

LAKSON INCOME FUND

Quarterly Report (September 30, 2020)



LAKSON INVESTMENTS

WE MANAGE YOUR MONEY, AS WE MANAGE OUR OWN



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Fund's Information

Management Company

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**Board of Directors of
the Management Company**

Mr. Iqbal Ali Lakhani - Chairman
Mr. Babar Ali Lakhani - Chief Executive Officer
Mr. Jamil Ahmed Mughal
Mr. Amin Mohammed Lakhani
Mr. Jacques John Visser
Ms. Roxanne Davies
Ms. Gaite Ali
Ms. Kathleen Kennedy Townsend

**Chief Financial Officer &
Company Secretary
of the Management Company**

Mr. Salman Shafiq Hashmi

Audit Committee

Mr. Jacques John Visser - Chairman
Mr. Amin Mohammed Lakhani
Mr. Iqbal Ali Lakhani
Mr. Jamil Ahmed Mughal

**Human Resource and
Remuneration Committee**

Ms. Gaite Ali - Chairman
Mr. Babar Ali Lakhani
Mr. Iqbal Ali Lakhani

Trustee

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block-B, S.M.C.H.S,
Main Shakra-e-Faisal,
Karachi, Pakistan.

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No.2,
Beaumont Road,
Karachi - 75530, Pakistan



Bankers to the Fund

AlBaraka Bank Pakistan limited
Allied Bank Limited
Askari Bank Limited
Bank Al-Falah Limited
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
FINCA Microfinance Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
National Bank of Pakistan
MCB Bank Limited
Silk Bank Limited
Sindh Bank Limited
Soneri Bank Limited
Telenor Microfinance Bank Limited
United Bank Limited
U Microfinance Bank Limited
NRSP Microfinance Bank Limited
Mobilink Microfinance Bank Limited

Legal Adviser

Fazleghani Advocates
F-72/1, 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
BMA Capital Management Limited
Elixir Securities (Pvt.) Limited
Ismail Iqbal Securities
Metro Capital Pvt. Limited
Pearl Securities Pvt. Limited
Rabia Fida
Topline Securities (Pvt.) Limited
Vector Capital (Pvt.) Limited
Pyramid Financial Consultants

Rating by PACRA

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



Review Report of the Directors of the Management Company For the quarter ended September 30, 2020

The Board of Directors of Lakson Investments Limited, the Management Company of the Lakson Income Fund ("LIF") is pleased to submit its review report together with Condensed Interim Financial Information for the period ended September 30, 2020.

Fund Objective

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

Principal activities

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

Fund performance

The LIF yielded an annualized return of 5.26% in the Q1FY21 compared to the Benchmark return of 7.10% p.a. As of September 30, 2020, the LIF portfolio was invested 32.4% in cash, 35.5% in PIBs, 14.6% in corporate debts, 14% in TDR, and 0.6% in MTS while the weighted average maturity of the LIF portfolio stood at 848 days. The fund size of the LIF as of September 30, 2020 is PKR 2,983 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

CPI in 3QCY20 averaged 8.8%, ranging on the higher end of SBP's short term 7-9% range. This was majorly led by rise in food inflation in the rural centers. In the monetary policy during September, SBP kept the policy rate unchanged at 7.0% (the last cut took place in June 2020). The current account balance was a surplus of US\$297mn, compared to a surplus of US\$508mn in July and a deficit of US\$601mn SPLY. This was the fourth C/A surplus in the past 12 months, led majorly by good reduction of imports (down 10% yoy) and healthy remittances (up 24% yoy). Remittances have remained above the US\$2bn mark in Jun-Sep'20 led by crackdown on informal channels and travel restrictions. The daily new Covid-19 cases fell to 600-700 by end of September, steeply down from a peak of 7,000 cases by June 2020. All these factors point to continued improvement in macroeconomic indicators and that the Pakistan economy is well on-course to recovery.

Fixed Income Market Review

The Government of Pakistan raised PKR1.9tn in three Treasury Bills auction during 3QCY20 - similar to 2QCY20 - but lower vs. PKR6.1tn in 3QCY19 with SBP's appetite remaining limited. Cut of yields at the end of the quarter stood at 7.13%/7.18% and 7.31% for 3M/6M and 12M tenors at the end of Sep'20 vs. 6.85%, 6.66% and 6.85% at the end of June'20. The SBP decided to maintain rates at 7.0% in Sep'20. In the PIBs auction, bids accepted by SBP declined to PKR249bn in 3QCY20 vs. PKR963bn in SPLY (and PKR399bn in 2QCY20). Cut off yields for 3YR, 5YR and 10YR tenors declined to 8.2%, 8.45% and 8.99% during the quarter (vs. 7.97%, 8.44% and 8.99% at the end of June'20).



Significant event during the period - COVID -19

A novel virus (2019-nCoV) was first reported in Wuhan, China on December 31, 2019. The virus causes respiratory illnesses like SARS but is less fatal. However, given the contagious nature of the virus, WHO declared COVID-19 as a pandemic on March 11, 2020, (the last pandemic was in 2009) when the global confirmed cases were almost 127,000. It has now spread to 216 countries around the world with more than 38 million confirmed cases.

With no vaccine and high R-naught (reproduction number) of the virus, the initial response by all governments was complete lockdown. Owing to this, almost 93% of the economies are expected to shrink on a per capita basis during CY20 (2009: 61.2%) with advanced economies projected to shrink by 7% while developing and emerging economies are expected to contract by as much as 2.5%. However, as the spread of the virus is slowing, governments across the world have started resuming economic activities with fewer travel restrictions. As per the survey conducted by McKinsey Global, a major proportion of executives across the world now expects that the economic sentiment is going to be better in their country during the next 6 months going forward.

Pakistan has reached its peak in mid-June 2020. Currently, the total number of confirmed cases has crossed 321k; however, the new case count is down to ~800 now with only ~9k active cases left. The complete lockdown was placed for the first two months which was later converted into a smart lockdown at end-May. Pakistan's COVID-19 containment strategy seems to be yielding results as 1.8% of tests are now positive for COVID-19 compared to 4.9% at the start of August 2020.

However, with a viable vaccine now expected to arrive by the end of 1QCY21, health experts are still advising governments to maintain balance between economic recovery and COVID-19 spread with the emphasis on the latter.

Future Outlook

We think SBP will remain dovish and will not look to increase interest rates rapidly however, high inflation turnout (9% or more), together with strong demand trends and high financial stability, may trigger a rate hike earlier than expectations, however chances remain lower. Several structural reforms are underway, where circular debt settlement and tax reforms may spearhead resumption of the US\$6bn IMF Program. Remittances normalization (from current pace of over US\$2bn/month) may cause some slippage in the current account; however gradual improvement in exports should offer support. Real GDP growth is projected to rise by 2% in FY21 as per SBP. Fiscal position remains weak but is expected to improve on the back of tax reforms aimed to increase tax revenue generation through a wider tax base. Next 6 months should also bring clarity on a potential Covid-19 vaccine which should ease jitters arising from the ongoing second wave of infections.

Acknowledgement

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

For and on Behalf of the Board

Director

Chief Executive Officer

Dated: October 22, 2020



لیکسن انکم فنڈ

30 ستمبر 2020ء کو ختم ہونے والی مدت کے لیے

ہینجمنٹ کمپنی کے ڈائریکٹرز کی جائزہ رپورٹ

لیکسن انویسٹمنٹس لمیٹڈ کا بورڈ آف ڈائریکٹرز، لیکسن انکم فنڈ ("LIF") یا فنڈ کی ہینجمنٹ کمپنی 30 ستمبر 2020ء کو ختم ہونے والی مدت کے لیے اپنی رپورٹ مع آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتا ہے۔

فنڈ کا مقصد

اس اسکیم کی انویسٹمنٹ کا مقصد گلسڈ انکم سیکیورٹیز کے متنوع پورٹ فولیو میں انویسٹمنٹ کے ذریعے مسابقتی مجموعی منافع جات فراہم کرنا ہے۔ یہ اسکیم ہینجمنٹ کمپنی کی طرف سے انٹرسٹ ریٹ ٹریڈ ز اور مکمل منافع جات کے حوالے سے ہینجمنٹ کمپنی کی تشخیص کے لحاظ سے مختصر مدتی، وسط مدتی اور طویل مدتی میچورٹیز کے استخراج کے ساتھ مختلف گلسڈ انکم سیکیورٹیز میں سرمایہ کاری کرے گی۔

فنڈ کا تعارف

LIF ایک اوپن اینڈ انکم فنڈ ہے جو انویسٹ گریڈ ڈی بیٹ سیکیورٹیز، گورنمنٹ سیکیورٹیز، ہریٹیکلیٹس آف انویسٹمنٹس، Clean Placements، ٹرم ڈپازٹس، ریٹینشن اور دیگر گلسڈ انکم انسٹرومنٹس میں سرمایہ کاری کرتا ہے۔ پورٹ فولیو کا مجموعی دورانہ 4 سال سے کم رکھا جاتا ہے اور خالص اثاثوں کا کم از کم 25% کیش یا زیادہ سے زیادہ 90 دن کی میچورٹی والے ٹریڈری بلز کی شکل میں رکھا جاتا ہے۔ LIF کا نظم و نسق ٹیم کے ہل پر پیش قدمی کرنے والی، اوپر سے نیچے تک شعبوں کی تواتر سے استعمال کے عمل کو استعمال کرنے والی، دورانیے اور پیداوار میں توازن پر یقین رکھنے والی ہینجمنٹ چلاتی ہے۔ انٹرسٹ ریٹ میں تبدیلیوں کی پیش گوئی کے لیے معاشی صورت حال کی مسلسل نگرانی کی جاتی ہے۔ LIF کی قدر و قیمت میں اصل اضافہ مختلف میچورٹیز اور مختلف انسٹرومنٹس کے درمیان انویسٹمنٹس کی منتقلی کے مواقع کی شناخت سے آتا ہے۔ LIF کو ریٹینیشنز کی تکمیل کے لیے خالص اثاثوں کے 15 فی صد تک قرض لینے کی اجازت ہے، تاہم LIF نے اس سہولت کو زیر جائزہ مدت کے دوران استعمال نہیں کیا۔

فنڈ کی کارکردگی

LIF نے سالانہ بیچ مارک منافع 7.10% کے مقابلے میں مالی سال 2021 کی پہلی سہ ماہی میں 5.26% سالانہ منافع پیش کیا۔ 30 ستمبر 2020 کے مطابق LIF پورٹ فولیو نے کیش میں 32.4%، PIBs میں 35.5%، کارپوریٹ ڈیبٹس میں 14.6%، TDR میں 14% اور MTS میں 0.6% سرمایہ کاری کی، جبکہ LIF پورٹ فولیو کی تخمینہ شدہ اوسط میچورٹی 848 دن ہے۔ 30 ستمبر 2020 کے مطابق LIF کے فنڈ کا حجم 2,983 ملین روپے ہے۔



فی شیئر آمدنی (EPU)

فی شیئر آمدنی (EPU) ظاہر نہیں کی گئی ہے کیوں کہ ہم محسوس کرتے ہیں کہ EPU شہار کرنے کے لیے موزوں اوسط پینس کا تعین اوپن اینڈ فنڈز کے لیے قابل عمل نہیں ہے۔

معاشی جائزہ

موجودہ سال 2020 کی تیسری سہ ماہی میں پی آئی کی اوسط 8.8 فیصد رہی، جو اسٹیٹ بینک آف پاکستان کی قلیل مدتی حد 9%-7 کی اوپری آخری حد کے آس پاس ہے۔ اس کی بڑی وجہ یہی مراکز میں غذائی افراط زر کی شرح میں اضافہ تھا۔ ستمبر کے دوران اسٹیٹ بینک نے مائیکرو پالیسی میں کوئی تبدیلی نہیں کی اور پالیسی کی شرح کو 7.0% پر برقرار رکھا (آخری کوئی جون 2020 میں ہوئی تھی)۔ جولائی میں 508 ملین ڈالر کے سرپلس کے مقابلہ میں کرنٹ اکاؤنٹ بیلنس کا سرپلس 297 ملین ڈالر تھا جو گزشتہ سال اسی مدت کے مقابلے میں 601 ملین ڈالر کا خسارہ ہے۔

یہ پچھلے 12 مہینوں میں چوتھا کرنٹ اکاؤنٹ سرپلس تھا، جس کی بڑی وجہ درآمدات میں نمایاں کمی (سال بہ سال بنیاد پر 10% کمی) اور محدود ترسیلات زر (سال بہ سال بنیاد پر 24% اضافہ) ہے۔ غیر رسمی راستوں کے خلاف کریک ڈاؤن اور سفری پابندیوں کے نتیجے میں جون تا ستمبر 2020 میں ترسیلات زر 2 ملین امریکی ڈالر کی حد سے زیادہ رہیں۔ کووڈ-19 کے پوسٹیکس تمبر کے آخر تک 600-700 تک گر گئے، جون 2020 تک یہ تیزی سے 7000 کمزوری بلند ترین سطح سے نیچے آ گئے۔ یہ سارے عوامل معاشی اشاریوں میں مسلسل بہتری کی طرف اشارہ کرتے ہیں اور یہ کہ پاکستان کی معیشت عموماً سے بحالی کی طرف جاری ہے۔

فلسفہ آئم مارکیٹ کا جائزہ

حکومت پاکستان نے سال 2020 کی دوسری سہ ماہی کی طرح سال 2020 کی تیسری سہ ماہی کے دوران ٹریڈری بلوں کی بنیادی میں 1.9 ٹریلین روپے جمع کیے، تاہم سال 2019 کی تیسری سہ ماہی میں روپے کے مقابلے میں کم جب کہ اسٹیٹ بینک آف پاکستان کی طلب محدود رہی۔ سہ ماہی کے اختتام پر جون 2020 کے اختتام پر 6.85%، 6.66% اور 6.85% کے مقابلے میں ستمبر 2020 کے اختتام پر سہ ماہی / ششماہی اور بارہ ماہی میعادوں کے لیے حتمی آمدن سہ ماہی کے آخر میں بالترتیب 7.18%/7.13% اور 7.31% فیصد رہی۔ اسٹیٹ بینک آف پاکستان نے ستمبر 2020 میں شرح روپے (اور 2019 کی دوسری سہ ماہی میں 399 ارب روپے) کے مقابلے میں سال 2020 کی تیسری سہ ماہی میں 249 ارب روپے تک گر گئیں۔ پی کے آر 249bn سے 3QCY20 بمقابلہ 963bn سے SPLY (اور 2QCY20 میں 399bn PKR) سے انکار ہو گئیں۔ سہ ماہی کے دوران 3 سالہ، 5 سالہ اور 10 سالہ میعادوں کے لیے حتمی آمدن (جون 2020 کے اختتام پر 7.97%، 8.44% اور 8.99% کے مقابلے میں) 8.2%، 8.45% اور 8.99% تک گر گئی۔

سال کے دوران اہم واقعات۔ کووڈ-19

ایک نو ویل وائرس (2019-nCoV) سب سے پہلے 31 دسمبر، 2019 کو وواہان، چین میں رپورٹ ہوا۔ یہ وائرس SARS جیسی سانس کی بیماری کا سبب بنتا ہے لیکن اس سے کم مہلک ہوتا ہے۔ تاہم، وائرس کی متعدد نوعیت کے پیش نظر، ڈبلیو ایچ او نے 11 مارچ 2020 کو، کووڈ-19 کو عالمی وبا



قراردے دیا، (گزشتہ عالمی وبا 2009 میں پھیلی تھی) جب عالمی سطح پر تصدق شدہ واقعات قریب 127,000 تھے۔ اب یہ دنیا کے 216 ممالک میں پھیل چکا ہے جس کے متاثرین کی تعداد 38 بلین سے زیادہ ہے۔

وائس کی کوئی ویکسین نہ ہونے اور بلند R-naught (تولیدی تعداد) کی وجہ سے، تمام حکومتوں کا ابتدائی رد عمل مکمل طور پر لاک ڈاؤن تھا۔ اس کی وجہ سے موجودہ سال 2020 کے معیشتوں میں فی کس بنیاد پر لگ بھگ 93% گراؤ کی توقع ہے (2009: 61.2%) جہاں ترقی یافتہ معیشتوں میں 7% جب کہ ترقی پزیر اور ابھرتی معیشتوں میں 2.5% کمی متوقع ہے۔

تاہم، چونکہ اس وائس کا پھیلاؤ دست ہو رہا ہے، پوری دنیا میں حکومتوں نے کم سفری پابندی کے ساتھ اقتصادی سرگرمیاں دوبارہ شروع کر دی ہیں۔ McKinsey گلوبل کی طرف سے کیے گئے سروے کے مطابق، دنیا بھر میں ایگزیکٹوز کا ایک بہت بڑا تناسب اب توقع کرتا ہے کہ اگلے 6 ماہ کے دوران ان کے ملک میں معاشی جذبات بہتر ہونے جا رہے ہیں۔

جون 2020 کے وسط میں پاکستان اپنی بلند ترین سطح پر پہنچ گیا ہے۔ فی الحال تصدق شدہ کیسز کی مجموعی تعداد 32 ہزار سے تجاوز کر چکی ہے۔ تاہم، نئے معاملات کی گنتی اب لگ بھگ 800 تک رہ گئی ہے، جبکہ صرف 9 ہزار کے لگ بھگ فعال کیسز باقی ہیں۔ پیلے دو مہینوں کے لئے مکمل لاک ڈاؤن رکھا گیا تھا جسے بعد میں آخری سے اسمارٹ لاک ڈاؤن میں تبدیل کر دیا گیا۔ بظاہر پاکستان کی کووڈ 19 کو محدود کرنے کی کوششیں رنگ لارہی ہیں جیسا کہ اگست 2020 کے آغاز میں 4.9% کے مقابلے میں اب کووڈ 19 کے ٹیسٹس کے 1.8% نتائج مثبت آ رہے ہیں۔

تاہم کسی قابل اہتمام ویکسین کی سال 2021 کی پہلی سہ ماہی کے آخر تک آمد کی توقع کے ساتھ، ماہرین صحت حکومتوں کو معاشی بحالی اور کووڈ 19 کے درمیان توازن برقرار رکھنے کا مشورہ دے رہے ہیں جس میں دوسرے پہلو پر زیادہ زور ہو۔

مستقبل کی توقعات

ہمارا خیال ہے کہ اسٹیٹ بینک بدستور متحکم رہے گا اور شرح سود میں تیزی سے اضافہ نہیں کرے گا تاہم، افراط زر کی شرح میں اضافہ (9% یا اس سے زیادہ) طلب کے مضبوط رجحانات اور اعلیٰ مالیاتی استحکام کے ساتھ مل کر، توقعات سے پیلے ریٹ میں اضافے کا سبب بن سکتا ہے، تاہم امکانات کم ہیں۔ متعدد ساختی اصلاحات جاری ہیں، جہاں سرکھ قرضوں کے تصفیے اور ٹیکس اصلاحات کی بدولت 6 بلین ڈالر کے آئی ایم ایف پروگرام کی بحالی میں پیشرفت ہو سکتی ہے۔ ترسیلات زر کے معمول پر آنے (موجودہ رفتار 2 ارب ڈالر ماہانہ سے) کی وجہ سے کرنٹ اکاؤنٹ میں کچھ گراؤ آ سکتی ہے۔ تاہم برآمدات میں بتدریج بہتری سے مدد ملنی چاہیے۔

اسٹیٹ بینک کے مطابق مالی سال 2021 میں جی ڈی پی کی حقیقی نمو 2 فیصد تک بڑھنے کا امکان ہے۔ مالی حیثیت بدستور کمزور ہے لیکن توقع ہے کہ ٹیکس کی بنیاد وسیع تر کرنے کے ذریعے ٹیکس محصولات کی پیداوار میں اضافے کے ہدف کے ساتھ ٹیکس اصلاحات کی بدولت اس میں بہتری آئے گی۔ اگلے 6 ماہ میں ممکنہ کووڈ 19 ویکسین کے بارے میں صورت حال واضح ہو جانی چاہیے جس سے انفلکشن کی جاری دوسری لہر سے پیدا ہونے والے جھٹکے برداشت کرنا آسان ہو جائے گا۔

اظہار تشکر

یہ بورڈ اپنے قابل قدر انویسٹرز، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان، فنڈ کے ٹرسٹی، سینٹرل ڈیپازیریٹری کمیٹی آف پاکستان لینڈ اور پاکستان اسٹاک ایکسچینج لینڈ کا ان کے مسلسل تعاون اور مدد پر شکر گزار ہے۔ مینجمنٹ کمیٹی کے ڈائریکٹرز فنڈ کی ترقی اور دانش مندانہ انتظام و انصرام



کے لیے منجنت کمپنی کی ٹیم کی محنت اور کاوشوں کا بھی اعتراف کرتے ہیں۔

برائے دستخطیاب بورڈ

ڈائریکٹر

چیف ایگزیکٹو آفیسر

تاریخ: 22 اکتوبر 2020



**Condensed Interim Statement of Assets and Liabilities
As at September 30, 2020**

	September 30, 2020 (Unaudited)	June 30, 2020 (Audited)
ASSETS	Note	(Rupees)
Bank balances	6	995,921,142
Investments	7	883,217,038
Receivable from Margin Trading System		1,118,193,674
Mark-up receivable		17,697,161
Deposits, prepayments and other receivables		77,002,755
TOTAL ASSETS		7,767,340
		<u>3,104,093,135</u>
LIABILITIES		
Payable to the Management Company	8	21,314,975
Payable to the Trustee		19,119,396
Annual fee payable to Securities and Exchange		199,995
Commission of Pakistan		370,256
Accrued expenses and other liabilities	11	152,522
Payable against Margin Trading System		24,620,423
Payable against purchase of investments		12,448,781
TOTAL LIABILITIES		50,807,909
NET ASSETS		<u>3,060,533,889</u>
UNIT HOLDERS' FUND (as per statement of movement in unit holders' fund)		<u>2,982,847,122</u>

CONTINGENCIES AND COMMITMENTS	12	(Number of units)	
Number of units in issue		29,187,747	30,344,640
		<u>102.1951</u>	<u>100.8591</u>
		(Rupees)	
Net assets value per unit		<u>102.1951</u>	<u>100.8591</u>

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

For Lakson Investments Limited
(Management Company)

_____ Chief Executive Officer	_____ Chief Financial Officer	_____ Director
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Condensed Interim Income Statement (Unaudited)
For the quarter ended September 30, 2020

	Note	2020	2019
		(Rupees)	
INCOME			
Mark-up income		71,296,162	85,321,683
Income from Margin Trading System		13,535	-
Gain / (loss) on sale of held for trading investments - net		117,908	91,090
Unrealised appreciation / (diminution) in the fair value of investments classified as 'held for trading'	7.1, 7.2, 7.3, 7.4, 7.5 & 7.6	(20,685,759)	10,083,004
		<u>50,741,846</u>	<u>95,495,777</u>
EXPENSES			
Remuneration to the Management Company	8.1	7,748,187	9,059,707
Sindh Sales tax on remuneration to the Management Company	8.2	1,007,264	1,177,762
Remuneration to the Trustee		646,418	518,913
Annual fee to the Securities and Exchange Commission of Pakistan		152,547	120,796
Annual Supervisory fee of SECP on PSX Listing Fee		628	629
Auditors' remuneration		76,674	73,380
Fees and subscription		159,712	280,970
Brokerage expenses		19,997	-
Bank and settlement charges		127,070	157,741
		<u>9,938,497</u>	<u>11,389,898</u>
Net income from operating activities		<u>40,803,349</u>	<u>84,105,879</u>
Sindh Workers' Welfare Fund	9.1	(816,067)	(1,682,118)
Net income for the period before taxation		<u><u>39,987,282</u></u>	<u><u>82,423,761</u></u>
Taxation	11	-	-
Net income for the period after taxation		<u><u>39,987,282</u></u>	<u><u>82,423,761</u></u>
Allocation of Net Income for the period:			
Net income for the year after taxation		39,987,282	82,423,761
Income already paid on units redeemed		(990,823)	(4,435,615)
		<u>38,996,459</u>	<u>77,988,146</u>
Accounting income available for distribution			
Relating to capital gains		-	9,522,675
Excluding capital gains		38,996,459	68,465,471
Accounting income available for distribution		<u><u>38,996,459</u></u>	<u><u>77,988,146</u></u>

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

For Lakson Investments Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director



**Condensed Interim Statement of Comprehensive Income (Unaudited)
For the quarter ended September 30, 2020**

	2020	2019
	(Rupees)	
Net income for the period after taxation	39,987,282	82,423,761
Other comprehensive income	-	-
Total comprehensive income for the period	<u><u>39,987,282</u></u>	<u><u>82,423,761</u></u>

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

For Lakson Investments Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director



**Condensed Interim Statement of Movement In Reserve or Unit Holders' Fund (Unaudited)
For the quarter ended September 30, 2020**

	2020			2019		
	Capital Value	Undistributed income	Unrealised gains on investment (Rupees)	Capital Value	Undistributed income	Unrealised gains on investment (Rupees)
Net assets at beginning of the period	3,031,746,212	28,787,675	-	2,217,147,832	33,932,319	-
Total proceeds on issuance of 9,423,204 units (2019: 3,878,667 units)	-	-	3,060,533,888	-	-	2,251,080,151
-Capital Value	950,415,892	-	-	391,801,195	-	-
-Element of Income	4,526,288	-	950,415,892	7,799,829	-	391,801,195
	954,944,180	-	954,944,180	399,601,024	-	399,601,024
Total payments on redemption of 10,580,098 units (2019: 7,799,829 units)	(1,071,627,405)	(990,823)	(1,071,627,405)	(386,377,919)	(4,435,615)	(386,377,919)
-Capital Value	(1,071,627,405)	(990,823)	(1,072,618,228)	(393,307,723)	(4,435,615)	(397,743,338)
-Element of Income	-	-	-	-	-	-
Total comprehensive income for the period	-	39,987,282	39,987,282	-	82,423,761	82,423,761
Net income for the period less distribution	-	39,987,282	39,987,282	-	82,423,761	82,423,761
Net assets at end of the period	2,915,062,988	67,784,134	2,982,847,122	2,223,441,133	111,920,465	2,335,361,598
Undistributed income brought forward	21,964,401	-	48,989,915	-	-	-
Realised gain	6,823,274	-	(15,057,596)	-	-	-
Unrealised gain	28,787,675	-	33,932,319	-	-	-
Accounting (loss) / income available for distribution relating to capital gains	-	-	9,522,675	-	-	-
Excluding capital gains	38,996,459	-	68,465,471	-	-	-
	38,996,459	-	77,988,146	-	-	-
Undistributed income carried forward	67,784,134	-	111,920,465	-	-	-
Undistributed income carried forward comprises of:	88,469,892	-	101,837,461	-	-	-
Realised income	(20,685,759)	-	10,083,004	-	-	-
Unrealised (loss)	67,784,134	-	111,920,465	-	-	-
	-	-	(Rupees)	-	-	(Rupees)
Net assets value per unit at beginning of the period			100,8591			101,0159
Net assets value per unit at end of the period			102,1951			104,5458

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

**For Lakson Investments Limited
(Management Company)**

Chief Executive Officer

Chief Financial Officer

Director



**Condensed Interim Cash Flow Statement (Unaudited)
For the quarter ended September 30, 2020**

	2020	2019
	(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	39,987,282	82,423,761
Adjustments for non-cash charges and other items:		
Unrealised appreciation in the fair value of investments classified as 'held for trading' - net	20,685,759	(10,083,004)
	<u>60,673,041</u>	<u>72,340,757</u>
(Decrease) / Increase in assets		
Investments - net	103,504,586	(197,608,853)
Receivable against Margin Trading System	(17,697,161)	-
Mark-up receivable	8,052,758	(11,130,014)
Deposits, prepayments and other receivables	9,859,569	213,759
	<u>103,719,752</u>	<u>(208,525,108)</u>
(Decrease) in liabilities		
Payable to the Management Company	2,195,579	(2,374,061)
Payable to the Trustee	(170,261)	(87,918)
Annual fee payable to Securities and Exchange Commission of Pakistan	(341,861)	(2,304,492)
Payable against Margin Trading System	12,448,781	-
Payable against purchase of investments	50,807,909	-
Accrued expenses and other liabilities	1,045,212	1,619,928
	<u>65,985,359</u>	<u>(3,146,543)</u>
Net cash generated / (used in) operating activities	<u>230,378,152</u>	<u>(139,330,894)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from issue of units	954,944,180	399,601,024
Cash paid on redemption of units	(1,072,618,228)	(397,743,338)
Cash dividend paid	-	-
Net cash (used in) / generated from financing activities	<u>(117,674,048)</u>	<u>1,857,686</u>
Net (decrease) / increase in cash and cash equivalents	<u>112,704,104</u>	<u>(137,473,208)</u>
Cash and cash equivalents at the beginning of the period	883,217,038	1,319,573,643
Cash and cash equivalents at the end of the period	<u>995,921,142</u>	<u>1,182,100,435</u>

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

**For Lakson Investments Limited
(Management Company)**

Chief Executive Officer

Chief Financial Officer

Director



Notes to the Condensed Interim Financial Information (Unaudited) For the quarter ended September 30, 2020

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

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

The Pakistan Credit Rating Agency Limited (PACRA) has maintained A+(f) (Fund Stability Rating) to the Fund on October 16, 2020 and has also maintained asset manager rating of the Company to AM2+ (stable outlook), on August 28, 2020

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIII A of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

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



In compliance with schedule V of the NBFC Regulations the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at September 30, 2020.

2.2 Basis of measurement

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

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

2.3 Functional And Presentation Currency

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

3. Significant judgement and estimates

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

The significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied to financial statements as at and for the year ended June 30, 2020.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial informations are the same as those applied in the preparation of the financial statements as at and for the year ended June 30, 2020.

5. FINANCIAL RISK MANAGEMENT

The Fund financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements for the year ended June 30, 2020.

	Note	September 30, 2020 (Unaudited)	June 30, 2020 (Audited)
		(Rupees)	
6. BANK BALANCES			
Local currency			
In profit and loss sharing accounts	6.1	995,913,667	883,209,564
In current accounts		7,475	7,474
		<u>995,921,142</u>	<u>883,217,038</u>

6.1 These represents profit and loss account maintained with banks carrying profit rates ranging from 5.5% to 11.10% (2020: 6.50% to 11.10%) per annum.



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

		September 30, 2020 (Unaudited)	June 30, 2020 (Audited)
		(Rupees)	
Government Securities			
Market Treasury Bills	7.1	24,966,000	-
Pakistan Investment Bonds - Fixed Rate	7.2	889,205,000	859,756,310
Pakistan Investment Bonds - Floating Rate	7.3	201,920,000	201,800,000
Term Finance Certificates - Listed	7.4	72,810,854	73,293,517
Term Finance Certificates - Unlisted	7.5	243,930,888	254,068,170
Sukuk Certificates	7.6	131,170,587	146,176,617
		-	-
		<u>1,564,003,329</u>	<u>1,535,094,614</u>
Loans and Receivables			
Term Deposits Receipts	7.7	430,000,000	430,000,000
Commercial Paper		-	153,099,060
		<u>430,000,000</u>	<u>583,099,060</u>
		<u>1,994,003,329</u>	<u>2,118,193,674</u>

7.1 Market Treasury Bills

Note	-----Number of treasury bills-----				Balance as at September 30, 2020			Market value as a percentage of net assets of the fund	Market value as a percentage of total investments
	Number of holdings at the beginning of the period	Acquired during the period	Disposed/ matured during the period	Number of holdings at the end of the period	Carrying value	Market value	Unrealized appreciation / (diminution)		
-----Rupees-----									
Treasury Bills - 1 Year (face value of Rs. 100,000 each)	7.1.1	-	12,700	12,450	24,967,226	24,966,000	(1,226)	0.84%	1.25%
Total as at September 30, 2020					<u>24,967,226</u>	<u>24,966,000</u>	<u>(1,226)</u>	<u>0.01</u>	<u>0.01</u>
Total as at June 30, 2020					-	-	-	-	-

7.1.1 This represents investments in Market Treasury Bills carrying profit rate of 6.90% and having maturity on 08 October 2020 . The face value of Market Treasury Bills as at 30 September 2020 amounted to Rs. 25 million (2020: NIL)

7.2 Pakistan Investment Bond - Fixed Rate

Note	-----Number of Pakistan investment bond-----				Balance as at September 30, 2020			Market value as a percentage of net assets of the fund	Market value as a percentage of total investments
	Number of holdings at the beginning of the period	Acquired during the period	Disposed/ matured during the period	Number of holdings at the end of the period	Carrying value	Market value	Unrealized appreciation		
-----Rupees-----									
3 years Pakistan Investment Bond (face value of Rs. 100,000 each)	7.2.1	4,750		4,750	489,389,339	482,909,700	(6,479,639)	16.19%	24.22%
5 years Pakistan Investment Bond (face value of Rs. 100,000 each)	7.2.2	3,250	500	3,750	391,589,922	380,760,000	(10,829,922)	12.76%	19.10%
10 years Pakistan Investment Bond (face value of Rs. 100,000 each)	7.2.3	250		250	27,158,950	25,535,300	(1,623,650)	0.86%	1.28%
Total as at September 30, 2020					<u>908,138,211</u>	<u>889,205,000</u>	<u>(18,933,211)</u>	<u>29.81%</u>	<u>44.59%</u>
Total as at June 30, 2020					851,092,371	859,756,310	8,663,939	21.93%	28.87%

7.2.1 This represents investments in 3 years Pakistan Investment Bond carrying a profit rate of 9.00% and having maturity on 21 September 2022. The face value of Pakistan Investment Bond as at 30 September 2020 amounted to Rs. 475 million.(2020: Rs. 475 million)

7.2.2 This represents investments in 5 years Pakistan Investment Bond carrying a profit rate of 9.50% and having maturity on 19 September 2024. The face value of Pakistan Investment Bond as at 30 September 2020 amounted to Rs. 375 million. (2020: Rs. 325 million)



7.2.3 This represents investments in 10 years Pakistan Investment Bond carrying a profit rate of 10.00% and having maturity on 19 September 2029. The face value of Pakistan Investment Bond as at 30 September 2020 amounted to Rs. 25 million. (2020: Rs. 25 million)

7.3 Pakistan Investment Bond - Floating Rate

Note	Number of Pakistan investment bond				Balance as at September 30, 2020			Market value as a percentage of net assets of the fund	Market value as a percentage of total investments	
	Number of holdings at the beginning of the period	Acquired during the period	Disposed / matured during the period	Number of holdings at the end of the period	Carrying value	Market value	Unrealized appreciation			
10 years Pakistan Investment Bonds (face value of Rs. 100,000 each)	7.3.1	2,000	-	-	2,000	201,743,166	201,920,000	176,834	6.77%	10.13%
Total as at September 30, 2020						201,743,166	201,920,000	176,834	6.77%	10.13%
Total as at June 30, 2020						203,952,881	201,800,000	(2,152,881)	6.59%	9.53%

7.3.1 This represents investments in 10 years Pakistan Investment Bond carrying a profit rate of 7.22% semi annually and having maturity on 25 July 2029. The face value of Pakistan Investment Bond as at 30 September 2020 amounted to Rs. 200 million. (2020: Rs. 200 million)

7.4 Term Finance Certificates - listed

Name of Security	Note	Number of certificates				Balance as at September 30, 2019			Market value as percentage of net assets of the Fund	Market value as percentage of total investment	Face value as percentage of size of the issue
		Number of holdings at beginning of the period	Acquired during the period	Disposed / matured during the period	Number of holdings at the end of the period	Carrying Value	Market value	Unrealized (diminution)			
Commercial Banks HBL Tier-II TFCs 10 years (face value of Rs. 100,000 each)	7.4.1	750	-	-	750	73,278,517	72,810,854	(467,663)	2.44%	3.65%	0.75%
Total as at September 30, 2020						73,278,517	72,810,854	(467,663)	2.44%	3.65%	0.75%
Total as at June 30, 2020						73,698,295	73,293,517	(404,777)	2.39%	3.46%	0.65%

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

7.5 Term Finance Certificates - Un-listed

Name of Security	Note	Number of term finance certificates				Balance as at September 30, 2019			Market value as percentage of net assets of the Fund	Market value as percentage of total investment	Face value as percentage of size of the issue
		Number of holdings at beginning of the period	Acquired during the period	Disposed / matured during the period	Number of holdings at the end of the period	Carrying Value	Market value	Unrealized (diminution) / appreciation			
Commercial Banks Silk Bank Limited PPTFC - 08 Years (face value of Rs. 5,000 each)	7.5.1	16,000	-	-	16,000	71,762,656	69,634,035	(2,128,621)	2.33%	3.49%	4.00%
Jahangir Siddiqui Company Limited PPTFC (face value of Rs. 5,000 each)	7.5.2	15,000	-	-	15,000	36,447,188	37,500,000	1,052,813	1.26%	1.88%	5.00%
BAHL Tier-II TFCs 10 years (face value of Rs. 5,000 each)	7.5.3	28,000	-	-	28,000	136,475,326	136,796,853	321,527	4.59%	6.86%	0.03%
Total as at September 30, 2020						244,685,170	243,930,888	(754,282)	8.18%	12.23%	9.03%
Total as at June 30, 2020						256,138,291	254,068,170	(2,070,122)	8.31%	11.99%	10.62%

7.5.1 This represents unlisted term finance certificates issued by Silk Bank Limited. Total size of the issue is Rs. 2,000 million and the term of the TFCs is eight years commencing from the date of issue of TFCs which was August 2017 and ending on August 2025. Profit on the instrument shall be payable semi-annually in arrears on the outstanding balance and the first such profit payment shall fall due 6 months from the issue date and subsequently every six months thereafter. Profit rate shall be the average six months KIBOR + 1.85% per annum. The instrument will be structured to redeem 0.14% of the issue amount during the first 7 years and remaining 99.86% in the last two semi annual instalments of 49.93% each. The instrument is unsecured and subordinated to all other indebtedness of the Bank. The rating of the instrument is BBB+.



7.5.1.1 The Securities & Exchange Commission of Pakistan vide circular No. 16 of 2010 dated July 7, 2010, prescribed specific disclosures for the scheme holding investments that are non-compliant either with the minimum investment specified for the category assigned to such schemes or with investment requirements of their constitutive documents.

Name of Non Compliant Investment	Non-Compliance	Type of Instrument	Value of investment before Provision	Total Provision held	Value of investment after Provision	% of Net Assets	% of gross assets
Silk Bank Ltd- PPTFC - 08 years (Face value of Rs. 5,000 each)	Rating is below investment grade as prescribed in clause No. 2.4 of the offering document	Term finance certificates	69,634,035	-	69,634,035	2.33%	2.25%

At the time of purchase, this term finance certificate was in compliance with the aforementioned circular. However, subsequently it was downgraded to BBB+ from A-.

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

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

7.6 Sukuk Certificates

Note	Number of sukuk certificates				Balance as at September 30, 2020			Market value as percentage of net assets of the Fund	Market value as percentage of total investment	Face value as percentage of size of the issue
	Number of holdings at beginning of the period	Acquired during the period	Disposed / matured during the period	Number of holdings at the end of the period	Carrying Value	Market value	Unrealized appreciation			
					(Rupees)					
Investment Company										
Dawood Hercules Corporation Limited - 05 Years (Face value of 100,000 each)	7.6.1	420	-	420	29,691,971	29,782,200	90,229	1.00%	1.49%	0.70%
Dawood Hercules Corporation Limited - 05 Years (Face value of 100,000 each)	7.6.2	1,430	-	1,430	102,184,826	101,388,387	(796,439)	3.40%	5.08%	2.38%
Total as at September 30, 2020					131,876,797	131,170,587	(706,210)	4.40%	6.58%	3.08%
Total as at June 30, 2020					143,389,503	146,176,617	2,787,114	4.78%	6.90%	2.40%

7.6.1 This represent sukuk certificates having face value 100,000 issued by Dawood Hercules Corporation Limited having issue size of Rs. 6,000 million and tenor shall be 05 years which is from November 2017 to November 2022. The profit rate shall be paid on quarterly basis and carry rate of profit equal to the base rate of 3 months of Karachi Inter Bank Offer Rate (KIBOR) plus margin of 1.00% per annum. Principal amount shall be redeemed in 08 equal semi-annual installments starting from 18th month from the issue date. The rating of the instrument is AA.

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

Note	(Number of Commercial Papers)				Balance as at September 30, 2020			Market value as a percentage of net assets of the Fund	Market value as a percentage of total investments
	Number of holdings at the beginning of the period	Acquired during the period	Disposed / matured during the period	Number of holdings at the end of the period	Carrying value	Market value	Unrealized appreciation		
					Rupees				
K-Electric CP-3 (6 Months)	1,160,000.00	-	-	1,160,000	-	-	-	-	-
K-Electric CP-3 (6 Months)	400,000.00	-	-	400,000	-	-	-	-	-
Total as at September 30, 2020									
Total as at June 30, 2020									



6.7 Listed Equity Securities (Spread Transactions)

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

Number of holdings at beginning of the period	Acquired during the period	Number of shares		Number of holdings at the end of the period	Balance as at September 30, 2020			Market value as percentage of net assets of the Fund	Market value as percentage of total investment
		Bonus shares / letter of right received during the year	Disposed / matured during the period		Carrying Value	Market value	Unrealized appreciation		
Commercial Banks									
The Searle Company Limited	100,000.00		100,000.00						
Total as at September 30, 2020									
Total as at June 30, 2020									

7.7 Term deposit receipts

		September 30, 2020 (Unaudited)	June 30, 2020 (Audited)
	Note	(Rupees)	
- Mobilink Microfinance Bank Limited	7.7.1	230,000,000	230,000,000
- U-Microfinance Bank Limited	7.7.2	200,000,000	200,000,000
		<u>430,000,000</u>	<u>400,000,000</u>

7.7.1 This Term deposit has been deposited at a coupon of 15.00% having maturity on 21 October 2020.

7.7.2 This Term deposit has been deposited at a coupon of 14.25% having maturity on 21 October 2021.

		September 30, 2020 (Unaudited)	June 30, 2020 (Audited)
	Note	(Rupees)	
8. PAYABLE TO THE MANAGEMENT COMPANY			
Remuneration payable	8.1	2,448,643	505,654
Sindh Sales Tax on remuneration to Management Company	8.2	2,686,606	2,434,016
Federal Excise Duty on remuneration to Management Company	8.3	16,177,075	16,177,075
Sale Load Payable to Management Company		2,651	2,651
		<u>21,314,975</u>	<u>19,119,396</u>

8.1 The Management Company is entitled to remuneration for services rendered to the Fund under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, of an amount not exceeding 1.5% per annum of the average daily net assets of the Fund. Currently, the remuneration of the Management Company has been charged at the rate of 1.00% of the average daily net assets of the Fund. The remuneration is paid to the Management Company monthly in arrears.

8.2 The Provincial Government of Sindh has levied Sindh Sales Tax at the rate of 13% on Management Company's remuneration. Above liability includes Rs. 2,368,285 (June 30, 2020: Rs. 2,368,285) accrued on Federal Excise Duty (FED) charged on the management remuneration as more fully explained in note 8.3 below. Had the provision relating to FED not been made, net asset value per unit of the Fund as at September 30, 2020 would have been higher by Re. 0.0811 (June 30, 2020: Re. 0.0780) per unit.

8.3 As per the requirements of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Management Company has been applied effective from



June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan with the High Court of Sindh (SHC) on September 4, 2013.

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

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

However, since the appeal is pending in the Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from June 13, 2013 to June 30, 2016 aggregating to Rs. 16.177 million. Had the provision not been made, net assets value per unit of the Fund as at September 30, 2020 would have been higher by Re. 0.55 (June 30, 2020: Re. 0.53) per unit.

	Note	September 30, 2020 (Unaudited)	June 30, 2020 (Audited)
9. ACCRUED EXPENSES AND OTHER LIABILITIES		(Rupees)	
Auditors' remuneration		46,397	147,869
Sindh Workers' Welfare Fund	9.1	21,242,920	20,426,852
Brokerage payable		77,014	55,457
NCCPL payable		96,558	34,153
Printing and stationery payable		20,550	20,550
Withholding tax payable		733,645	418,481
CGT payable on redemption of units		2,394,858	2,261,578
PACRA rating fee payable		-	138,500
Others		8,482	71,772
		<u>24,620,423</u>	<u>23,575,211</u>

9.1 Sindh Workers' Welfare Fund

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

Provision for SWWF as of June 30, 2020 amounted to Rs. 59.503 million. Had the recognition in previous years not been made, the net assets value per unit of the Fund would be higher by Re. 0.73 (June 30, 2020: Re. 0.67).

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

There were no contingencies as at September 30, 2020 and June 30, 2020.



10.2 Commitments

	September 30, 2020 (Unaudited)	June 30, 2020 (Audited)
Note	(Rupees)	
Margin trading system transactions entered into by the Fund in respect of which purchase transactions have not been settled	<u>12,448,781</u>	<u>-</u>

11 TAXATION

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

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

12. TRANSACTIONS AND BALANCES WITH RELATED PARTIES / CONNECTED PERSONS

Related parties include Lakson Investments Limited being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the Trustee, SIZA Services (Private) Limited being the holding company of the Management Company, associated companies of the Management Company, key management personnel, other funds being managed by the Management Company and unit holders holding more than 10% in the units of the Funds as of September 30, 2020.

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

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

	September 30, 2020 (Unaudited)	June 30, 2020 (Audited)
12.1 Balance as at period / year end	(Rupees)	
Lakson Investments Limited - Management Company		
Remuneration payable	<u>2,448,643</u>	<u>505,654</u>
Sindh Sales Tax and Federal Excise Duty on Remuneration to Management Company	<u>18,863,681</u>	<u>18,611,091</u>
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	<u>199,995</u>	<u>370,256</u>
Security deposit	<u>100,000</u>	<u>100,000</u>



12.2 Unit Holders' Fund

	Quarter ended September 30, 2020				Rupees				
	Number of Units		Number of Units		Units issued during the period		Units redeemed during the period		Balance at the end of the period (investment at current NAV)
	Number of Units as at July 01, 2020	Refund / Adjustment of Units as element of income	Units redeemed during the period	Number of holdings at the end of the period	Balance as at July 01, 2020	Units issued during the period	Bonus Units as element of income	Units redeemed during the period	
Lakson Investments Limited - Management Company	1,297,806	-	-	1,297,806	130,935,564	-	-	-	132,629,434
Directors, Chief Executive and their spouse and minors	15,525,959	-	1,091,231	14,434,728	1,565,934,252	-	-	110,501,150	1,475,158,498
Other key management personnel	-	-	-	-	-	-	-	-	-
Associated companies									
Alan (Private) Limited	25,365	-	-	25,365	2,558,341	-	-	-	2,592,230
Colgate Palmolive (Pakistan) Limited	4,214,489	-	-	4,214,489	425,069,600	-	-	-	430,700,157
Hasnani & Gulbano Lakhami Foundation	45,974	-	-	45,974	4,636,918	-	-	-	4,698,340
Lakson Business Solution Limited-ECPFT	5,066	-	-	5,066	510,915	-	-	-	517,682
Sybrid (Private) Limited	600	-	-	600	60,558	-	-	-	61,360
Connected person due to holding more than 10% units									
English Biscuit Manufacturers (Private) Limited	4,269,789	-	-	4,269,789	430,647,086	-	-	-	436,351,524

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



Quarter ended September 30, 2019

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

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



	September 30,	
	2020	2019
	(Unaudited)	
	(Rupees)	
12.3 Other transactions during the period		
Lakson Investments Limited - Management Company of the Fund		
Remuneration to the Management Company	<u>7,748,187</u>	<u>9,059,707</u>
Sindh Sales Tax on remuneration to Management Company	<u>1,007,264</u>	<u>1,177,762</u>
Central Depository Company of Pakistan Limited- Trustee of the Fund		
Remuneration to the Trustee	<u>646,418</u>	<u>518,913</u>
Settlement charges	<u>46,287</u>	<u>46,287</u>

13. Total Expense Ratio (TER)

Securities and Exchange Commission of Pakistan (SECP) vide its Directive No. SCD/PRDD/Direction/18/2016 dated 20 July 2016, required that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS / the Fund. TER of the Fund for the quarter ended September 30, 2020 is 1.41% (September 30, 2019: 2.16%) which includes 0.27% (September 30, 2019: 0.51%) representing government levies (comprising of Government Levies and SECP fee, etc.). As per NBFC Regulation the total expense ratio of the Income Scheme shall be capped up to 2.5% (Sep 30, 2019: 2.5%).

14 COVID 19 RELATED IMPACT

The coronavirus pandemic and the measures to reduce its spread have significantly impacted Pakistan's economy. Regulators and Governments across the globe have introduced fiscal and economic stimulus measures to mitigate its impact. SECP and SBP has responded to the crisis by taking measures to maintain system soundness and to sustain the economic activity. The Fund's operations were also affected although it were operated under all necessary Standard Operating Procedures (SOPs) issued by the Government to ensure the safety of employees and smooth and adequate continuation of its business and sound business and risk management procedures. However, the economy had an effect and the Fund also being part of the economy had an impact. Nonetheless, the management is of the view that with improving medical situation and also the economy and its opening up, and is also evident for the significant rise in the PSX index subsequent to the year end, the Fund's performance going forward will improve further so as to support the sustainable performance and the growth of the Fund.

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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



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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the assets or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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

As at September 30, 2020			
----- Un-audited -----			
Level 1	Level 2	Level 3	Total
----- Rupees -----			
Financial assets measured at fair value			
Term finance certificates	- 316,741,742	-	316,741,742
Sukuk certificates	- 131,170,587	-	131,170,587
Government Securities	- 1,116,091,000	-	1,116,091,000
	1,564,003,329		1,564,003,329

As at June 30, 2020			
----- Audited -----			
Level 1	Level 2	Level 3	Total
----- Rupees -----			
Financial assets measured at fair value			
Term finance certificates	- 327,361,687	-	327,361,687
Sukuk certificates	- 146,176,617	-	146,176,617
Government Securities	- 1,061,556,310	-	1,061,556,310
	1,535,094,614		1,535,094,614

16. Date of Authorization for Issue

These condensed interim financial statements were authorized for issue by Board of Directors of the Management company on October 22, 2020

17 GENERAL

Figures have been rounded off to the nearest rupee.

**For Lakson Investments Limited
(Management Company)**

Chief Executive Officer

Chief Financial Officer

Director



A Lakson Group Company

Lakson Investments Limited

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