہے اس طرح ہم دیکھتے ہیں کہ جولائی 2020 سے T بلز کی آمدنی کم ہو سکتی ہے۔

اظہار تشکر

یہ بورڈ اپنے قابل۔ قدر انویسٹمنٹ، سیکورٹیز، اینڈ ایکٹیوٹیٹیز کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان، فنڈ کے ٹرسٹی، سینیٹرل ڈپازٹری کمیٹی آف پاکستان لمیٹڈ اور پاکستان اسٹاک ایکسچینج لمیٹڈ کا، ان کے مسلسل تعاون اور مدد پر شکریہ ادا ہے۔ منجٹ کمیٹی کے ڈائریکٹرز فنڈ کی ترقی اور دانش مند انتظام و انصرام کے لیے منجٹ کمیٹی کی ٹیم کی محنت اور کاوشوں کا بھی اعتراف کرتے ہیں۔

برائے و مخائب 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 MONEY MARKET 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 Money Market Fund (the Fund) are of the opinion that Lakson Investments Limited being the Management Company of the Fund has in all material respects managed the Fund during the 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 Money Market Fund

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of Lakson Money Market 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 statement cash flow and notes to the accounts 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 three months period ended 31 December 2019 in the condensed interim financial information 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

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)	June 30, 2019 (Audited)
ASSETS		----- (Rupees) -----	
Bank balances	6	12,284,047,857	8,615,306,057
Investments	7	775,800,688	-
Mark-up receivable	8	59,133,926	64,023,028
Advance tax		5,674,358	9,793,403
Prepayments		256,542	133,569
TOTAL ASSETS		13,124,913,371	8,689,256,057
LIABILITIES			
Payable to the Management Company	9	41,856,393	44,364,429
Remuneration payable to the Trustee	10	796,669	734,675
Annual fee payable to the Securities and Exchange Commission of Pakistan	11	1,024,727	6,710,153
Accrued expenses and other liabilities	12	43,220,844	29,279,235
TOTAL LIABILITIES		86,898,633	81,088,492
NET ASSETS		13,038,014,738	8,608,167,565
UNIT HOLDERS' FUND (as per statement of movement in unit holders' fund)		13,038,014,738	8,608,167,565
CONTINGENCIES AND COMMITMENTS	13		
(Number of units)			
Number of units in issue		129,503,082	85,632,524
(Rupees)			
Net assets value per unit		100.6773	100.5246

The annexed notes from 1 to 20 form an integral part of this 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**

		Half year ended December 31,		Quarter ended December 31,	
		2019	2018	2019	2018
INCOME	Note	----- (Rupees) -----			
Mark-up income		709,244,635	284,415,146	423,042,853	179,315,810
Capital (loss) / gain on sale of investments - net		(5,382,790)	(5,565,961)	(4,171,341)	(3,111,374)
Unrealised (diminution) on re-measurement of investments classified as financial asset at 'fair value through profit or loss' - net	7.1 & 7.2	-	-	-	-
		703,861,845	278,849,185	418,871,512	176,204,436
EXPENSES					
Remuneration to the Management Company	9.1	33,540,291	24,831,645	15,166,878	14,415,424
Sindh Sales tax on remuneration to the Management Company	9.2 & 9.3	4,360,238	3,228,114	1,971,694	1,874,005
Remuneration to the Trustee	10	3,763,308	3,178,440	2,228,014	1,767,689
Annual fee to Securities and Exchange Commission of Pakistan	11	1,024,726	2,449,800	606,675	1,390,389
Brokerage, Settlement and Bank Charges		491,086	414,048	387,404	359,009
SECP Supervisory Fee		1,256	1,260	628	630
Auditors' remuneration		178,494	195,832	89,243	78,760
Fees and subscription		358,972	342,779	176,459	208,097
Printing charges		-	20,340	-	12,779
		43,718,371	34,662,258	20,626,995	20,106,782
Net income from operating activities		660,143,474	244,186,927	398,244,517	156,097,654
Sindh Workers' Welfare Fund	12.1	(13,202,869)	(4,883,739)	(7,964,890)	(3,121,954)
Net income for the period before taxation		646,940,605	239,303,188	390,279,627	152,975,700
Taxation	14	-	-	-	-
Net income for the period after taxation		646,940,605	239,303,188	390,279,627	152,975,700
Allocation of net income for the period					
Net income for the period after taxation		646,940,605	239,303,188	390,279,627	152,975,700
Less: Income already paid on units redeemed		(76,528,276)	(35,365,234)	(45,079,143)	(25,010,171)
		570,412,329	203,937,954	345,200,484	127,965,529
Accounting income available for distribution					
Relating to capital gains		-	-	-	-
Excluding capital gains		570,412,329	203,937,954	345,200,484	127,965,529
Accounting income available for distribution		570,412,329	203,937,954	345,200,484	127,965,529

The annexed notes from 1 to 20 form an integral part of this 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 for the period after taxation	646,940,605	239,303,188	390,279,627	152,975,700
Other comprehensive income				
Total comprehensive income for the period	<u>646,940,605</u>	<u>239,303,188</u>	<u>390,279,627</u>	<u>152,975,700</u>

The annexed notes from 1 to 20 form an integral part of this condensed interim financial information.

For Lakson Investments Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

Condensed Interim Statement of Movement in 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)		(Rupees)
Net assets at beginning of the period	8,581,794,762	26,372,803	8,606,167,565	5,553,837,584
Issuance of 178,140,743 units (2018: 91,767,666 units)				
Capital value (at net asset value per unit at the beginning of the period)	18,086,667,628	-	18,086,667,628	9,216,217,184
Element of income	103,237,708	-	103,237,708	-
	18,189,905,336	-	18,189,905,336	9,447,540,675
Redemption of 134,270,185 units (2018: 31,422,534)				
Capital value (at net asset value per unit at the beginning of the period)	(13,676,495,473)	-	(13,676,495,473)	(3,155,761,971)
Element of income	(2,560,466)	-	(79,088,742)	(35,365,234)
	(13,679,055,939)	-	(13,755,584,215)	(3,209,465,274)
Total comprehensive income for the period	646,940,605	646,940,605	646,940,605	239,303,188
Distribution during the period:				
Net (loss) / income for the period less distribution	(99,953,171)	(551,461,382)	(651,414,553)	(201,673,210)
Net assets as at end of the period	17,992,690,987	45,323,750	13,085,014,738	222,206,266
Undistributed income brought forward		26,372,803		219,941,522
Realized income		26,372,803		219,941,522
Unrealized income		-		-
Accounting income available for distribution	570,412,329	570,412,329	203,937,954	203,937,954
Relating to capital gains		-		-
Excluding capital gains		570,412,329		203,937,954
Distribution during the period:				
Undistributed income carried forward		(551,461,382)		(201,673,210)
Realized income		45,323,750		222,206,266
Unrealized income		-		-
Undistributed income carried forward comprises of:				
Realized income at end of the period		45,323,750		222,206,266
Unrealized income at end of the period		-		-
		45,323,750		222,206,266
		-----		-----
		(Rupees)		(Rupees)
Net assets value per unit at beginning of the period		100.5246		105.6246
Net assets value per unit at end of the period		100.6773		104.0551

The annexed notes from 1 to 17 form an integral part of this 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 period ended	
	December 31,	
	2019	2018
	(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	646,940,605	239,303,188
(Increase) / decrease in assets		
Investments - net	(775,800,689)	(1,325,000,000)
Markup receivable	4,889,102	16,048,144
Advance tax	4,119,045	-
Prepayments	(122,973)	(198,699)
	(766,915,515)	(1,309,150,555)
Increase / (decrease) in liabilities		
Payable to the Management Company	(2,508,036)	4,068,032
Remuneration payable to the Trustee	61,994	341,300
Annual fee payable to the Securities and Exchange Commission of Pakistan	(5,685,426)	(2,267,714)
Accrued expenses and other liabilities	13,941,609	4,005,147
	5,810,141	6,146,765
Net cash used in operating activities	(114,164,769)	(1,063,700,602)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from issue of units	18,089,952,165	9,365,254,948
Cash paid on redemption of units	(13,755,584,215)	(3,209,465,274)
Dividend paid	(551,461,382)	(201,673,210)
Net cash generated from financing activities	3,782,906,568	5,954,116,464
Net increase in cash and cash equivalents during the period	3,668,741,799	4,890,415,862
Cash and cash equivalents at beginning of the period	8,615,306,057	5,121,706,902
Cash and cash equivalents at end of the period	12,284,047,856	10,012,122,764

The annexed notes from 1 to 20 form an integral part of this 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

Lakson Money Market Fund (the "Fund") was established under the Trust Deed executed on September 2, 2009 between the Lakson Investments Limited as its Management Company and the Central Depository Company of Pakistan Limited (CDC) as its Trustee. The Fund has been registered as a Notified Entity on September 18, 2009 by the Securities and Exchange Commission of Pakistan (SECP) in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations). The Management Company of the Fund has been licensed by SECP to undertake Asset Management and Investment Advisory Services as a Non-Banking Finance Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The registered office of the Management Company is located at 14 - Ali Block, New Garden Town, Lahore.

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

The Fund is categorised as "Money Market Scheme" as per the Circular 07 of 2009 issued by Securities and Exchange Commission of Pakistan (SECP) and Fund primarily invests in Government Securities, Certificates of Investment, Certificates of Deposits, Term Deposit Receipts, Commercial Papers, Reverse Repo, etc. subject to the guidelines issued by SECP from time to time.

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

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1 This condensed interim financial information has 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 Standards Board (IASB) as notified under the Companies Act, 2017, the requirements of the Trust Deed, the NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the 'NBFC Regulations'), provisions of and directives issued under the Companies Act, 2017 and the directives issued by the SECP.

Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations, provisions of and directives issued under the Companies Act, 2017 and the directives issued by the SECP differ with the requirements of the IAS 34, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations, provisions of and directives issued under the Companies Act, 2017 and the directives issued by the SECP have been followed.

2.1.2 The comparative statement of asset and liabilities presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Fund for the year ended June 30, 2019, whereas the comparative condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of movement in unit holders' fund are extracted from the unaudited condensed interim financial information for the half year ended December 31, 2019.



2.1.3 This condensed interim financial information is unaudited and has been reviewed by the auditors. Further, the figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarter ended December 31, 2019 have not been reviewed.

2.1.4 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2019.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

4. SIGNIFICANT JUDGEMENTS AND ESTIMATES

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

6. BANK BALANCES	Note	December 31, 2019 (Unaudited)	June 30, 2019 (Audited)
		(Rupees)	
Local currency			
In profit and loss sharing accounts	6.1	12,284,040,417	8,615,298,617
In current accounts		7,440	7,440
		<u>12,284,047,857</u>	<u>8,615,306,057</u>

6.1 These represents profit and loss accounts maintained with banks carrying profit rates ranging from 11.25% to 14.85% (June 30, 2018: 10.50% to 13.20%) per annum.



7. INVESTMENTS	Note	December 31, 2019 (Unaudited)	June 30, 2019 (Audited)
		(Rupees)	
Financial assets classified as at fair value through profit or loss			
Government securities			
Market Treasury Bills	7.1	-	-
Financial assets classified as at amortized cost			
Commercial Paper	7.2	775,800,688	-
		775,800,688	-

7.1 Market Treasury Bills

Note	Number of treasury bills				Balance as at December 31, 2019			Market value as percentage of net assets of the Fund	Market value as percentage of total investment
	Number of holdings at the beginning of the period	Acquired during the period	Disposed / matured during the period	Number of holdings at end of the period	Carrying value	Market value	Unrealized appreciation		
Government Securities									
3 Months Market Treasury Bills (face value of Rs. 100,000 each)	-	472,370	472,370	-	-	-	-	-	-
December 31, 2019					-	-	-	-	-
June 30, 2019					-	-	-	-	-

7.2 Commercial Papers

Note	Number of Commercial Papers				Balance as at December 31, 2019			Market value as percentage of net assets of the Fund	Market value as percentage of total investment
	Number of holdings at the beginning of the period	Acquired during the period	Disposed / matured during the period	Number of holdings at end of the period	Carrying value	Market value	Unrealized appreciation		
K-Electric 6 Month CP-3 Issue date 19-09-2019	7.2.1	8,000,000	-	8,000,000	775,800,688	775,800,688	-	5.95	100.00
December 31, 2019					775,800,688	775,800,688	-	5.95	100.00
June 30, 2019					-	-	-	-	-

7.2.1 This represent investment in Commercial Paper of K-Electric (6-Months) having coupon rate of 15.23% and will be matured after 6-months in full .i.e. March 20, 2020. The paper is unsecured.

8. MARKUP RECEIVABLE	Note	December 31, 2019 (Unaudited)	June 30, 2019 (Audited)
		(Rupees)	
Considered good			
Profit receivable on:			
Profit and loss sharing accounts		59,133,926	64,023,028
		<u>59,133,926</u>	<u>64,023,028</u>
9. PAYABLE TO THE MANAGEMENT COMPANY			
Remuneration payable to Management Company	9.1	5,429,498	7,648,998
Sindh Sales tax payable on remuneration to the Management Company	9.2	5,448,985	5,737,521
Federal excise duty payable on remuneration to the Management Company	9.3	30,977,910	30,977,910
		<u>41,856,393</u>	<u>44,364,429</u>



- 9.1 The Management Company is entitled to remuneration for services rendered to the Fund under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, of an amount not exceeding one percent per annum of the average daily net assets of the Fund. Currently the Management Company is charging its remuneration at the rate of 0.5% of the net assets of the Fund, calculated on a daily basis (30 June 2019: 0.83%). Currently the effective rate of Management Company remuneration for the half year ended December 2019 is 0.65% of the average annual net assets. Remuneration is paid to the Management company in arrears on a monthly basis.
- 9.2 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (June 30, 2019: 13%) on Management Company's remuneration. Above liability includes Rs. 4,743,150 (June 30, 2019: Rs. 4,743,150) accrued on Federal Excise Duty (FED) on the management remuneration as more fully explained in note 8.3 below. Had the provision relating to FED not been made, Net Asset Value per unit of the Fund as at December 31, 2019 would have been higher by Re. 0.0366 (June 30, 2019: Re. 0.0554) per unit.
- 9.3 As per the requirements of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Management Company has been applied effective from June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan with the High Court of Sindh (SHC) on September 4, 2013.

While disposing the above petition through order dated July 16, 2016, the SHC declared the said provisions to be ultra vires and as a result no FED is payable with effect from July 1, 2016. However, the tax authorities subsequently filed appeal against the decision of the SHC in the Supreme Court of Pakistan, which is pending for the decision.

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

However, since the appeal is pending in the Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from June 13, 2013 to June 30, 2016 aggregating to Rs. 30.978 million. Had the provision not been made, NAV per unit of the Fund as at December 31, 2019 would have been higher by Re. 0.24 (June 30, 2019: Re. 0.36) per unit.

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

10 REMUNERATION PAYABLE TO THE TRUSTEE

The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provision of Trust Deed. Effective from 01 July 2019 the Trustee has revised the trustee fee which is 0.065% per annum of the net assets.

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

Net assets ranging from Rs. 1 million to Rs. 1 billion
0.15% per annum of the daily average net assets of the Fund.

Net assets ranging between Rs. 1 billion to Rs. 10 billion
Rs. 1.5 million plus 0.075% per annum of the daily average net assets of the Fund exceeding Rs. 1 billion.

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



11 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 0.075% per annum of the average daily net assets of the fund.

		December 31, 2019 (Unaudited)	June 30, 2019 (Audited)
	Note	(Rupees)	
12. ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration		181,227	207,933
Sindh Workers' Welfare Fund payable	12.1	41,422,915	28,220,046
Brokerage payable		312,179	199,223
Rating fee payable		-	-
Withholding tax payable		1,027,641	652,033
Others		276,882	-
		<u>43,220,844</u>	<u>29,279,235</u>

12.1 Sindh Workers' Welfare Fund payable

Provision for Sindh Workers' Welfare Fund is being made on a daily basis going forward pursuant to MUFAP's recommendation to all its members on January 12, 2017 against the backdrop of the Sindh Revenue Board (SRB) letter to mutual funds in January 2016 whereby SRB directed the mutual funds to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after December 31, 2013. This is on the premise that mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001 hence WWF is payable by them. Though MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs /mutual funds excluded from the applicability of SWWF, but as a matter of abundant caution management has recorded SWWF with effect from the date of the applicability of the SWWF Act, 2014 (i.e. with effect from July 1, 2014).

Provision for SWWF as of December 31, 2019 amounted to Rs. 41.422 million. Had the recognition in previous years not been made, the net assets value per unit of the Fund would be higher by Re. 0.32 (June 30, 2019: Re. 0.33).

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

13. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at December 31, 2019 and June 30, 2019.

14. TAXATION

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



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

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

The Management Company had filed an appeal before Commissioner Appeals (Inland Revenue) against the order which was decided in favor of the Company whereby super tax demand was been deleted. The department had filed an appeal against the decision at the Appellate Tribunal which is pending adjudication and no provision has been made for super tax in the condensed interim financial information for the period ended December 31, 2019.

The Fund has also received an order for Tax Year 2016 whereby demand amounting to Rs. 24 million has been created mainly on account that the Fund has made less than 90% distribution out of its distributable profit due to misinterpretation of the facts of the case. The Fund has filed an appeal against the said order to CIT (Appeals) and considers that the case will be decided in Fund's favor. Hence, no provision has been in the condensed interim financial information for the period ended December 31, 2019.

Subsequent to period end December 31, 2019, the Fund has received show-cause notice under section 4B of the Income Tax Ordinance, 2001 for recovery of super tax not paid with return of income in respect of the stated Fund for the Tax year 2019. The Deputy Commissioner considered that the Fund has failed to pay super tax on the profit of debt income earned during the tax year 2019, as the total profit of debt income of the Fund was Rs.916 million and raised a demand of Rs.18.321 million in this respect.

The Management Company of the Fund intends to file an appeal in due course of time and no provision has been made for super tax in the condensed interim financial information for the period ended December 31, 2019 for the reason that the same issue had been raised in earlier tax year 2015 and the same had been decided in funds favour by the CIT appeals and Appellate Tribunal.

15. DISTRIBUTIONS DURING THE PERIOD

	December 31, 2019 (Unaudited)	June 30, 2019 (Audited)
Interim Distributions	Note	(Rupees)
Rs. 0.9015 per unit declared on July 26, 2019		
- Cash Distribution	72,291,089	-
- Refund of Capital	9,049,800	-
Rs. 1.0987 per unit declared on Aug 30, 2019		
- Cash Distribution	72,459,436	-
- Refund of Capital	17,161,693	-
Rs. 1.0059 per unit declared on Sep 27, 2019		
- Cash Distribution	70,257,789	-
- Refund of Capital	20,597,372	-
Rs. 1.2753 per unit declared on Nov 01, 2019		
- Cash Distribution	117,995,094	-
- Refund of Capital	20,536,614	-

	December 31, 2019 (Unaudited)	June 30, 2019 (Audited)
	(Rupees)	
Rs. 0.9181 per unit declared on Nov 29, 2019		
- Cash Distribution	99,327,788	-
- Refund of Capital	16,102,096	-
Rs. 1.0387 per unit declared on Dec 27, 2019		
- Cash Distribution	119,130,186	-
- Refund of Capital	16,505,596	-
Final Distributions		
2018: Rs. 5.1947 per unit declared on July 03, 2018		
- Cash Distribution	-	201,673,210
- Refund of Capital	-	82,285,727
	651,414,553	283,958,937

16. TRANSACTIONS AND BALANCES WITH RELATED PARTIES / CONNECTED PERSONS

Related parties / connected persons include Lakson Investments Limited being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the Trustee of the fund, SIZA Services (Private) Limited being the holding company of the Management Company, associated companies of the Management Company, key management personnel, other funds being managed by the Management Company, staff retirement benefits of related parties and other entities having holding more than 10% in the units of the Funds as at December 31, 2019. It also includes staff retirement funds of the above related parties / connected persons.

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

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

	December 31, 2019 (Unaudited)	June 30, 2019 (Audited)
	(Rupees)	
16.1 Details of balances with related parties / connected persons at the period end		
Lakson Investments Limited - Management Company of the Fund		
Remuneration payable	5,429,498	7,648,998
Sindh Sales Tax and Federal Excise Duty on remuneration to Management Company	36,426,895	36,715,431
Central Depository Company of Pakistan Limited - Trustee of the Fund		
Remuneration payable	796,669	734,675

16.2 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	Refund / Adjustment of units as element of income	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
Lakson Investments Limited - Management Company	2,506,825	14,771,451	144,360	15,096,219	2,326,416	251,997,558	1,499,437,552	1,532,420,511	234,217,322
Directors, Chief Executive and their spouse and minors	7,205,047	17,858,265	70,854	8,448,467	16,689,698	724,686,518	1,802,457,447	851,734,789	1,680,273,779
Key management personnel, employees and connected persons of the Management Company	29,148	30,114	144	15,276	44,130	2,930,091	3,041,716	1,545,000	4,442,935
Holding company / associated companies / undertakings of the Management Company									
SIZA Services (Private) Limited	3,149,897	19,487,513	179,677	18,065,799	4,751,288	316,642,139	1,977,601,744	1,834,567,963	478,346,864
(Holding Company of the Management Company)	2,849,970	15,758,964	145,131	15,758,029	2,996,035	286,492,064	1,599,100,284	1,599,387,127	301,632,765
SIZA (Private) Limited	566,308	44,252	12	524,774	85,797	56,927,847	4,449,600	53,000,000	8,637,807
Hasanali & Gulbanoo Lakhani Foundation	142,337	3,531,489	25,629	3,517,287	182,168	14,308,360	357,937,727	356,574,395	18,340,194
Premier Fashions (Private) Limited	3,864	199	-	248	3,816	388,427	20,037	25,000	384,156
Lakson Power Limited	24,523,303	3,132,913	20,196	4,948,340	22,728,073	2,465,195,264	316,867,758	500,000,000	2,288,201,062
Colgate Palmolive (Pakistan) Limited	2,703,722	4,510,062	32,063	3,511,370	3,734,477	271,790,541	456,612,472	356,073,482	375,977,037
SIZA Commodities (Private) Limited	1,746	105	-	-	1,852	175,550	10,583	-	186,406
Baluchistan Polyproducts (Private) Limited	172,324	39,447	272	-	212,042	17,322,771	3,992,833	-	21,347,863
Accury Surgical Limited	118,116	4,722	-	99,088	23,751	11,873,609	474,695	10,000,000	2,391,182
Express Publications Private Limited	202,010	8,069	-	99,368	110,711	20,306,974	811,135	10,000,000	11,146,061
Book ME Tickets Private Limited	-	69,379	484	-	69,862	-	7,023,206	-	7,033,567
Century Insurance Co. Ltd., GF	-	-	-	-	-	-	-	-	-
Century Insurance Company Limited	-	48,565	339	-	48,904	-	4,916,244	-	4,923,497
Employees Contributory Provident Fund Trust	-	147,678	1,029	-	148,707	-	14,949,396	-	14,971,449
Colgate Palmolive Pakistan Limited ECPFT	-	137,767	960	-	138,727	-	13,946,081	-	13,966,654
Colgate Palmolive Pakistan Limited EGF	-	-	-	-	-	-	-	-	-
Gam Corporation Private Limited	-	28,247	197	-	28,444	-	2,859,448	-	2,863,666
Employees Contributory Provident Fund	-	-	-	-	-	-	-	-	-
Merit Packaging Limited	-	108,033	753	-	108,786	-	10,936,135	-	10,952,268
Employees Contributory Provident Fund Trust	-	48,565	339	-	48,904	-	4,916,244	-	4,923,497
Merit Packaging Limited Employees Gratuity Fund	-	-	-	-	-	-	-	-	-
Trustee / Custodian	-	2,463,089	24,530	-	2,487,619	-	250,077,858	-	250,446,772
Central Depository Company of Pakistan Limited	17,495,041	31,759,013	169,204	17,622,800	31,804,458	1,759,084,130	3,210,193,475	1,774,066,806	3,201,986,996
Connected person due to holding more than 10% units	-	-	-	-	-	-	-	-	-
Fauji Fertilizer Company Limited	-	-	-	-	-	-	-	-	-

Above related parties / connected person hold 66.172% of the units of the fund (30 June 2018: 72.03%)

	Half year ended December 31, 2018					Rupees				
	Number of Units		Refund / Adjustment of units as element of income	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
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	Units issued during the period		Units redeemed during the period	Balance as at July 01, 2018		
Lakson Investments Limited - Management Company	2,036,870	605	104,645	-	2,142,120	215,143,562	60,762	-	222,888,494	
Directors, Chief Executive and their spouse and minors	8,747,550	386,227	-	2,417,535	6,716,241	923,956,470	38,793,353	245,000,000	698,859,171	
Key management personnel, employees and connected persons of the Management Company	37,289	22,692	-	12,357	47,623	3,938,608	2,334,335	1,261,508	4,955,451	
Holding company / associated companies / undertakings of the Management Company										
SIZA Services (Private) Limited	294,139	3,526,595	8,041	2,038,864	1,789,910	31,068,279	362,612,304	209,515,010	186,249,305	
(Holding Company of the Management Company)	963,577	5,761,067	33,010	4,827,726	1,929,928	101,777,414	591,436,712	495,388,528	200,818,832	
SIZA (Private) Limited	487,907	25,526	6,187	-	519,620	51,534,982	2,564,177	-	54,069,111	
Hasanali & Gulbanoo Lakhani Foundation	1,748,182	1,401,964	55,779	3,180,438	25,487	184,650,981	142,957,480	326,000,000	2,652,028	
Premier Fashions (Private) Limited	3,745	-	-	-	3,745	395,564	-	-	389,686	
Lakson Power Limited	-	22,765,361	-	1,029,984	22,765,361	2,350,000,000	-	-	2,368,851,956	
Colgate Palmolive Pakistan Limited	2,079,234	782,629	67,372	4,872	1,899,251	219,618,264	79,429,575	104,600,000	197,626,707	
SIZA Commodities (Private) Limited	14,279	66	661	1,029,984	10,134	1,508,183	6,615	500,000	1,054,490	
Baluchistan Polyproducts (Private) Limited	106,682	50,786	2,978	4,872	160,446	11,268,244	5,216,841	-	16,695,194	
Accuray Surgical Limited	-	438,236	-	-	438,236	44,995,000	-	-	45,600,719	
Express Publications Private Limited	9,886,216	366,438	92,575	-	10,345,229	1,044,227,660	36,801,290	-	1,076,473,887	
Bashir Dawood**	4,886,438	-	-	-	4,886,438	516,128,059	-	-	508,458,795	
Mililat Tractors Limited**	-	11,804,230	-	-	11,804,230	1,220,127,700	-	-	1,228,290,345	
Gul Ahmed Energy Limited*	-	19,610,987	-	-	19,610,987	2,025,000,000	-	-	2,040,623,260	
Fauji Fertilizer Company Limited*	-	141,895	200,597	-	7,448,042	750,520,837	14,250,483	-	775,006,716	
Mobilink Microfinance Bank Limited**	7,105,550	-	-	-	-	-	-	-	-	

16.3 Other transactions during the period

	Half year ended December 31,	
	2019	2018
	(Unaudited) (Rupees)	
Lakson Investments Limited - Management Company of the Fund		
Remuneration to the Management Company	33,540,291	24,831,645
Sindh sales tax on remuneration of Management Company	4,360,238	3,228,114
Dividend paid	843,577	60,762
Central Depository Company of Pakistan Limited - Trustee of the Fund		
Remuneration for the period	3,763,308	3,178,440
	91,598	
Directors, Chief Executive and their spouse and minors		
Dividend Paid	93,837,224	-
Key management personnel, employees and connected persons of the Management Company		
Dividend Paid	254,652	-
SIZA Services (Private) Limited		
Dividend Paid	8,402,195	
SIZA (Private) Limited		
Dividend Paid	3,900,148	
Hasanali & Gulbanoo Lakhani Foundation		
Dividend Paid	1,417,176	
Premier Fashions (Private) Limited		
Dividend Paid	608,722	
Lakson Power Limited		
Dividend Paid	23,573	
Colgate Palmolive (Pakistan) Limited		
Dividend Paid	137,609,127	
SIZA Commodities (Private) Limited		
Dividend Paid	17,104,694	
Baluchistan Polyproducts (Private) Limited		
Dividend Paid	11,174	
Accuray Surgical Limited		
Dividend Paid	1,168,039	
Express Publications Private Limited		
Dividend Paid	558,465	
Book ME Tickets Private Limited		
Dividend Paid	954,276	

	Half year ended December 31,	
	2019	2018
	(Unaudited)	
	(Rupees)	
Century Insurance Co. Ltd., GF		
Dividend Paid	23,206	
Fauji Fertilizer Company Limited		
Sale of T-Bills	80,761,865	
Century Insurance Company Limited - ECPFT		
Sale of T-Bills	399,606	-
Dividend Paid	16,244	
Colgate Palmolive (Pakistan) Limited - ECPFT		
Sale of T-Bills	9,990,150	-
Dividend Paid	49,396	
Colgate Palmolive (Pakistan) Limited - EGF		
Sale of T-Bills	6,893,204	-
Dividend Paid	46,081	
GAM Corp. (Pvt.) Limited - ECPFT		
Sale of T-Bills	65,835,089	-
Dividend Paid	9,448	
Merit Packaging Limited - ECPFT		
Sale of T-Bills	999,015	-
Dividend Paid	36,135	
Merit Packaging Limited - EGF		
Sale of T-Bills	399,606	-
Dividend Paid	16,244	
Lakson Investments Limited - ECPFT		
Sale of T-Bills	24,475,868	-
Saad Iqbal		
Sale of T-Bills	9,190,938	-
Amin Mohammed Lakhani		
Sale of T-Bills	19,980,300	-
Azhar Mohamed		
Sale of T-Bills	6,493,598	-
Abrar Hasan		
Sale of T-Bills	499,508	-
Abdus Samad Parekh		
Sale of T-Bills	599,409	-
Muhammad Ashraf		
Sale of T-Bills	1,998,030	-

	Half year ended December 31,	
	2019	2018
	(Unaudited) (Rupees)	
Century Insurance Company Limited		
Sale of T-Bills	<u>7,292,810</u>	<u>-</u>
Crescent Steel And Allied Products Limited - Pension Worker's Participation Fund		
Sale of T-Bills	<u>10,489,658</u>	<u>-</u>
Crescent Steel And Allied Products Limited - Staff Provident Fund		
Sale of T-Bills	<u>8,591,529</u>	<u>-</u>
Crescent Steel And Allied Products Limited - Steel Division Worker's Participation Fund		
Sale of T-Bills	<u>94,906,425</u>	<u>-</u>

17. TOTAL EXPENSE RATIO

As per the SECP circular vide direction no. 23 dated July 20, 2016 and as referred in Regulations 60 (5) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the "Regulations"), Total Expense Ratio (TER) calculated inclusive of Sindh Sales Tax and SECP fee is 1.11% as of December 31, 2019 (December 31, 2018: 1.21%) and this includes 0.37% (December 31, 2018: 0.34%) representing Sindh Sales tax and SECP fee.

18. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

International Financial Reporting Standard (IFRS) 13, "Fair Value Measurement" requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (level 2); and



December 31, 2019 (Audited)						
On-balance sheet financial instruments	Carrying amount			Fair Value		
	Mandatory at Fair Value through profit or loss	Amortized cost	Other Financial Liabilities	Level 1	Level 2	Total
----- (Rupees) -----						
Financial assets not measured at fair value						
Bank balances	-	12,284,047,857	12,284,047,857	-	-	-
Mark-up receivable	-	59,133,926	59,133,926	-	-	-
Investments	-	775,800,688	775,800,688	-	-	-
18.1	-	13,118,982,471	13,118,982,471	-	-	-
Financial liabilities not measured at fair value						
Payable to the Management Company	-	41,856,393	41,856,393	-	-	-
Payable to the Trustee	-	796,669	796,669	-	-	-
Accrued expenses and other liabilities	-	770,288	770,288	-	-	-
	-	43,423,350	43,423,350	-	-	-
----- (Rupees) -----						
----- (Rupees) -----						
December 31, 2019 (Audited)						
On-balance sheet financial instruments	Carrying amount			Fair Value		
	Mandatory at Fair Value through profit or loss	Amortized cost	Other Financial Liabilities	Level 1	Level 2	Total
----- (Rupees) -----						
Financial assets not measured at fair value						
Bank balances	-	8,615,306,057	8,615,306,057	-	-	-
Mark-up receivable	-	64,023,028	64,023,028	-	-	-
Investments	-	770,288	770,288	-	-	-
18.1	-	8,679,329,085	8,679,329,085	-	-	-
Financial liabilities not measured at fair value						
Payable to the Management Company	-	44,364,429	44,364,429	-	-	-
Payable to the Trustee	-	734,675	734,675	-	-	-
Accrued expenses and other liabilities	-	407,156	407,156	-	-	-
	-	45,506,260	45,506,260	-	-	-

18.1 Valuation techniques

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 fair value.

19. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on February 20, 2020 by the Board of Directors of the Management Company.

20. GENERAL

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

For Lakson Investments Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director



A Lakson Group Company

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