

LAKSON INCOME FUND
Quarterly Report (March 31, 2021)



LAKSON INVESTMENTS
WE MANAGE YOUR MONEY, AS WE MANAGE OUR OWN

CONTENTS

Fund's Information	1
Review Report of the Directors of the Management Company (English)	3
Review Report of the Directors of the Management Company (Urdu)	5
Condensed Interim Statement of Assets and Liabilities	8
Condensed Interim Income Statement	9
Condensed Interim Statement of Comprehensive Income	10
Condensed Interim Statement Of Movement In Reserve Or Unit Holders' Fund	11
Condensed Interim Cash Flow Statement	12
Notes to and forming part of the Condensed Interim Financial Information	13

Fund's Information

Management Company	Lakson Investments Limited Head Office Lakson Square, Building No.2, Sarwar Shaheed Road, Karachi-74200, Pakistan. Phone: (9221) 3840.0000 Fax: (9221) 3568.1653 Web site: www.li.com.pk E-mail: info@li.com.pk
Board of Directors of the Management Company	Mr. Iqbal Ali Lakhani - Chairman Mr. Babar Ali Lakhani - Chief Executive Officer Mr. Jamil Ahmed Mughal Mr. Amin Mohammed Lakhani Mr. Jacques John Visser Ms. Roxanne Davies Ms. Kathleen Kennedy Townsend
Chief Financial Officer & Company Secretary of the Management Company	Syed Shafaheen Hassan
Audit Committee	Mr. Jacques John Visser - Chairman Mr. Amin Mohammed Lakhani Mr. Iqbal Ali Lakhani Mr. Jamil Ahmed Mughal
Human Resource and Remuneration Committee	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
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/I, 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 period ended March 31, 2021

The Board of Directors of Lakson Investments Limited, the Management Company of the Lakson Income Fund ('LIF') is pleased to submit the review report together with the condensed interim financial statements for the nine months ended March 31, 2021.

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.

Fund Profile

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 10% 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 6.92% in the 9MFY21 compared to the Benchmark return of 7.34% p.a. The LIF underperformed by 42bps. As of March 31, 2021, the LIF portfolio was invested 46% in cash, 18% in PIBs, 13% in TFCs, and 4% in Tbills while the weighted average maturity of the LIF portfolio stood at 950 days. The fund size of the LIF as of March 31, 2021 is PKR 3,933 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

The KSE-100 Index returned 30% MoM in 9MFY21. The recovery post-COVID-led downfall was supported by introducing relief packages to help businesses and underserved households launch a construction package and amnesty scheme for investors in the sector to revive allied industries. Moreover, the interest rate cuts by a cumulative 625 basis points during March-June to 7% gave strong cues to the market to maintain a growth trend. Other than this, the supply of subsidized loans to pay salaries during the pandemic, cheaper loans for construction and housing, and new and running businesses in export and manufacturing sectors also kept sentiments buoyant. Remittances remained above USD 2bn (for the ninth consecutive month) in Feb-21. Rupee continues to strengthen against USD, closing at 152.76. Moreover, Govt also revived IMF extended fund facility and received a tranche of USD 499mn during the last week of the month. Govt also launched 3-tranche Euro bond deal to raise USD 2.5bn from international capital markets.

Fixed Income Market Review

GoP raised cumulative PKR9.8tn in T-bill auctions during 9MFY21 vs PKR12.4tn in 9MFY20. The decline in treasuries was mostly led by an outflow of hot money due to aforementioned risk off sentiment and decline in interest rates (down 625bps to 7%). T-Bill yields for 3M, 6M and 12M tenors dropped to 7.54%, 7.80%, and 7.79% in March'21 from 12.73%, 12.51%, 12.00% in March'20. PIBs witnessed participation of PKR466bn vs PKR1.65tn, the sharp decline in participation was due expectations of



higher inflation and a rate hike by the central bank. Cut-off yields dropped to 9.41%, 9.9%, and 10.29% for 3YR/5YR/10YR tenors from 11.59%/10.99% and 10.85% in March'20, however yields have been on an upward trajectory over the last 3 months.

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. SBP has indicated to keep interest rates unchanged at 7% till June 2021. Several structural reforms are underway, where circular debt settlement and tax reforms spearheaded the resumption of the US\$6bn IMF Program. Remittances are likely to normalize (from current pace of over US\$2bn/month) which may cause some slippage in the current account, however 2-3% current account deficit (% of GDP) remains manageable. Real GDP growth is projected to rise by 3% in FY21 as per SBP (IMF projections: 1.5%) and 4% in FY22f. 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. Provisional budgets measures include removal of tax credits and subsidies, rationalization of GST and potential increase in corporate tax rates. Covid-19 vaccine has been made available to all (Russian vaccine Sputnik V), and should ease jitters arising from the ongoing third wave of infections.

Acknowledgment

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

For and on Behalf of the Board

Director

Chief Executive Officer

Dated: April 19, 2021

لیکسن انکم فنڈ
 31 مارچ 2021 کو ختم ہونے والی مدت کے لیے
 مینجمنٹ کمپنی کے ڈائریکٹرز کی جائزہ رپورٹ

لیکسن انویسٹمنٹس لمیٹڈ کا بورڈ آف ڈائریکٹرز، لیکسن انکم فنڈ ("LIF") کی مینجمنٹ کمپنی، 31 مارچ 2021 کو ختم ہونے والے نو ماہ کے لیے اپنی جائزہ رپورٹ مع مختصر عبوری مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتا ہے۔

فنڈ کا مقصد

اس اسکیم کی انویسٹمنٹ کا مقصد فکسڈ انکم سکیورٹیز کے متنوع پورٹ فولیو میں انویسٹمنٹ کے ذریعے مساوی مجموعی منافع جات فراہم کرنا ہے۔ یہ اسکیم مینجمنٹ کمپنی کی طرف سے انٹرسٹ ریٹ ٹرینڈز اور ممکنہ منافع جات کے حوالے سے مینجمنٹ کمپنی کی تشخیص کے لحاظ سے مختصر مدتی، وسط مدتی اور طویل مدتی میچورٹیز کے امتزاج کے ساتھ مختلف فکسڈ انکم سکیورٹیز میں سرمایہ کاری کرے گی۔

فنڈ کا تعارف

LIF ایک اوپن اینڈ انکم فنڈ ہے اور پاکستان اسٹاک ایکسچینج لمیٹڈ میں لسٹڈ ہے۔ LIF انویسٹمنٹ گریڈڈ بیٹ سکیورٹیز، گورنمنٹ سکیورٹیز، سرٹیفکیٹس آف انویسٹمنٹس، Clean Placements، بڑم ڈپازٹرز، سٹیٹس اور دیگر فکسڈ انکم انسٹرومنٹس میں سرمایہ کاری کرتا ہے۔ پورٹ فولیو کا مجموعی دورانیہ 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 بل 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 مینجمنٹ 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 کوریڈیمیشنز کی تکمیل کے لیے خالص اثاثوں کے 10 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 شیڈ مارک منافع 7.34 فیصد کے مقابلے میں مالی سال 2021 کے پہلے نو ماہ میں 6.92 فیصد کا سالانہ منافع پیش کیا۔ LIF کی کارکردگی 42 بنیادی پوائنٹس کم رہی۔ 31 مارچ 2021 کے مطابق LIF پورٹ فولیو نے کیش میں 46 فیصد، PIBs میں 18 فیصد، TFCs میں 13 فیصد اور ٹریڈ بلز میں 4 فیصد سرمایہ کاری کی جبکہ LIF پورٹ فولیو کی تخمینہ شدہ اوسط میچورٹی 950 دن ہے۔ 31 مارچ 2021 کے مطابق LIF کے فنڈ کا حجم 3,933 ملین روپے تھا۔



نی یونٹ آمدنی (EPU)

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

معاشی جائزہ

KSE-100 انڈیکس نے مالی سال 2021 کے پہلے 9 ماہ میں ماہ بہ ماہ بنیاد پر 30 فیصد کا منافع کمایا۔ کوویڈ کے نتیجے میں زوال سے بحالی کو کاروباری اداروں اور کم وسائل رکھنے والے گھرانوں کے لئے امدادی پیکج متعارف کروانے اور اس شعبے میں سرمایہ کاروں کے لئے متعلقہ صنعتوں کی بحالی کے لئے تعمیراتی پیکج اور اینسٹی اسکیم شروع کر کے مدد دی گئی۔ مزید یہ کہ مارچ تا جون کے دوران شرح سود میں مجموعی طور پر 625 بنیاد پوائنٹس کی کمی کے ساتھ 7 فیصد تک کمی مارکیٹ کو نمونہ کاروبار بحال برقرار رکھنے کے لئے زبردست اشارہ دیا۔ اس کے علاوہ، عالمی وبا کے دوران تنخواہوں کی ادائیگی کے لئے سبسڈی والے قرضوں کی فراہمی، تعمیرات اور رہائش، اور برآمدات اور مینوفیکچرنگ کے شعبوں میں نئے اور چلتے کاروباروں کے لئے سستے قرضوں نے بھی جذبات کو برقرار رکھا ہے۔ فروری میں 2020 تریبلٹ زر 2 ارب ڈالر (مسلل نوے مہینے) سے زائد رہا۔ 152.76 پر بند ہونے کے ساتھ، روپیہ امریکی ڈالر کے مقابلہ میں بدستور مستحکم ہے۔ مزید یہ کہ حکومت نے آئی ایم ایف کے توسیعی فنڈ کی سہولت کو بھی بحال کیا اور ماہ کے آخری ہفتے کے دوران 499 بلین ڈالر کی ایک قسط وصول کی۔ حکومت نے انٹرنیشنل کیپیٹل مارکیٹس سے 2.5 بلین ڈالر اکٹھا کرنے کے لئے 13 قسطوں والا یورو بانڈ معاہدہ بھی لانچ کیا۔

فلسڈ انکم مارکیٹ کا جائزہ

حکومت پاکستان نے ٹی مل کی نیلامیوں میں مالی سال 2020 کے پہلے 9 ماہ میں 12.4 ٹریلین روپے کے مقابلے میں مالی سال 2021 کے پہلے 9 ماہ میں مجموعی طور پر 9.8 ٹریلین روپے اکٹھے کیے۔ ٹریڈرز میں کمی بنیادی طور پر مندرجہ بالا خطرات سے پیچھا چھڑانے کے جذبات کی وجہ سے متلون زر (ہاٹ منی) (اخراج اور شرح سود میں کمی کا نتیجہ تھی) (625 بنیادی پوائنٹس کے ساتھ 7 فیصد تک کمی)۔ سہ ماہی، ششماہی اور نو ماہی مدتوں کے لیے ٹی بلز سے آمدنی مارچ 2020 میں بالترتیب 12.73 فیصد، 12.51 فیصد، 12.00 فیصد سے مارچ 2021 میں بالترتیب 7.54 فیصد، 7.80 فیصد اور 7.79 فیصد تک گر گئی۔ PIBs نے 1.65 ٹریلین کے مقابلے میں 466 ارب روپے کی شمولیت دیکھنے میں آئی، شمولیت میں تیز کمی بلند افراط زر مرکزی بینک کی طرف سے شرح سود میں اضافے کی توقعات کا نتیجہ تھی۔ تین سالہ اپانچ سالہ ادس سالہ مدتوں کے لیے حتمی منافع جات مارچ 2020 میں بالترتیب 11.59 فیصد، 10.99 فیصد اور 10.85 فیصد سے بالترتیب 9.41 فیصد، 9.9 فیصد اور 10.29 تک گر گئے، تاہم گزشتہ تین ماہ سے منافع جات میں بہتری آئی ہے۔

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 میں اضافہ (9 فیصد یا اس سے زیادہ)، مانگ کے طاقت ور رجحانات اور اعلیٰ مالی استحکام کے ساتھ۔ اسٹیٹ بینک نے اشارہ کیا ہے کہ جون 2021 تک سود کی شرحوں میں 7 فیصد کی شرح سے کوئی تبدیلی نہیں کی جائے گی۔ متعدد ساختی اصلاحات جاری ہیں، جہاں گردش قرضوں کے تصفیے اور لیکس اصلاحات نے 6 ارب ڈالر کے آئی ایم ایف پروگرام



دوبارہ آغاز میں مرکزی کردار ادا کیا۔ تزیلاتی زر معمول پر آنے کا امکان ہے (2 ارب ڈالر ماہانہ سے زائد کی رفتار سے) جس کے نتیجے میں کرنٹ اکاؤنٹ میں کچھ گراؤ آسکتی ہے، تاہم، کرنٹ اکاؤنٹ کا 2 سے 3 فیصد خسارہ (جی ڈی پی کا فیصد) بدستور قابل انتظام ہے۔ اسٹیٹ بینک کی پیشن گوئی کے مطابق مالی سال 2021 میں حقیقی جی ڈی پی میں 3 فیصد (آئی ایم ایف کی پیش گوئی: 1.5 فیصد) اور مالی سال 2022 میں 4 فیصد تک اضافے کا امکان ہے۔ مالی حیثیت بدستور کمزور ہے لیکن توقع ہے کہ ٹیکس اصلاحات کی بدولت بہتری آئے گی جس کا ہدف زیادہ وسیع ٹیکس میں کے ذریعے ٹیکسوں سے آمدنی میں اضافہ ہے۔ عبوری بجٹ اقدامات میں ٹیکس کریڈٹ اور سبسڈیوں کو ختم کرنا، جی ایس ٹی کو معقول بنانا، اور کارپوریٹ ٹیکس کی شرحوں میں ممکنہ اضافہ شامل ہے۔ کوویڈ-19 کی ایک ویکسین سب کو (رومی ویکسین اسپونٹک V) دستیاب کردی گئی ہے اور اس سے انفیکشن کی جاری تیسری لہر سے پیدا ہونے والے خوف و ہراس میں کمی آنا چاہیے۔

اظہار تشکر

یہ بورڈ اپنے قابل قدر انویسٹرز، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان، فنڈ کے ٹرسٹی، مینٹرنل ڈیپازٹری کمپنی آف پاکستان لمیٹڈ اور پاکستان اسٹاک ایکسچینج کی انتظامیہ کا، ان کے مسلسل تعاون اور مدد پر شکر گزار ہے۔ مینجمنٹ کمپنی کے ڈائریکٹرز فنڈ کی ترقی اور عمدہ نظم و نسق کے لیے مینجمنٹ کمپنی کی ٹیم کی کاوشوں کا بھی اعتراف کرتے ہیں۔

برائے اور از طرف بورڈ

.....
ڈائریکٹر

.....
چیف ایگزیکٹو آفیسر

تاریخ: 19 اپریل 2021

**Condensed Interim Statement of Assets and Liabilities
As at March 31, 2021**

		March 31, 2021 (Unaudited)	June 30, 2020 (Audited)
ASSETS	Note	(Rupees)	
Bank balances	5	1,817,094,226	883,217,038
Investments	6	1,957,996,216	2,118,193,674
Receivable from Margin Trading System		13,198,216	-
Mark-up receivable		65,051,376	85,055,513
Deposits and prepayments and Other receivables		138,094,221	17,626,909
		<u>3,991,434,256</u>	<u>3,104,093,134</u>
 LIABILITIES			
Payable to the Management Company	8	23,430,578	19,119,596
Payable to the Trustee		329,961	370,256
Annual fee payable to the Securities and Exchange Commission of Pakistan		514,098	494,383
Payable against purchase of investments		4,746,600	-
Accrued expenses and other liabilities	9	29,511,035	23,575,211
TOTAL LIABILITIES		<u>58,532,272</u>	<u>43,559,446</u>
NET ASSETS		<u>3,932,901,984</u>	<u>3,060,533,688</u>
 UNIT HOLDERS' FUND (as per statement of movement in Unit Holders' Fund)			
		<u>3,932,901,984</u>	<u>3,060,533,688</u>
 CONTINGENCIES AND COMMITMENTS			
	10	(Number of units)	
Number of units in issue		<u>37,069,054</u>	<u>30,344,640</u>
		(Rupees)	
Net assets value per unit		<u>106.0966</u>	<u>100.8591</u>

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

For Lakson Investments Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**Condensed Interim Income Statement (Unaudited)
For the nine months and quarter ended March 31, 2021**

	Note	Nine months ended March 31,		Quarter ended March 31,	
		2021	2020	2021	2020
----- (Rupees) -----					
Income					
Mark-up income		199,585,881	247,256,239	64,395,852	76,516,125
Income from Margin Trading System		21,780,257	936,292	20,523,840	936,292
Dividend Income		3,332,250	-	3,332,250	-
Capital (loss) / gain on sale of investments - net		(14,014,666)	14,443,540	(6,390,684)	45,994
Unrealised (diminution) / appreciation in the fair value of classified as 'held for trading' - net	6.1 to 6.9	10,199,164	13,200,951	18,619,677	12,606,569
		220,882,886	275,837,022	100,480,935	90,104,980
Expenses					
Remuneration to the Management Company		28,067,253	23,641,243	12,383,154	5,578,051
Sales tax on remuneration to the Management Company		3,648,740	3,073,362	1,609,808	725,147
Remuneration to the Trustee		2,178,596	1,493,310	902,746	472,740
Annual fee to the Securities and Exchange Commission of Pakistan		514,123	352,404	213,037	111,561
Annual SECP Supervisory fee on PSX Listing Fee		1,871	1,878	614	622
Auditors' remuneration		352,441	185,498	82,023	35,308
Fees and subscription		513,036	638,965	50,154	(49,925)
Printing charges					-
Brokerage, custody, settlement and bank charges		6,754,015	656,208	5,600,031	329,947
		42,030,074	30,042,868	20,841,566	7,203,451
Net income from operating activities		178,852,812	245,794,154	79,639,369	82,901,529
Sindh Workers' Welfare Fund	9.1	(3,577,056)	(4,932,690)	(1,592,787)	(1,674,837)
Net income for the period before taxation		175,275,755	240,861,464	78,046,581	81,226,691
Taxation	12	-	-	-	-
Net income for the period after taxation		175,275,755	240,861,464	78,046,581	81,226,691
Allocation of net income for the period					
Net income for the period after taxation		175,275,755	241,701,805	78,046,581	82,067,032
Less: Income already paid on units redeemed		(49,072,574)	(26,985,313)	(38,864,257)	(18,241,782)
		126,203,181	214,716,492	39,182,324	63,825,250
Accounting income available for distribution					
Relating to capital gains		-	24,806,066	-	9,814,138
Excluding capital gains		126,203,181	189,910,426	39,182,324	54,011,112
Accounting income available for distribution		126,203,181	214,716,492	39,182,324	63,825,250

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

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

Chief Financial Officer

Chief Executive Officer

Director

**Condensed Interim Statement of Comprehensive Income (Unaudited)
For the nine months and quarter ended March 31, 2021**

	Nine months ended March 31,		Quarter ended March 31,	
	2021	2020	2021	2020
	------(Rupees)-----			
Net income for the period after taxation	175,275,755	241,701,805	78,046,581	81,226,691
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	175,275,755	241,701,805	78,046,581	81,226,691

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

For Lakson Investments Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**Condensed Interim Cash Flow Statement (Unaudited)
For the nine months ended March 31, 2021**

	Nine months ended March 31,	
	2021	2020
	(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	175,275,755	241,701,805
Adjustments for non-cash charges and other items:		
Unrealised diminution / (appreciation) in the fair value of investments classified as 'held for trading' - net	(10,199,164)	(13,200,951)
	<u>165,076,592</u>	<u>228,500,854</u>
(Increase) in assets		
Investments - net	170,396,821	(726,523,892)
Receivable against Margin Trading System	(13,198,216)	(90,819)
Mark-up receivable	20,004,136	(37,629,384)
Deposits and prepayments and Other receivables	(120,467,312)	(2,060,417)
	56,735,429	(766,304,512)
(Decrease) / Increase in liabilities		
Payable to the Management Company	4,310,982	(1,078,833)
Payable to the Trustee	(40,295)	47,446
Annual fee payable to Securities and Exchange Commission of Pakistan	19,715	(2,072,885)
Payable against purchase of investments	4,746,600	-
Accrued expenses and other liabilities	5,935,824	5,209,802
	<u>14,972,826</u>	<u>2,105,530</u>
Net cash (used in) from operating activities	<u>236,784,847</u>	<u>(535,698,128)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from issue of units	5,538,118,637	748,456,651
Cash paid on redemption of units	(4,841,026,296)	(944,109,828)
Cash dividend paid	-	-
Net cash generated from financing activities	697,092,341	(195,653,177)
Net (decrease) / Increase in cash and cash equivalent during the period	933,877,188	(731,351,305)
Cash and cash equivalent at the beginning of the period	883,217,038	1,319,573,643
Cash and cash equivalent at the end of the period	<u>1,817,094,226</u>	<u>588,222,338</u>

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

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

Chief Financial Officer

Chief Executive Officer

Director

**Notes to and forming part of the Condensed Interim
Financial Information (Unaudited)
For the nine months and quarter ended March 31, 2021**

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

The Fund is categorised as "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 09 March 2021 and has also maintained asset manager rating of the Company to AM2+ (stable outlook), on 28 August 2020 (2019: AM2+ as on 29 August 2019).

During the current period, the Trust Act, 1882 has been repealed due to promulgation of provincial trust acts as empowered under the Eighteenth Amendment to the Constitution of Pakistan. Various new requirements including registration and annual renewal requirements under the relevant trust acts have been introduced. The Management Company in consultation with MUFAP and the Trustee is currently deliberating upon the requirements of the newly enacted provincial trust acts and their implication on the Fund.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Accounting Standard (IAS) 34 'Interim Financial Reporting issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and

- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

- 2.1 The comparative statement of asset and liabilities presented in these condensed interim financial information as at 30 June 2020 has been extracted from the audited financial statements of the Company for the year ended 30 June 2020, whereas the comparative income statement, statement of comprehensive income, the cash flow statement and statement of movement in unitholders' fund for the nine months period ended 31 Mar 2020 have been extracted from the unaudited condensed interim financial information for the period then ended.
- 2.2 These condensed interim financial information do not include all the information required for a complete set of annual financial statements and should be read in conjunction with the latest annual financial statements as at and for the year ended 30 June 2020. However, selected explanatory notes are included to explain events and transactions that are significant.
- 2.3 These condensed interim financial information are being submitted to the unit holders as required under Regulation 38(2)(f) of the Non-Banking Finance Companies and notified Entities Regulations, 2008 (NBFC Regulations) and are unaudited. However, a limited scope review has been carried out by the auditors in accordance with the requirements of clause 5.19.13 of the Pakistan Stock Exchange Limited (PSX) Rule Book.
- 2.4 In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company declare that these condensed interim financial information give a true and fair view of the state of the Fund's affairs as at 31 March 2021.

2.4 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.

2.5 Functional and presentation currency

This condensed interim financial information is presented in Pakistani Rupees, which is the functional and presentation currency of the Fund.

2.6 SIGNIFICANT JUDGEMENTS 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.

3. SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year ended June 30, 2020.

4. 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.

		March 31, 2021 (Unaudited)	June 30, 2020 (Audited)
	Note	(Rupees)	
5. BANK BALANCES			
In local currency			
In profit and loss sharing accounts	5.1	1,817,086,752	883,209,564
In current accounts		7,474	7,474
		1,817,094,226	883,217,038

5.1 These accounts carry profit rates ranging between 5.5% to 9% (June 30, 2020: 6.50% to 11.10%) per annum.

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

Government securities

Market Treasury Bills	6.1	149,794,650	-
Pakistan Investment Bonds - Fixed Rate	6.2	740,593,625	1,061,556,310
Term Finance Certificate - Listed	6.3	240,000,000	73,293,517
Term Finance Certificate - Unlisted	6.4	296,085,460	254,068,170
Sukuk Certificates - Listed	6.5	-	146,176,617
Listed Equity Securities (Spread Transactions)	6.8	307,209,580	-
		1,733,683,315	1,535,094,614

Loans and receivable

Commercial Papers	6.6	24,312,901	153,099,060
Term Deposit Receipts	6.7	200,000,000	430,000,000
		224,312,901	583,099,060
		1,957,996,216	2,118,193,674

6.1 Market Treasury Bills

		Number of treasury bills				Balance as at March 31, 2021					
		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 (diminution)			
						Rupees			Percentage (%)		
Note											
	6.1.1	Treasury Bills - 03 months (face value of Rs. 100,000 each)	-	45,250	43,750	1,500	149,796,916	149,794,650	(2,266)	3.81%	7.65%
		Treasury Bills - 06 months (face value of Rs. 100,000 each)	-	17,830	17,830	-	-	-	-	-	-
		Treasury Bills - 12 months (face value of Rs. 100,000 each)	-	13,720	13,720	-	-	-	-	-	-
		Total as at 31 March 2021					149,796,916	149,794,650	(2,266)	3.81%	7.65%
		Total as at 30 June 2020					-	-	-	-	-

6.1.1 This represents investments in 03 months Government Market Treasury Bills carrying effective yield at rate of 7.12% (June 2020: Nil) per annum and having maturity on April 09, 2020. The face value of Market Treasury Bills are 15 million (June 2020: Nil)

6.2 Pakistan Investment Bonds

Note	Number of treasury bills				Balance as at March 31, 2021			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 (diminution)		
					Rupees			Percentage (%)	
3 years Pakistan Investment Bond (face value of Rs. 100,000 each) 6.2.1	4,750	-	3,500	1,250	129,011,804	126,211,125	(2,800,679)	3.21%	6.45%
3 years Pakistan Investment Bond (face value of Rs. 100,000 each) 6.2.2	-	650	-	650	64,584,300	64,382,500	(201,800)	1.64%	3.29%
5 years Pakistan Investment Bond (face value of Rs. 100,000 each)	3,250	500	3,750	-	-	-	-	-	-
10 years Pakistan Investment Bond (face value of Rs. 100,000 each)	250	-	250	-	-	-	-	-	-
10 years Pakistan Investment Bond (face value of Rs. 100,000 each) 6.2.3	2,000	-	-	2,000	201,625,390	200,000,000	(1,625,390)	5.09%	10.21%
10 years Pakistan Investment Bond (face value of Rs. 100,000 each) 6.2.4	-	3,500	-	3,500	349,660,350	350,000,000	339,650	8.90%	17.88%
Total as at 31 March 2021					744,881,844	740,593,625	(4,288,219)	18.83%	37.82%
Total as at June 30, 2020					1,055,045,252	1,061,556,310	6,511,058	34.69%	50.12%

6.2.1 This represents investment in Pakistan Investment Bond (PIB) with fixed rate coupon carrying an effective profit rate of 8.04% (30 June 2020: 8.11%) per annum and having maturity on 19 September 2022. The coupon is paid semi-annually. The face value of PIB - Fixed rate is Rs. 125 million (30 June 2020: 475 million).

6.2.2 This represents investment in Pakistan Investment Bond (PIB) with fixed rate coupon carrying an effective profit rate of 10.22% per annum and having maturity on 22 January 2021. The coupon is paid semi-annually. The face value of PIB - Fixed rate is Rs.65 million (30 June 2020: Nil).

6.2.3 This represents investment in Pakistan Investment Bond (PIB) with floating rate coupon carrying an effective profit rate of 7.03% (30 June 2020: 13.96%) per annum and having maturity on 25 July 2029 . The coupon is paid semi-annually. The face value of PIB - Fixed rate is Rs. 200 million (30 June 2020: 200 million).

6.2.4 This represents investment in Pakistan Investment Bond (PIB) with floating rate coupon carrying an effective profit rate of 7.03% (30 June 2020: Nil) per annum and having maturity on 22 August 2029 . The coupon is paid semi-annually. The face value of PIB - Fixed rate is Rs. 200 million (30 June 2020: 200 million).

6.3 Term Finance Certificates - listed

Note	Number of term finance certificates				Balance as at March 31, 2021			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 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 (diminution)			
					Rupees			Percentage (%)		
Commercial Banks										
HBL Tier-II TFCs 10 years (face value of Rs. 100,000 each)	750	-	750	-	-	-	-	-	-	-
Samba Bank Limited (face value of Rs. 100,000 each) 6.3.1	-	2,400	-	2,400	240,000,000	240,000,000	-	6.10%	12.26%	
Total as at 31 March 2021					240,000,000	240,000,000	-	6.10%	12.26%	0.00%
Total as at 30 June 2020					73,698,295	73,293,517	(404,777)	2.39%	3.46%	0.65%

6.4 Term Finance Certificates - Un-listed

Note	Number of certificates				Balance as at March 31, 2021			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 end of the period	Carrying value	Market value	Unrealized (diminution)				
	(Rupees)										Percentage (%)
Commercial Bank											
Silk Bank Limited PPTFC - 08 years (face value of Rs. 5,000 each)	6.4.1	16,000	-	-	16,000	71,754,656	69,939,568	(1,815,088)	1.78%	3.57%	4.00%
BAHL Tier-II TFCs 10 years (face value of Rs. 5,000 each)	6.4.2	28,000	10,000	-	38,000	186,632,146	190,404,825	3,772,679	4.84%	9.72%	2.50%
Investment Company											
Jahangir Siddiqui Company Limited PPTFC (face value of Rs. 5,000 each)	6.4.3	15,000	-	-	15,000	34,572,188	35,741,067	1,168,880	0.91%	1.83%	5.00%
Total as at 31 March 2021						292,958,990	296,085,460	3,126,470	7.54%	15.12%	11.50%
Total as at 30 June 2020						256,138,291	254,068,170	(2,070,122)	8.31%	11.99%	10.62%

6.4.1 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+.

6.4.1.1 The Securities & Exchange Commission of Pakistan (SECP) 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)	Instrument rating downgraded to BBB	Term finance certificates	69,939,568	-	69,939,568	1.78%	1.75%

6.4.2 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+.

6.4.3 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.



6.5 Sukuk Certificates

	Number of certificates				Balance as at March 31, 2021			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 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 (diminution)			
					(Rupees)			Percentage (%)		
Investment Company										
Dawood Hercules Corporation Limited (face value of Rs. 100,000 each)	420	-	420	-	-	-	-	-	-	-
Dawood Hercules Corporation Limited - 05 Years (Face value of 100,000 each)	1,430	-	1,430	-	-	-	-	-	-	-
Total as at 31 March 2020										
Total as at 30 June 2020					143,389,503	146,176,617	2,787,114	4.78%	6.90%	2.40%

6.6 Commercial Paper

Note	(Number of Commercial Papers)				Balance as at March 31, 2021			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			Percentage (%)	
K-Electric CP-3 (6 Months)	1,160,000	-	1,160,000	-	-	-	-	-	-
K-Electric CP-1 (6 Months)	400,000	-	400,000	-	-	-	-	-	-
K-Electric CP-14 (6 Months) 6.6.1	-	250	-	250	24,312,901	24,312,901	-	0.62%	1.24%
Total as at 31 March 2020					24,312,901	24,312,901	-	0.62%	1.24%
Total as at 30 June 2020					153,099,060	153,099,060	-	5.00%	7.23%

6.6.1 This represents investment in commercial paper of k-Electric (6 months) having coupon rate 7.96% and will be matured after 6 months i.e 10 Aug 2021. The paper is unsecured.

6.7 This Term deposit has been deposited at a coupon of 14.25% having maturity on 27 October 2021.

6.8 Listed Equity Securities (Spread Transactions)

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

	(Number of Commercial Papers)				Balance as at March 31, 2021			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 before revaluation	Market value after revaluation	Unrealized gain			
					Rupees			Percentage (%)		
Commercial Banks										
Habib Bank Limited	-	48,000	48,000	-	-	-	-	-	-	
National Bank of Pakistan	-	48,500	-	48,500	-	-	-	-	-	
The Bank of Punjab	-	753,000	-	753,000	-	-	-	-	-	
Meezan Bank Limited	-	10,000	-	10,000	-	-	-	-	-	
MCB Bank Limited	-	20,000	-	20,000	-	-	-	-	-	
United Bank Limited	-	37,500	-	37,500	-	-	-	-	-	
Power Generation										
The Hub Power Company Limited	-	10,000	-	10,000	848,947	811,400	(37,547)	0.02%	0.00%	
Textile Composite										
Azgard Nine Limited	-	325,500	-	325,500	11,245,600	12,027,225	781,625	0.31%	0.00%	
Engineering										
International Steels Limited	-	521,000	-	521,000	-	-	-	-	-	
Food and Personal Care Products										
Treet Corporation Limited	-	7,000	-	7,000	193,750	183,260	(10,490)	0.00%	0.00%	
Cement										
Maple Leaf Cement Factory Limited	-	27,000	27,000	-	-	-	-	-	-	
Power Cement Limited	-	492,000	-	492,000	-	-	-	-	-	
Chemicals										
Ghani Global Holdings Limited	-	276,500	-	276,500	-	-	-	-	-	

Number of holdings at the beginning of the period	(Number of Commercial Papers)			Balance as at March 31, 2021			Market value as a percentage of net assets of the Fund	Market value as a percentage of total investments	
	Acquired during the period	Disposed / matured during the period	Number of holdings at the end of the period	Carrying value before revaluation	Market value after revaluation	Unrealized gain			
									Rupees
Refinery									
Pakistan Refinery Limited	-	5,383,000	5,383,000	-	-	-	-	-	
National Refinery Limited	-	22,500	-	22,500	-	-	-	-	
Byco Petroleum Pakistan Limited	-	1,290,500	-	1,290,500	-	-	-	-	
Cable and Electrical Goods									
Pak Electron Limited	-	7,500	7,500	-	-	-	-	-	
Transport									
Pakistan International Bulk Terminal	-	1,852,000	1,852,000	-	-	-	-	-	
Technology and Communications									
Avanceon Limited	-	501,500	486,000	15,500	1,455,816	1,369,735	(86,081)	0.04%	
NetSol Technologies Limited	-	632,000	392,000	240,000	63,391,031	48,972,000	(14,419,031)	1.25%	
TRG Pakistan Limited	-	8,465,000	6,960,000	1,505,000	199,895,782	226,066,050	26,170,268	5.79%	
HUM networks Limited	-	4,629,500	4,629,500	-	-	-	-	0.00%	
Fertilizers									
Fauji Fertilizer Company Limited	-	200,000	100,000	100,000	10,700,000	10,449,000	(251,000)	0.27%	
Fauji Fertilizer Bin Qasim Limited	-	1,192,000	1,192,000	-	-	-	-	-	
Pharma & Bio Tech									
The Searl Company Limited	-	157,500	157,500	-	-	-	-	-	
Vanaspati and Allied Industries									
Unity Foods Limited	-	9,745,500	9,499,000	246,500	7,975,375	7,330,910	(644,465)	0.19%	
Oil & Gas Marketing Companies									
Hascal Petroleum Limited	-	243,000	243,000	-	-	-	-	-	
Total as at 31 December 2020				295,706,301		307,209,580		11,503,279	
Total as at 30 June 2020				-		-		-	
Loss on future contracts (derivative contracts)				-		(11,363,179)		-	
						140,100			

7 Receivable Against Margin Trading System

This represented the amount receivable against margin trading system and carried average rate of 10.09% (2020: Nil) and are matured at the option of financier / financee subject to maximum period of 60 days.

		March 31, 2019 (Unaudited)	June 30, 2018 (Audited)
		(Rupees)	
8 PAYABLE TO THE MANAGEMENT COMPANY			
Remuneration payable to the Management Company	8.1	4,323,206	505,654
Sindh Sales Tax on Management remuneration	8.2	2,930,297	2,434,016
Federal Excise Duty on Management remuneration	8.3	16,177,075	16,177,075
Sale Load payable to Management Company			2,851
		23,430,578	19,119,596

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 1.10% of the average daily net assets of the Fund. The remuneration is paid to the Management Company monthly in arrears.

8.2 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (June 30, 2018: 13%) on Management Company's remuneration. Above liability includes Rs. 2,368,285 (June 30, 2019: 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 March 31, 2021 would have been higher by Re. 0.0639 (June 30, 2020: Re. 0.0780) per unit.



8.3 There is no change in the status of the appeal pending in the Supreme Court of Pakistan against of the decision of High Court of Sindh as more fully disclosed in the annual financial statements for the year ended June 30, 2019 regarding the FED on management's remuneration. The Management Company, as a matter of abundant caution, is carrying provision for FED for the period from June 13, 2013 to June 30, 2016 aggregating to Rs.16.177 million. Had the provision not been made, Net asset Value per unit of the Fund as at March 31, 2020 would have been higher by Re. 0.44 (June 30, 2020: Re. 0.53) per unit.

	Note	March 31, 2021 (Unaudited) (Rupees)	June 30, 2020 (Audited)
9 ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration		322,164	147,869
Payable to Sindh Workers' Welfare Fund	9.1	24,003,909	20,426,852
Brokerage payable		201,436	55,457
NCCPL payable		1,708,105	34,153
CDC Charges Payable		469,046	-
Printing and stationary payable		20,550	20,550
Withholding tax payable		2,519,051	418,481
CGT payable on redemption of units		-	2,261,578
Derivative liability of future contracts		140,100	-
PACRA rating fee payable		37,230	138,500
Others		89,444	71,771
		-	-
		<u>29,511,035</u>	<u>23,575,211</u>

9.1 Payable to Sindh Workers' Welfare Fund

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

Total provision for SWWF till 31 Mar 2020 is Rs. 24.004 million (June 30, 2020 :Rs.20.427 million).Had the provision unit of the Fund as at 31 Dec 2020 would have been higher by Re. 0.6475 (30 June 2020: Re. 0.6732) per unit.

This has been fully explained in 30 June 2020 financial statements.

10 CONTINGENCIES AND COMMITMENTS

10.1 There are no contingencies outstanding as at March 31, 2021 and June 30, 2020

11 IMPACT OF COVID-19

In March 2020, the World Health Organization ("WHO") declared the outbreak of the novel coronavirus (known as COVID-19) as a global pandemic. The rapid spread of the virus has caused governments around the world to implement stringent measures to help control its spread, including, without limitation, quarantines, stay-at-home or "shelter-in-place" orders, social-

distancing mandates, travel restrictions, and closures or reduced operations for businesses, governmental agencies, schools and other institutions. The industry, along with global economic conditions generally, has been significantly disrupted by the pandemic.

The COVID-19 pandemic and associated impacts on economic activity had certain effect on the operational and financial condition of the Fund for the period ended 31 December 2020 due to increase in overall credit risk pertaining to the corporate debt instruments' portfolios of mutual funds, subdued equity market performance due to overall slowdown in economic activity and continuity of business operations. However, to reduce the impact on the economy and business, regulators / government across the country have introduced a host of measures on both the fiscal and economic fronts from time to time.

The management of the Fund is closely monitoring the situation, and in response to the developments, the management has taken action to ensure the safety of its employees and other stakeholders, and initiated a number of initiatives.

The Management Company of the Fund expects that going forward these uncertainties would reduce as the impact of COVID-19 on overall economy subsides and have concluded that there is no impact on current financial statements of the Fund.

12 TAXATION

The Fund is exempt from taxation under clause 99 of the Part I of the 2nd Schedule of the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders.

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

13 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, being the Custodian, SIZA Services (Private) Limited being holding company of the Management Company, associated companies of the Management Company, Key Management personnel and other funds being managed by the Management Company, staff retirement benefits of related parties and other entities having more than 10% holding in the units of the Fund as at March 31, 2021.

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:

	March 31, 2021 (Unaudited)	June 30, 2020 (Audited)
	(Rupees)	
13.1 Balance as at period / year end		
Lakson Investments Limited - Management Company of the Fund		
Remuneration payable	<u>4,323,206</u>	<u>505,654</u>
Sindh Sales Tax and FED on Management remuneration	<u>19,107,372</u>	<u>18,611,091</u>
Sales load payable	<u>2,651</u>	<u>-</u>
Central Depository Company of Pakistan Limited - Trustee of the Fund		
Remuneration payable	<u>329,961</u>	<u>370,256</u>
Security deposit	<u>100,000</u>	<u>100,000</u>



Unaudited									
Nine months ended March 31, 2020									
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	Units redeemed during the period	Balance at the end of the period (Investment at current NAV)	
905,336	-	-	-	905,336	91,453,292	-	-	96,053,031	
7,677,422	1,847,763	-	1,886,162	7,639,023	775,541,693	188,609,681	197,585,769	810,474,328	
860,228	15,386	-	875,614	-	86,896,734	1,606,295	94,785,312	-	
739,077	9,962	-	749,039	-	74,658,512	1,040,042	81,764,506	-	
22,692	-	-	-	22,692	2,292,231	-	-	2,407,522	
3,770,174	-	-	-	3,770,174	380,847,511	-	-	400,002,633	
384,768	4,536	-	348,231	41,072	38,867,663	500,468	35,500,000	4,357,637	
992,415	-	-	992,415	-	100,249,708	-	107,429,111	-	
536	-	-	-	536	54,194	-	-	56,919	
4,617	-	-	-	4,617	466,423	-	-	489,882	
3,819,644	-	-	-	3,819,644	385,844,776	-	-	405,251,242	
2,539,888	-	-	-	2,539,888	256,569,072	-	-	269,473,481	

Lakson Investments Limited – Management Company
Directors, Chief Executive and their spouse and minors
Other key management personnel

Associated companies

SIZA (Private) Limited
Premier Fashions (Private) Limited
Alan (Private) Limited
Colgate Palmolive (Pakistan) Limited
Hasanali & Gulbano Lakhani Foundation
SIZA Services (Private) Limited
Sybrid (Private) Limited
Lakson Business Solution Limited-ECPFT

Connected person due to holding more than 10% units

English Biscuit Manufacturers (Private) Limited
Coronet Foods (Private) Limited

13.3 Other transactions during the period

	Nine months ended March 31,		Quarter ended March 31,	
	2021	2020	2021	2020
	(Unaudited)			
	(Rupees)			
Lakson Investments Limited - Management Company of the Fund				
Remuneration to the Management Company	28,067,253	23,641,243	12,383,154	5,578,051
Sindh sales tax on remuneration of Management Company	3,648,740	3,073,362	1,609,808	725,147
	31,715,993	26,714,605	13,992,962	6,303,198
Central Depository Company of Pakistan Limited - Trustee of the Fund				
Remuneration for the period	2,178,596	1,493,310	902,746	472,740
Settlement Charges	467,458	206,282	412,113	34,925

14 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 nine month period ended 31 March 2021 is 2.27% which includes 0.43% representing government levies (comprising of Workers Welfare Fund and SECP fee, etc.). As per NBFC Regulation the total expense ratio of the income scheme shall be capped up to 2.5% (30 June 2020: 2.5%).

15 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

March 31, 2021 (Un-Audited)						
Carrying amount			Fair Value			
Fair value through profit and loss	Amortized cost	Total	Level 1	Level 2	Level 3	Total
----- (Rupees) -----						
On-balance sheet financial instruments						
Financial assets measured at fair value						
Investments	1,957,996,216	-	1,957,996,216	-	1,733,683,315	224,312,901
Financial assets not measured at fair value						
Bank balances	-	1,817,094,226	1,817,094,226	-	-	-
Receivable from Margin Trading System	-	13,198,216	13,198,216	-	-	-
Mark-up receivable	-	65,051,376	65,051,376	-	-	-
	-	1,895,343,819	1,895,343,819	-	-	-
Financial liabilities not measured at fair value						
Payable to the Management Company	-	23,430,578	23,430,578	-	-	-
Payable to the Trustee	-	329,961	329,961	-	-	-
Accrued expenses and other liabilities	-	5,417,681	5,417,681	-	-	-
	-	29,178,220	29,178,220	-	-	-
----- (Rupees) -----						
June 30, 2020 (Audited)						
Carrying amount			Fair Value			
Fair value through profit and loss	Amortized cost	Total	Level 1	Level 2	Level 3	Total
----- (Rupees) -----						
On-balance sheet financial instruments						
Financial assets measured at fair value						
Investments	1,535,094,614	-	1,535,094,614	-	1,535,094,614	-
Financial assets not measured at fair value						
Bank balances	-	883,217,038	883,217,038	-	-	-
Mark-up receivable	-	85,055,513	85,055,513	-	-	-
	-	968,272,551	968,272,551	-	-	-
Financial liabilities not measured at fair value						
Payable to the Management Company	-	19,119,596	19,119,596	-	-	-
Payable to the Trustee	-	370,256	370,256	-	-	-
Accrued expenses and other liabilities	-	3,076,588	3,076,588	-	-	-
	-	22,566,440	22,566,440	-	-	-
----- (Rupees) -----						

16 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorised for issue on April 19, 2021 by the Board of Directors of the Management Company.

17 GENERAL

Figures have been rounded off to the nearest rupee

For Lakson Investments Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



A Lakson Group Company

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