

LAKSON ASSET ALLOCATION DEVELOPED MARKETS 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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Sarwar Shaheed Road,  
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Fax: (9221) 3568.1653  
Web site: [www.li.com.pk](http://www.li.com.pk)  
E-mail: [info@li.com.pk](mailto: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  
Bank Alfalah Limited  
Dubai Islamic Bank Pakistan Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
Habib Bank AG Zurich  
National Bank of Pakistan  
United Bank Limited

**Legal Adviser**

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

**Registrar**

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

**Distributor**

Rabia Fida  
BMA Capital Management Limited

**Rating**

1-Star (One Year)  
5-Star (Three Years)  
5-Star (Five Years)  
Fund Performance Ranking  
AM2+ : Asset Manager Rating by PACRA

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

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

### **Fund Objective**

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

### **Principal activities**

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

### **Fund performance**

LAADMF generated an absolute return of 0.08% in the Q1FY21 compared to the Benchmark return of 1.59%. The LAADMF has underperformed the benchmark by 1.51%. As of September 30, 2020, 20.7% of fund was invested in T-Bills, 9.6% in Developed Market Equities and remaining 69.3% in Cash.

### **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).

### **Developed Markets Review**

DM Index returned 8% during the quarter behind EM Index. Developed markets advanced in the third quarter but were derailed from their 2020 peaks during September. Market declines during the latter quarter were reflected by real concerns as investors were anxious about the inability of the US Congress to agree on additional fiscal stimulus. Along with future stimulus doubt the growing risk of a chaotic



US election outcome against the backdrop of rising COVID-19 cases in much of the developed world only seemed to make matters worse.

**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 ایسٹ ایلیویشن ڈیویڈنڈ مارکیٹس فنڈ  
30 ستمبر 2020 کو ختم ہونے والی مدت کے لیے  
ٹیچمنٹ کمپنی کے ڈائریکٹرز کی جائزہ رپورٹ

لیکسن انویسٹمنٹس لمیٹڈ کا بورڈ آف ڈائریکٹرز، لیکن ایسٹ ایلیویشن ڈیویڈنڈ مارکیٹس فنڈ ("LAADMF" یا فنڈ) کی ٹیچمنٹ کمپنی 30 ستمبر 2020 کو ختم ہونے والی مدت کے لیے اپنی رپورٹ مع آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتا ہے۔

فنڈ کا مقصد

لیکن ایسٹ ایلیویشن ڈیویڈنڈ مارکیٹس فنڈ کی سرمایہ کاری کا مقصد مختلف طرح کے ملکی قرضوں اور ڈیویڈنڈ مارکیٹس سکیورٹیز میں سرمایہ کاری کرتے ہوئے طویل مدت کے لیے اصل سرمائے کی قدر میں اضافہ کرنا ہے۔

نمایاں سرگرمیاں

LAADMF ایک اوپن اینڈ ایسٹ ایلیویشن اسکیم ہے اور پاکستان اسٹاک ایکسچینج لمیٹڈ میں لسٹڈ ہے۔ اسکیم کو انویسٹمنٹ مینجمنٹ کے ایک فعال انداز کو اختیار کرتے ہوئے چلایا جائے گا جس میں بڑے عوام جیسے حکومتی پالیسیز، گلوبل اکنامک ڈیٹا، کموڈٹییز کی قیمتیں اور سپلائی / ڈیمانڈ اکنامکس کے تجزیوں کو پیش نظر رکھا جائے گا۔ اس اسکیم سے ڈومیسٹک گورنمنٹ سکیورٹیز اور ایسی ڈیویڈنڈ مارکیٹس سکیورٹیز کے درمیان تبدیلیوں کے ساتھ سرمایہ کاری کی جاتی ہے، جس کا ڈیویڈنڈ مارکیٹس کی سرمایہ کاری کے منظر نامے اور اپنی انویسٹمنٹ ٹیم کی پیشگوئیوں پر انحصار ہوتا ہے۔ یہ اسکیم ڈیویڈنڈ مارکیٹس کی سرمایہ کاری سے متعلق بیچ مارک MSCI World Index کے حوالے سے متعلق ممالک کو اورویت یا انڈرویت کر سکتی ہے۔ اسکیم کی سرمایہ کاری کو کلسڈ انکم سکیورٹیز میں اس کی مدت اور yield curve مینجمنٹ کے ذریعے مختلف میچورٹیز اور حکومتی سکیورٹیز کے درمیان منتقل کرتے ہوئے منظم کیا جائے گا۔

فنڈ کی کارکردگی

LAADMF نے مالی سال 2021 کی پہلی سہ ماہی کے دوران بیچ مارک منافع 1.59% کے مقابلے میں 0.08% مطلق منافع حاصل کیا۔ فنڈ نے بیچ مارک کے مقابلے میں 1.51% کم تر کارکردگی کا مظاہرہ کیا ہے۔ 30 ستمبر 2020 کے مطابق فنڈ کے 20.7% سے ٹی بلز میں، 9.6% سے ڈیویڈنڈ مارکیٹ ایلوٹیشن میں اور باقی 69.3% سے کیش میں سرمایہ کاری کی گئی۔

ٹی یونٹ آمدنی (EPU)

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



### معاشی جائزہ

موجودہ سال 2020 کی تیسری سہ ماہی میں سی پی آئی کی اوسط 8.8 فیصد رہی، جو اسٹیٹ بینک آف پاکستان کی قلیل مدتی حد 7-9% کی اوپری آخری حد کے آس پاس ہے۔ اس کی بڑی وجہ دیہی مراکز میں نقدائی افراتفر کی شرح میں اضافہ تھا۔ ستمبر کے دوران اسٹیٹ بینک نے مانیٹری 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 سخت تر سیلیات زر (سال بہ سال بنیاد پر 24% اضافہ) ہے۔ غیر زرعی راستوں کے خلاف کریک ڈاؤن اور سفری پابندیوں کے نتیجے میں جون تا ستمبر 2020 میں ترسیلات زر 2 بلین امریکی ڈالر کی حد سے زیادہ رہیں۔ کووڈ-19 کے یومیہ کیس ستمبر کے آخر تک 600-700 تک گر گئے، جون 2020 تک یہ تیزی سے 7000 کیسز کی 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 مددی سے بحالی کی طرف جا رہی ہے۔

### فلسفہ اعلیٰ 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 نیلامی میں 1.9 بلین 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 ایشیائی 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 7.0% پر برقرار رکھنے کا فیصلہ کیا۔ نی آئی بی کی نیلامی میں اسٹیٹ بینک آف پاکستان کی طرف سے قبول کردہ پولیاں گزشتہ سال اسی مدت میں 963 ارب 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۔

نی آف آر 249bn سے 303QCY20، مقابلہ 963bn PKR سے SPLY (اور 2020 QCY20 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۔

### ڈیویڈنڈ مارکیٹس کا جائزہ

EM انڈیکس کے پیچھے سہ ماہی کے دوران ڈی ایم انڈیکس نے 8% منافع مہیا کیا۔ ڈیویڈنڈ مارکیٹس نے تیسری سہ ماہی میں پیش قدمی کی لیکن ستمبر کے دوران 2020 کی بلند ترین سطح سے گر گئیں۔ بعد کی سہ ماہی کے دوران مارکیٹ میں کمی حقیقی غذائت کی عکاسی کرتی ہے جیسا کہ سرمایہ کار امریکی کانگریس کے اضافی مالیاتی محرک پر متفق نہ ہونے پر پریشان تھے۔ مستقبل میں محرک کے حوالے سے شک کے ساتھ ہی ترقی یافتہ دنیا کے بیشتر حصوں میں کووڈ-19 کے بڑھتے ہوئے کیسز کے پس منظر کے مقابل متعلق امریکی انتخابات کے افراتفری والے نتائج کے بڑھتے ہوئے خطرے سے معاملات مزید خراب ہوتے دکھائی دے رہے ہیں۔



سال کے دوران اہم واقعات - کووڈ-19

ایک نوپل وائزس (2019-nCoV) سب سے پہلے 31 دسمبر، 2019 کو ووبان، چین میں رپورٹ ہوا۔ یہ وائزس SARS جیسی سانس کی بیماری کا سبب بنتا ہے لیکن اس سے کم مہلک ہوتا ہے۔ تاہم، وائزس کی متعدی نوعیت کے پیش نظر، ڈبلیو ایچ او نے 11 مارچ 2020 کو، کووڈ-19 کو عالمی وبا قرار دے دیا، (گزشٹہ عالمی وبا 2009 میں پھیلتی تھی) جب عالمی سطح پر تصدیق شدہ واقعات قریب 127,000 تھے۔ اب یہ دنیا کے 216 ممالک میں پھیل چکا ہے جس کے متاثرین کی تصدیق شدہ تعداد 38 ملین سے زیادہ ہے۔

وائزس 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 پسماندہ معیشتوں میں 2.5% کی توقع ہے۔

تاہم، چونکہ اس وائزس 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 جارہے ہیں۔

جون 2020 کے وسط میں پاکستان اپنی بلند ترین سطح پر پہنچ گیا ہے۔ فی الحال تصدیق شدہ کیسز کی مجموعی تعداد 321 ہزار سے تجاوز کر چکی ہے۔ تاہم، نئے معاملات کی کئی لاکھ لگ بھگ 800 تک رہ گئی ہے، جبکہ صرف 9 ہزار کے لگ بھگ فعال کیسز باقی ہیں۔ پہلے دو مہینوں کے لئے مکمل لاک ڈاؤن رکھا گیا تھا جسے بعد میں آخڑتی سے اسماٹ لاک ڈاؤن میں تبدیل کر دیا گیا۔ انظار پاکستان کی کووڈ-19 کو محدود کرنے کی کوششیں لا رہی ہیں جیسا کہ اگست 2020 کے آغاز میں 4.9% کے مقابلے میں اب کووڈ-19 کے شیئرس کے 1.8% نتائج مثبت آ رہے ہیں۔

تاہم کسی قابل اعتماد 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 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 مستحکم 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 پہلے ریٹ میں اضافے کا سبب بن سکتا ہے، تاہم امکان کم ہیں۔ متعدد دستاویزی اصلاحات جاری ہیں، جہاں سرگھر قرضوں کے تصفیے اور ٹیکس اصلاحات کی بدولت 6 ملین ڈالر کے آئی ایم ایف پروگرام کی بحالی میں پیشرفت ہو سکتی ہے۔ تریسٹات زر کے معمول پر آنے (موجودہ رقم 2 ارب ڈالر/ماہانہ سے) کی وجہ سے کرنٹ اکاؤنٹ میں کچھ گراؤ آ سکتی ہے۔ تاہم برآمدات میں بتدریج بہتری سے مدد ملی 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 کم از کم کووڈ-19 ویکسین کے بارے میں صورت حال واضح ہو جانی چاہیے جس سے انٹیکیشن 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 ڈیپازٹری کمیٹی آف پاکستان لمیٹڈ اور پاکستان اسٹاک ایکسچینج لمیٹڈ کا، ان کے مسلسل تعاون اور مدد پر شکر گزار ہے۔ مینجمنٹ کمیٹی کے ڈائریکٹرز فنڈ کی ترقی اور ادائیگیوں مندرجہ انتظام و انصرام کے لیے مینجمنٹ کمیٹی کی ٹیم کی محنت اور کوششوں کا بھی اعتراف کرتے ہیں۔

برائے و مخائب بورڈ

ڈائریکٹر

چیف ایگزیکٹو آفیسر

تاریخ: 22 اکتوبر 2020

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

	Note	September 30, 2020 (Unaudited)	June 30, 2020 (Audited)
		(Rupees)	
<b>ASSETS</b>			
Bank balances	6	1,105,479,682	455,467,033
Investments	7	484,068,015	1,488,648,191
Dividend receivable		261,823	-
Accrued mark-up and other receivable		5,808,100	13,396,341
<b>TOTAL ASSETS</b>		<u>1,595,617,620</u>	<u>1,957,511,564</u>
<b>LIABILITIES</b>			
Payable to the Management Company	8	7,190,959	7,610,264
Payable to the Trustee		250,008	272,166
Annual fee payable to the Securities and Exchange Commission of Pakistan		91,707	183,202
Accrued expenses and other liabilities	9	5,731,777	5,079,112
<b>TOTAL LIABILITIES</b>		<u>13,264,451</u>	<u>13,144,744</u>
<b>NET ASSETS</b>		<u>1,582,353,169</u>	<u>1,944,366,821</u>
<b>UNIT HOLDERS' FUND (as per statement of movement in unit holders' fund)</b>		<u>1,582,353,169</u>	<u>1,944,366,821</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	12		
		(Number of units)	
<b>Number of units in issue</b>		<u>10,540,741</u>	<u>12,962,555</u>
		(Rupees)	
<b>Net assets value per unit</b>		<u>150.1178</u>	<u>149.9987</u>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

For Lakson Investments Limited  
(Management Company)

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director



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

	Note	2020	2019
		(Rupees)	
<b>INCOME</b>			
Markup on Government securities (at fair value through profit or loss)		24,954,669	4,886,975
Markup on bank balances - at amortised cost		3,735,496	6,916,626
Dividend income on investments at fair value through profit or loss		261,823	605,770
Exchange gain on foreign currency deposits - at amortised cost		(4,842,902)	(20,342)
		<u>24,109,086</u>	<u>12,389,029</u>
Capital (loss) / gain on sale of investments held at fair value through profit or loss - net		(5,043,732)	(27,797)
Unrealised appreciation in the fair value of investments classified as 'held for trading' - net		(8,171,818)	(2,308,096)
		<u>(13,215,550)</u>	<u>(2,335,893)</u>
<b>Total Income</b>		<u>10,893,536</u>	<u>10,053,136</u>
<b>EXPENSES</b>			
Remuneration to the Management Company	8.1	6,657,716	2,155,831
Sindh Sales tax on remuneration to the Management Company	8.2	865,503	280,258
Remuneration to the Trustee		802,969	325,212
Annual fee to the Securities and Exchange Commission of Pakistan		91,707	28,780
SECP supervisory fee		630	628
Custody charges		94,858	155,564
Auditors' remuneration		94,402	75,262
Fees and subscription		132,328	153,614
Credit rating fee		-	47,711
Brokerage, settlement and bank charges		506,101	-
Printing charges		8,475	-
<b>Total expenses</b>		<u>9,254,689</u>	<u>3,222,860</u>
Net income from operating activities		1,638,847	6,830,276
Provision for Sindh workers' welfare fund (SWWF)	9.1	(32,777)	(136,606)
<b>Net Income for the period before Taxation</b>		<u>1,606,070</u>	<u>6,693,670</u>
Taxation	13	-	-
<b>Net income for the period after taxation</b>		<u>1,606,070</u>	<u>6,693,670</u>
<b>Allocation of Net Income for the period</b>			
Net income for the year after taxation		1,606,070	6,693,670
Income already paid on units redeemed		-	(8,134)
		<u>1,606,070</u>	<u>6,685,536</u>
<b>Accounting income available for distribution</b>			
-Relating to capital gains		-	-
-Excluding capital gains		1,606,070	6,685,536
<b>Accounting income available for distribution</b>		<u>1,606,070</u>	<u>6,685,536</u>

The annexed notes from 1 to 16 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	1,606,070	6,693,670
Other comprehensive income	-	-
<b>Total comprehensive income for the period</b>	<u>1,606,070</u>	<u>6,693,670</u>

The annexed notes from 1 to 16 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		Total
	Capital value	Undistributed income	Capital value	Undistributed income	
<b>Net assets at beginning of the period</b>	1,868,812,065	75,554,756	1,944,366,821	75,959,051	562,298,314
Issuance of Nil units (2019: 374,753 units) as capital refund	-	-	-	-	-
- Capital value	-	-	-	-	56,555,886
- Element of income	-	-	-	-	480,648
Total proceeds on issuance of units	-	-	-	-	57,036,534
Redemption of 2,421,814 units (2019: 5,327 units)	(363,268,949)	-	(363,268,949)	-	(810,414)
- Capital value	(350,773)	-	(350,773)	-	3,072
- Element of loss	-	-	-	-	(8,134)
Total payments on redemption of units	-	-	(363,619,722)	-	(807,342)
Total comprehensive income for the period	-	1,606,070	1,606,070	6,693,670	6,693,670
Net income for the period less distribution	-	1,606,070	1,606,070	6,693,670	6,693,670
<b>Net assets as at end of the period</b>	<b>1,868,812,065</b>	<b>77,160,826</b>	<b>1,582,353,169</b>	<b>82,644,587</b>	<b>625,213,042</b>
<b>Undistributed income brought forward:</b>					
- Realized income	58,580,892			43,867,223	
- Unrealized income	16,973,865			32,091,829	
	75,554,756			75,959,051	
<b>Accounting income available for distribution:</b>					
Relating to capital gains	1,606,070			6,685,536	
Excluding capital gains	1,606,070			6,685,536	
Net income for the period after taxation					
<b>Undistributed income at end of the period</b>	<b>77,160,826</b>			<b>82,644,588</b>	
<b>Undistributed income carried forward</b>					
- Realized income	85,332,644			84,952,684	
- Unrealized income	(8,171,818)			(2,308,096)	
<b>Undistributed income at end of the period</b>	<b>77,160,826</b>			<b>82,644,588</b>	
Net assets value per unit at beginning of the period			149.9987		150.9151
Net assets value per unit at end of the period			150.1178		152.6641

The annexed notes from 1 to 16 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)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Income for the period before Taxation	1,606,070	6,693,670
<b>Adjustments for non-cash charges and other items:</b>		
Capital loss on sale of investments - net	5,043,732	27,797
Unrealised appreciation in the fair value of investments at fair value through profit or loss - net	8,171,818	2,308,096
Mark-up receivable	<u>(261,823)</u>	<u>(605,769)</u>
	14,559,797	8,423,794
<b>(Increase) in assets</b>		
Investments - net	<u>991,364,626</u>	<u>(27,797)</u>
Prepayment	<u>7,588,241</u>	<u>(817,397)</u>
	998,952,866	(845,194)
<b>Increase in liabilities</b>		
Payable to the Management Company	<u>(419,305)</u>	<u>(46,308)</u>
Payable to the Trustee	<u>(22,158)</u>	<u>(89,772)</u>
Annual fee payable to the Securities and Exchange Commission of Pakistan	<u>(91,495)</u>	<u>(291,648)</u>
Accrued expenses and other liabilities	<u>652,665</u>	<u>347,922</u>
	119,707	(79,806)
<b>Net cash (used in) operating activities</b>	<u>1,013,632,371</u>	<u>7,498,794</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Cash received from issue of units	<u>-</u>	<u>57,036,534</u>
Cash paid on redemption of units	<u>(363,619,722)</u>	<u>(815,476)</u>
Cash dividend paid	<u>-</u>	<u>-</u>
<b>Net cash flow from financing activities</b>	<u>(363,619,722)</u>	<u>56,221,058</u>
<b>Net (decrease) in cash and cash equivalent during the period</b>		
	650,012,649	63,719,852
Cash and cash equivalent at the beginning of the period	<u>455,467,033</u>	<u>345,797,093</u>
<b>Cash and cash equivalent at the end of the period</b>	<u>1,105,479,682</u>	<u>409,516,945</u>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

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

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

**Notes to and Forming Part of the Condensed Interim  
Financial Statements (Unaudited)  
For the quarter ended September 30, 2020**

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

The Lakson Asset Allocation Developed Market Fund (the "Fund") was established under the Trust Deed executed on 30 May 2011 between the Lakson Investments Limited as its Management Company, a company incorporated under the repealed Companies ordinance 1984 (now Companies Act, 2017) and the Central Depository Company of Pakistan Limited (CDC) as its Trustee, also incorporated under the repealed Companies ordinance 1984 (now Companies Act, 2017). The Fund has been registered as a Notified Entity on 7 July 2011 by the Securities and Exchange Commission of Pakistan (SECP) in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations).

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

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

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

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

The Pakistan Credit Rating Company Limited (PACRA) has maintained asset manager rating of the Management Company of the Fund to the scale 'AM2+' (stable outlook) dated 28 August 2020 (AM2+ as on 29 August 2019).

On 21 October 2020, VIS assigned following rankings to the Fund based on the performance review for the 'period ended 30 June 2020:

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

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

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



- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part 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.

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

- 2.2 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.

### **2.3 Basis of measurement**

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

### **2.4 Functional and presentation currency**

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

### **3. Significant judgement and estimates**

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

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



	Note	September 30, 2020 (Unaudited) (Rupees)	June 30, 2020 (Audited)
<b>6. BANK BALANCES</b>			
<b>In local currency</b>			
In profit and loss sharing accounts	6.1	827,043,966	16,774,169
In current accounts		8,504	8,503
<b>In foreign currency</b>			
In current account	6.2	<u>278,427,212</u>	<u>438,684,361</u>
		<u>1,105,479,682</u>	<u>455,467,033</u>

6.1 These carry mark-up rates ranging from 5.00% to 7.80% (30 June 2020: from 6.00% to 8.75%) per annum.

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

## 7. INVESTMENTS

### At fair value through profit or loss

#### Government Securities

-MARKET Treasury Bills	7.1	-	1,148,352,541
-Pakistan Investment Bonds	7.2	330,520,700	340,295,650
Exchange Traded Funds (foreign investments)	7.3	<u>153,547,315</u>	-
		<u>484,068,015</u>	<u>1,488,648,191</u>

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

Name of Investee Company	Date of Maturity	Holding as at 01 July 2020	Purchases during the period	Disposed / matured during the period	Holding as at 30 September 2020	Carrying value as of the year ended 30 Sep 2020 before revaluation	Market value as of the year ended 30 Sep 2020 (After revaluation)	Unrealized appreciation	Market value as % of total investments (based on market value)	Market value as % of net assets (based on market value)
									%	
6 month Treasury Bills	24-Sep-20	3,370,000	-	3,370,000	-	-	-	-	0.00%	0.00%
6 month Treasury Bills	05-Nov-20	3,500,000	-	3,500,000	-	-	-	-	0.00%	0.00%
12 month Treasury Bills	25-Mar-21	700,000	-	700,000	-	-	-	-	0.00%	0.00%
12 month Treasury Bills	06-May-21	970,000	-	970,000	-	-	-	-	0.00%	0.00%
<b>Total - September 30, 2020</b>										
<b>Total - June 30, 2020</b>						1,136,119,651	1,148,352,541	12,232,890	77.14%	59.06%

### 7.2 Government securities - Pakistan Investments Bonds - at fair value through profit or loss

Name of Security	Date of Maturity	Mark-up rate	Holding as at 01 July 2020	Purchases during the year during the	Disposed / matured during the year	Holding as at 30 September 2020	Carrying value as of the year ended 30 Sep 2020 before revaluation	Market value as of the year ended 30 Sep 2020	Unrealised appreciation / (diminution)	Market value as % of total investments (based on market value)	Market value as % of net assets (based on market value)	
										%		
3 years Pakistan Investment Bond	7.2.1	19-Sep-22	9.00%	1,750,000	-	-	1,750,000	180,283,957	177,914,100	(2,369,857)	11.24%	36.75%
5 years Pakistan Investment Bond	7.2.2	19-Sep-24	9.50%	1,000,000	-	-	1,000,000	105,021,197	101,536,000	(3,485,197)	6.42%	20.98%
10 years Pakistan Investment Bond	7.2.3	19-Sep-29	10.00%	500,000	-	-	500,000	54,317,900	51,070,600	(3,247,300)	3.23%	10.55%
<b>Total - September 30, 2020</b>							<b>339,623,054</b>	<b>330,520,700</b>	<b>(9,102,354)</b>		<b>20.89%</b>	<b>68.28%</b>
<b>Total - June 30, 2020</b>							<b>335,464,539</b>	<b>340,295,650</b>	<b>4,831,111</b>		<b>22.86%</b>	<b>17.50%</b>



- 7.2.1 This represents investments in 3 years Pakistan Investment Bond carrying an effective profit rate of 7.85% and having maturity on 19 September 2022. The face value of Pakistan Investment Bond as at 30 September 2020 amounted to Rs. 175 million.
- 7.2.2 This represents investments in 5 years Pakistan Investment Bond carrying an effective profit rate of 8.28% and having maturity on 19 September 2024. The face value of Pakistan Investment Bond as at 30 September 2020 amounted to Rs. 100 million.
- 7.2.3 This represents investments in 10 years Pakistan Investment Bond carrying an effective profit rate of 8.98% and having maturity on 19 September 2029. The face value of Pakistan Investment Bond as at 30 September 2020 amounted to Rs. 50 million.

**7.3 Exchange Traded Funds (foreign investment) - at fair value through profit or loss**

Note	Number of units				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	Cost	Market value	Unrealized diminution		
Powershares QQQ Trust Series 1	-	2,179	-	2,179	98,721,734	100,318,265	1,596,531	6.34%	20.72%
Vanguard S&P 500 UCITS ETF	-	5,023	-	5,023	53,895,045	53,229,050	(666,995)	3.36%	11.00%
<b>Total - September 30, 2020</b>					<b>152,616,779</b>	<b>153,547,315</b>	<b>930,536</b>	<b>9.70%</b>	<b>31.72%</b>
<b>Total - June 30, 2020</b>					-	-	-	<b>0.00%</b>	<b>0.00%</b>
<b>Total investment - September 30, 2020</b>					<b>492,239,833</b>	<b>484,068,015</b>	<b>(8,171,818)</b>	<b>30.59%</b>	<b>100.00%</b>
<b>Total investment - June 30, 2020</b>					<b>1,471,584,189</b>	<b>1,488,648,191</b>	<b>17,064,001</b>	<b>100.00%</b>	<b>76.56%</b>

	<b>September 30,</b>	<b>June 30,</b>
	<b>2020</b>	<b>2020</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Note</b>	<b>(Rupees)</b>	

**8. PAYABLE TO THE MANAGEMENT COMPANY**

Remuneration payable to the Management Company	8.1	<b>2,092,655</b>	2,463,722
Sales tax payable on remuneration to the Management Company	8.2	<b>910,935</b>	959,173
Federal excise duty payable on remuneration to the Management Company	8.3	<b>4,184,410</b>	4,184,410
Sales load payable		<b>2,959</b>	2,959
		<b><u>7,190,959</u></b>	<b><u>7,610,264</u></b>

- 8.1 The Management Company is entitled to remuneration for services rendered to the Fund under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, of an amount not exceeding 2% per annum of the average annual net assets of the Fund. However, the Management Company is currently charging fee at 15% of the gross earnings of the scheme for the year ended 30 September 2020. The fee is subject to a minimum of 1.25% and maximum of 2% of the average annual net assets of the Fund. The effective management fee rate for the year ended 30 September 2020 is 1.45% of the average net assets. Remuneration is paid to the Management company in arrears on a monthly basis.
- 8.2 The Provincial Government of Sindh has levied Sindh Sales Tax at the rate of 13% on Management Company's remuneration. Above liability includes Rs. 638,891 (June 30, 2020: Rs. 638,891) accrued on Federal Excise Duty (FED) charged on the management remuneration as more fully explained in note 8.3 below. Had the provision relating to FED not been made, net asset value per unit of the Fund as at September 30, 2020 would have been higher by Re. 0.06 (June 30, 2020: Re. 0.05) per unit.



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

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

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

However, since the appeal is pending in the Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period up to 30 June 2016 aggregating to Rs. 4.184 million. Had the provision not been made, NAV per unit of the Fund as at 30 September 2020 would have been higher by Re. 0.40 (30 June 2020: Re. 0.32) per unit.

		<b>September 30, 2020 (Unaudited)</b>	June 30, 2020 (Audited)
	<b>Note</b>	<b>(Rupees)</b>	
<b>9 ACCRUED AND OTHER LIABILITIES</b>			
Sindh Workers' Welfare Fund	9.1	<b>3,755,257</b>	3,722,480
Withholding income tax payable		<b>531,817</b>	-
Auditors' remuneration		<b>114,269</b>	199,493
Custody fee payable		<b>358,598</b>	263,740
Rating fee payable		<b>307,950</b>	307,950
Dividend payable		<b>3,112</b>	3,112
Professional tax payable		<b>456,827</b>	383,300
Other charges payable		<b>203,947</b>	199,037
		<b><u>5,731,777</u></b>	<b><u>5,079,112</u></b>

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

Total provision for SWWF as of September 30, 2020 amounted to Rs. 3.755 million. Had the provision not been made the net assets value per unit of the Fund as at September 30, 2020 would have been higher by Re. 0.3563 per unit (June 30, 2020: Re. 0.28 per unit)

**10. CONTINGENCIES AND COMMITMENTS**

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



**11. TAXATION**

- 11.1 The Fund's income is exempt from Income Tax as per clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders. The Fund is also exempt from the provisions of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Accordingly, no provision has been made in this condensed interim financial statement.
- 11.2 During the year ended June 30, 2014, the FBR has issued show cause notices to the Fund under section 122(9) for proceeding u/s 122(5A) of the Income Tax Ordinance, 2001 for amendment of assessment on grounds that exemption from tax claimed under clause 99 of Part-I of the Second Schedule is not as per law. Total tax including Workers' Welfare Fund payable as per amended assessment would be Rs. 7.203 million and Rs 19.001 million for the tax years 2012 and 2013 respectively. Trustee of the Fund had filed a suit in the High Court of Sindh for declaration and permanent injunction for which a stay order had been granted by Sindh High Court. The management expects a favorable outcome and, accordingly, no provision has been recorded in respect of this matter.

**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, Habib Bank AG Zurich being the Custodian, SIZA Services (Private) Limited being the holding company of the Management Company, associated companies of the Management Company, key management personnel, other funds being managed by the Management Company and unit holders holding more than 10% in the units of the Funds as at September 30, 2020. 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:

	<b>September 30, 2020 (Unaudited)</b>	<b>June 30, 2020 (Audited)</b>
	<b>(Rupees)</b>	
<b>12.1 Balance as at period / year end</b>		
<b>Lakson Investments Limited - Management Company</b>		
Payable to Management Company	<u>7,188,000</u>	<u>7,607,305</u>
Sales load payable	<u>2,959</u>	<u>2,959</u>
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	<u>250,008</u>	<u>272,166</u>
<b>Habib Bank AG Zurich - Custodian</b>		
Bank deposits	<u>278,427,212</u>	<u>438,684,361</u>
Custody fee payable	<u>358,598</u>	<u>263,740</u>



	Quarter ended September 30, 2020									
	Number of Units					Rupees				
	Number of Units as at July 01, 2020	Units issued during the period	Refund of Capital	Units redeemed during the period	Number of holdings at the end of the period	Balance as at July 01, 2020	Units issued during the period	Bonus units issued during the year	Units redeemed during the period	Balance at the end of the period (Investment at current NAV)
Directors, Chief Executive and their spouse and minors	11,074,845	-	-	1,956,576	9,118,269	1,661,212,403	-	-	294,000,000	1,366,814,536
Other key management personnel	1	-	-	-	1	150	-	-	-	150
<b>Associated companies / undertakings of the Management Company</b>										
Lakson Investments Limited	-	-	-	-	-	-	-	-	-	-
Lakson Business Solutions Limited - Employees	-	-	-	-	-	-	-	-	-	-
Contributory Provident Fund Trust	1,149	-	-	-	1,149	172,297	-	-	-	172,434
Lakson Investments Limited - Employees Contributory Provident Fund Trust	3,128	-	-	-	3,128	469,266	-	-	-	469,639
GAM Corporation (Private) Limited - Employees	76,806	-	-	19,202	57,604	11,520,824	-	-	2,874,023	8,647,410
SIZA Foods (Private) Limited - Employees Contributory Provident Fund Trust	54,819	-	-	13,705	41,114	8,222,810	-	-	2,051,270	6,171,974
Colgate Palmolive (Pakistan) Limited - Employees Contributory Provident Fund Trust	381,464	-	-	95,366	286,098	57,219,034	-	-	14,273,725	42,948,332
Colgate Palmolive (Pakistan) Limited - Employees Gratuity Fund	323,257	-	-	80,814	242,443	48,488,065	-	-	12,095,682	36,394,945
Cyber Internet Services (Private) Limited - Employees Contributory Provident Fund Trust	140,270	-	-	35,068	105,202	21,040,291	-	-	5,248,736	15,792,666
Accuracy Surgicals Limited - Employees Contributory Provident Fund Trust	34,629	-	-	8,657	25,972	5,194,280	-	-	1,295,720	3,898,835
Merit Packaging Limited - Employees Contributory Provident Fund Trust	57,811	-	-	14,453	43,358	8,671,520	-	-	2,163,225	6,508,752
Merit Packaging Limited - Employees Gratuity Fund	23,928	-	-	5,982	17,946	3,589,156	-	-	895,344	2,694,001
Century Paper & Board Mills Limited - Employees Contributory Provident Fund Trust	363,323	-	-	90,831	272,492	54,487,993	-	-	13,587,282	40,905,915
Century Paper & Board Mills Limited - Employees Gratuity Fund	294,273	-	-	73,568	220,705	44,140,550	-	-	11,004,934	33,131,731
Century Insurance Company Limited - Employees Contributory Provident Fund Trust	28,788	-	-	7,197	21,591	4,318,150	-	-	1,077,197	3,241,181
Sydril Private Limited - Employees Contributory Provident Fund Trust	31,648	-	-	7,912	23,736	4,747,119	-	-	1,184,214	3,563,156
Century Insurance Company Limited - Employees Gratuity Fund	21,679	-	-	5,420	16,259	3,251,858	-	-	811,228	2,440,801
Princeton Travels Private Limited - Employees Contributory Provident Fund Trust	-	-	-	-	-	-	-	-	-	-
Siza Services Private Limited - Employees Contributory Provident Fund Trust	16,511	-	-	4,428	12,383	2,476,565	-	-	617,851	1,858,845
Hasanali Karabhai Foundation - Employees Contributory Provident Fund Trust	11,740	-	-	2,935	8,805	1,761,046	-	-	439,291	1,321,848



Quarter ended September 30, 2019									
Number of Units					Rupees				
Number of Units as at July 01, 2019	Units issued during the period	Refund of Capital	Units redeemed during the period	Number of holdings at the end of the period	Balance as at July 01, 2019	Units issued during the period	Bonus units issued during the year	Units redeemed during the period	Balance at the end of the period (investment at current NAV)
784,741	-	-	-	784,741	118,429,204	-	-	-	119,801,715
177,525	-	-	-	177,525	20,727,393	-	-	-	27,101,694
1	-	-	-	1	151	-	-	-	153
<b>Associated companies / undertakings of the Management Company</b>									
Directors, Chief Executive and their spouse and minors	1,091,716	-	-	1,091,716	164,756,466	-	-	-	166,665,878
Key management personnel, employees and connected persons of the Management Company	1,429	-	-	1,129	170,323	-	-	-	172,297
Other key management personnel	3,051	-	-	3,051	460,443	-	-	-	465,780
<b>Lakson Investments Limited</b>	74,904	-	-	74,904	11,304,176	-	-	-	11,435,183
Lakson Solutions Limited - Employees	53,462	-	-	53,462	8,068,182	-	-	-	8,161,686
Contributory Provident Fund Trust	372,017	-	-	372,017	56,143,045	-	-	-	56,799,703
Lakson Investments Limited - Employees Contributory	315,252	-	-	315,252	47,576,259	-	-	-	48,127,634
GAM Corporation (Private) Limited - Employees	136,796	-	-	136,796	20,644,633	-	-	-	20,883,890
Contributory Provident Fund Trust	35,060	-	-	35,060	5,291,108	-	-	-	5,352,429
Coigate Palmolive (Pakistan) Limited - Employees	56,379	-	-	56,379	8,508,453	-	-	-	8,607,060
Cyberg Internet Services (Private) Limited - Employees	23,335	-	-	23,335	3,521,665	-	-	-	3,562,479
Cybernet Services (Private) Limited - Employees	354,326	-	-	354,326	53,473,171	-	-	-	54,092,888
Accuracy Surgicals Limited - Employees Contributory	286,986	-	-	286,986	43,310,503	-	-	-	43,812,441
Merit Packaging Limited - Employees Contributory	28,075	-	-	28,075	4,236,949	-	-	-	4,286,052
Contributory Provident Fund Trust	30,864	-	-	30,864	4,657,880	-	-	-	4,711,862
Century Paper & Board Mills Limited - Employees	21,142	-	-	21,142	3,190,707	-	-	-	3,227,685
Century Insurance Company Limited - Employees	3,737	-	-	3,737	563,916	-	-	-	570,451
Princeton Travels Private Limited - Employees	16,102	-	-	16,102	2,429,994	-	-	-	2,458,156
Siza Services Private Limited - Employees Contributory	11,450	-	-	11,450	1,727,951	-	-	-	1,747,977
Contributory Provident Fund Trust									
Hasanali Karabbai Foundation - Employees Contributory									
Provident Fund Trust									



	September 30, 2020	2019
	(Unaudited) (Rupees)	
<b>12.3 Other transactions during the period</b>		
<b>Lakson Investments Limited - Management Company of the Fund</b>		
Remuneration to the Management Company	<u>6,657,716</u>	<u>2,155,831</u>
Sindh sales tax on remuneration to Management Company	<u>865,503</u>	<u>280,258</u>
<b>Central Depository Company of Pakistan Limited - Trustee of the Fund</b>		
Remuneration for the period	<u>802,969</u>	<u>325,212</u>
<b>Habib Bank AG Zurich - Custodian</b>		
Custody charges	<u>94,858</u>	<u>155,564</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 2.03% (September 30, 2019: 2.25%) which includes 0.24% (September 30, 2019: 0.10%) representing government levies (comprising of Workers Welfare Fund and SECP fee, etc.). As per NBFC Regulation the total expense ratio of the Asset Allocation Scheme shall be capped up to 4.5%. (excluding the government levies).

**14. 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 that the entity can access at the measurement date (level 1);



Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and

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

As at September 30, 2020				
----- Un-audited -----				
Level 1	Level 2	Level 3	Total	
----- Rupees -----				
Assets				
<b>Financial assets measured at fair value</b>				
Government Securities	-	330,520,700	-	330,520,700
Exchange Traded Funds (foreign investments)	153,547,315	-	-	153,547,315

As at June 30, 2020				
----- Audited -----				
Level 1	Level 2	Level 3	Total	
----- Rupees -----				
Assets				
<b>Financial assets measured at fair value</b>				
Government Securities	-	1,488,648,191	-	1,488,648,191

**15 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.

**16. Date of Authorization for Issue**

This condensed interim financial statements were authorized for issue by Board of Directors of the Management Company on October 22, 2020.

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

Chief Executive Officer

Chief Financial Officer

Director





A Lakson Group Company

**Lakson Investments Limited**

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