

LAKSON ISLAMIC TACTICAL FUND

Quarterly Report (September 30, 2018)



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	3
Review Report of the Directors of the Management Company (in Urdu)	6
Condensed Interim Statement of Assets and Liabilities	11
Condensed Interim Income Statement	12
Condensed Interim Statement of Comprehensive Income	13
Condensed Interim Statement Of Movement In Reserve Or Unit Holders' Fund	14
Condensed Interim Cash Flow Statement	15
Notes to and forming part of the Condensed Interim Financial Statements	16



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. Mahomed J. Jaffer Mr. Amin Mohammed Lakhani Mr. Jacques John Visser Mr. Daniel Scott Smaller Mr. Zahid Zakiuddin
Chief Financial Officer & Company Secretary of the Management Company	Mr. Salman Shafiq Hashmi
Audit Committee	Mr. Zahid Zakiuddin - Chairman Mr. Amin Mohammed Lakhani Mr. Iqbal Ali Lakhani
Human Resource and Remuneration Committee	Mr. Iqbal Ali Lakhani - Chairman Mr. Babar Ali Lakhani Mr. Daniel Scott Smaller
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	Habib Bank AG Zurich Habib Metropolitan Islamic Bank Limited Bank Islami Pakistan Limited Al Baraka Bank (Pakistan) Limited Dubai Islamic Bank Pakistan Limited
Legal Adviser	Fazleghani Advocates F-72/I, Block 8, KDA-5, Kehkashan, Clifton, Karachi, Pakistan.
Shari'ah Adviser	Al Hilal Shariah Advisors



Registrar

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

Rating

1 Year ranking : 3-Star
3 Year ranking : 3-Star
5 Year ranking : 2-Star
AM2+ : Asset Manager Rating by PACRA



Review Report of the Directors of the Management Company For the quarter ended September 30, 2018

The Board of Directors of Lakson Investments Limited, the Management Company of the Lakson Islamic Tactical Fund ("LITF") is pleased to submit its review report together with Condensed Interim Financial Information for the period ended September 30, 2018

Fund Objective

The investment objective of the LITF is to provide long-term capital appreciation by exclusively investing in Shari'ah Compliant avenues including equities, fixed income instruments and emerging market securities.

Principal activities

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

Fund performance

The LITF provided a return of 1.0% in 1QFY19 vs 0.13% YoY. The corresponding benchmark return for 1QFY19 was -0.6% recording an outperformance of 40bps. The fund maintained a strong performance despite a 44% exposure to equities, which declined by 1.9% during 1Q. The fixed income side was affected by rising interest rates, but the fund protected against M2M oscillations by deploying in fixed return options, such as hefty cash positions and short-term placements.

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

Growth appeared to slow in the starting of FY19, with Large Scale Manufacturing Index up only 0.50% YoY in July. As mentioned by the State Bank in its latest monetary policy statement, there are high chances that growth target will be missed due to monetary and fiscal measures that need to be taken to get the economy back on track. These measures include further monetary tightening, PKR devaluation, and gas and electricity tariff hike. Due to these measures SBP is now expecting GDP to grow by only 5.0% in FY19 compared with 5.8% in FY18.

Inflation averaged 5.60% in 1QFY19 compared with 4.36% in 4QFY18 and 3.39% in 1QFY18. The rise in inflation was partly attributable to the surge in international crude oil prices ahead of sanctions on Iran. Inflationary pressures were also attributable to PKR devaluation and the resultant imported inflation. PKR depreciated by only 2.3% during 1QFY19, but had previously depreciated by 15.16% from December 2017 to June 2018. After the end of 1QFY19 the government raised gas tariffs, which will further propel inflation.

Problems in the external position continued in 1QFY19, with foreign exchange currency reserves down to USD 14.9bn from USD 16.4bn at the end of June 2018. However, the current account deficit showed remarkable improvement with the deficit recorded at only USD 600m in August 2018 versus USD 2.1bn in July 2018. Reason for the month-on-month improvement was a decline in imports, especially machinery imports. For the first two months of FY19, current account deficit was recorded at USD 2.7bn as against USD 2.5bn in 2MFY18.

In light of the inflation outlook and external position crisis, SBP increased its policy rate by 200bps during the quarter.

Fixed Income Market Review

SBP raised its policy rate by a cumulative 200bps in 1QFY19 (100bps in July and 100bps at the end of Sep'18) to 8.5% (Discount Rate is now 9.0%). Although non-oil imports began to respond to contractionary measures in the outgoing quarter, unprecedented rise in oil prices masked this improvement. Weak external position and inflationary threats therefore called for further monetary tightening. The PKR devalued by 2.2% in 1QFY19 (15.9% in FY18) against the USD. This sparked inflationary pressures, with core inflation (NFNE) rising to 7.8% in 1QFY19 (vs. 5.5% in SPLY). General inflation rose to 5.6% 1QFY19 compared to 3.5% in 1QFY18, and is expected to keep on rising.



Participation in PIB auctions during 1QFY19 remained weak amid rising interest rates (100bps in Jul'18) and expectation of further hikes down the road. Participation was limited to 5-year tenor PIBs while SBP was unable to get acceptable bids in the remaining tenors. The push in yields was frontloaded to the < 1 year tenor instruments during 1QFY19. For less than 1 year tenor, yields rose in the range of 60bps-152bps. For 1 to 8 year instruments, yields rose in the range of 70-142bps, while for instruments with longer tenors (9-30 years), yields rose in the range of 25-102bps. Weighted average yields for 3-YR, 5-YR and 10-YR tenors climbed to 9.27%, 9.54% and 10.05% by Sep'18. This reflects market expectation of high inflation and an even higher exchange rate, ahead of entry into a fresh IMF program and the accompanying prerequisites that follow. Upward pressure on crude oil price is mostly short term (Iran and Venezuela's issues), while downward pressure, on the back of slowing global economic growth, is medium-term.

Broad Money (M2) growth decelerated to 10.7%yoy in 1QFY19, vs. 12.7%yoy in 1QFY18. The slowdown was mostly due to a decline in net foreign assets of the banking system (Sep'18-end monetary impact down PKR 151bn). This was partially compensated by rise in Government's borrowing for budgetary support (up PKR 116bn) and increment in private sector credit (up PKR 123bn). Private sector credit picked up due to improved availability of energy and higher working capital needs due to capacity additions in the last three years. However, rising interest rates and a slowing economy may now lead to a deceleration in the pace of credit uptake.

Equity Market Review

KSE-100 posted 2.2%QoQ decline in 1QFY19 to close at 40,999pts. Investor sentiment remained weak during the quarter, beginning with (i) Pakistan being placed on the FATF grey list, (ii) post-election anticlimax (iii) insipid 2QCY18 earnings season and finally, (iv) negative but necessary policy changes (46% upward revision in gas tariffs and deep cuts in PSDP expenditure, in the new Mini-Budget FY19). However, CA deficit witnessed meaningful improvement during Aug'18, (US\$600mn vs. FY18 monthly average of US\$1,500mn). Nevertheless, market activity remained weak, with ADTO declining even further to US\$45mn during 1QFY19 vs. US\$69mn in SPLY, (US\$49mn in 4QFY18). Foreign selling witnessed some deceleration during the month, with FIPI outflow narrowing to US\$189mn (US\$165mn outflow in 4QFY18), with the bulk concentrated in Banks (US\$82mn), Oil & Gas (US\$59mn), Cements (US\$28mn) and Power (US\$10mn). The downward pressure was also attributable to flight of foreign capital from the country as foreign portfolio investors were wary of movement in the exchange rate ahead of PKR's depreciation. Pakistan marginally underperformed EM markets by 0.2% in 3QCY18. Key checkpoints which will drive sentiment include: clarity on (i) entry into a potential IMF program and (ii) any resultant devaluation of the PKR vs. the US\$.

Banks HBL, NESTLE and UBL were among the top contributors to the Index's decline. In the case of HBL and UBL, the decline was largely led by foreign outflow. To recall HBL was penalized by New York State's Department of Financial Services for USD 225mn, which wiped off most of the company's earnings in 2017. Moreover, both HBL and UBL, were subject to pension fund related charges (ordered by the Supreme Court), which laid further pressure on their earnings. Cements were also top contributors to the Index's decline due to rise in coal prices and foreign selling pressure.

Emerging Market Review

Emerging markets underperformed developed markets for a second consecutive quarter as trade war fears and currency weakening continued to cast a shadow over several emerging economies. MSCI's Emerging Market Index declined 2.0% in 1QFY19, as opposed to the MSCI Europe, Australasia and Far East Index that rose by 0.8% during the quarter. China was a big contributor to the EM decline, while India, Turkey and Brazil supported it.

China's Shanghai Composite Index declined 0.9% during the quarter mostly because of the escalation of trade conflict between the country and USA. After USA announced new tariffs on USD 200bn worth of Chinese goods in September, China retaliated by announcing tariffs on USD 60bn worth of American goods. On the other hand, Chinese equities received support from prospects of increase in their weight in MSCI's and FTSE Russell's benchmark indices. Chinese equities also received support towards the beginning of the quarter from news that the Central Bank will cut reserve requirement ratio to boost lending to small businesses.

Indian equities continued to rally in the beginning of the quarter but then pared most of their gains by the end of the period due to rising Macroeconomic fears. The continuous rise in international crude oil prices worsened the country's current account deficit, thereby sending the Indian Rupee plunging. The INR hit a record high of INR 74.24/USD immediately after the quarter ended.



Turkey's Borsa Istanbul finally posted a positive return in 1QFY19, of 3.6%, after giving negative returns for the past two quarters. Fears related to inflation and the accompanying plunge in Lira propelled a sell-off in equities. Inflation reached a 15-year high of nearly 25% in September, while Turkish Lira devalued by 59% to TRY 6.04/USD in the first nine months of CY18. Plans to control inflation helped the market stage a recovery towards the end of the quarter.

Brazil's Ibovespa Index also performed well as the economy recovered from a trucker's strike. Politics, however, kept the market jittery. In the first round of elections after the end of the quarter, a far-right candidate has emerged victorious.

Future Outlook

Tough measures suggested by IMF are likely to hit economic growth in FY19. In the case of PKR devaluation and gas and electricity tariff hike, they will also result in inflationary pressures, leading to further monetary tightening. Consequently, further policy rate hike is likely in the coming months.

Since the end of the fiscal year the central bank has already increased the policy rate by a further 200bps since Jun'18. Nevertheless, we note that Pakistan now appears ahead of the region on monetary tightening - Pakistan's 275bps increase in interest rates this year (CYTD) is far quicker than peers (next quickest is Indonesia with a 150bps increase). Moreover, the PKR has weakened to a record low, ahead of entry into the IMF program. Given that these two factors are key checkpoints for foreign investors in particular, the Pakistan market may find grounds to attract foreign inflows ahead of peer markets.

Market direction will be determined by when Pakistan enters into an IMF program, the terms thereof and how strict are the economic measures that IMF will make Pakistan undertake. Pakistan trades at a forward P/E of 7.1x. This is at a 31% discount to MSCI EM and stacks up well against projected 15%yoy earnings growth in 2019F for our universe. While macroeconomic pressures will likely escalate further in the near term (e.g. hike in gas/electricity tariffs, additional taxation measures, and cut in development expenditure), most of it has already been priced-in by the market. Nonetheless, Pakistan is bracing itself for meaningfully slower GDP growth (IMF now forecasts 4.0% for FY19) and inflationary environment (IMF sees 7.5% for FY19), in our view.

Trade war will continue to affect Emerging Markets as its effect on economic growth becomes more apparent in the coming months. Currency devaluation in emerging economies as USA goes for more monetary tightening will also continue to affect emerging markets in the 2QFY19. Moreover, countries that are heavy oil importers, including India and China, may be hit even further by the uptick in crude oil prices.

The LITF will continue to maintain exposure in equities and cash. The Fund may switch and segue into corporate bonds and government securities, depending upon the liquidity conditions of the market and interest rates outlook. The LITF will exercise prudence in increasing its risk profile by managing portfolio returns.

Acknowledgment

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 13, 2018



لیکسن اسلامک ٹیکٹیکل فنڈ

30 ستمبر 2018ء کو ختم ہونے والی مدت کے لیے

منجمنٹ کمپنی کے ڈائریکٹرز کی جائزہ رپورٹ

لیکسن انویسٹمنٹس لمیٹڈ کے بورڈ آف ڈائریکٹرز، لیکسن اسلامک ٹیکٹیکل فنڈ ("LITF" یا فنڈ) کی منجمنٹ کمپنی منجمنٹ کمپنی، 30 ستمبر 2018ء کو ختم ہونے والی مدت کے لیے اپنی جائزہ رپورٹ مع مختصر عبوری مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتی ہے۔

فنڈ کا مقصد

لیکسن اسلامک ٹیکٹیکل فنڈ کی سرمایہ کاری کا مقصد، خاص طور پر شریعہ سے مطابقت رکھنے والے ذرائع بشمول ایکویٹیز، فیکسڈ انکم اینڈ انشورنس اور ایئر بیج مارکیٹس سیکورٹیز میں سرمایہ کاری کرتے ہوئے سرمائے کی قدر میں طویل مدتی اضافہ کرنا ہے۔

نمایاں سرگرمیاں

LITF ایک اوپن اینڈ اینڈ ایجوکیشن اسکیم ہے اور پاکستان اسٹاک ایکسچینج لمیٹڈ میں اسٹاک بکچینج لمیٹڈ میں اسٹاک ہے۔ اس اسکیم کا انتظام و انصرام ایک ایکویٹی انویسٹمنٹ منجمنٹ اسٹاک استعمال کرتے ہوئے کیا جاتا ہے جو اقتصادی ماحول کے تجزیے پر توجہ مرکوز رکھتا ہے مثلاً حکومتی پالیسیز، عالمی اقتصادی ڈیٹا، کموڈٹیز کی قیمتیں اور رسد اطلب کا تحریک شامل ہے۔ اسکیم انویسٹمنٹ ٹیم کی توقعات کی بنیاد پر ایکویٹیز اور فیکسڈ انکم میں سرمایہ کاری تبدیل کرتی ہے۔ فیکسڈ انکم سیکورٹیز میں اسکیم کی سرمایہ کاری کا انتظام و انصرام دورانیے اور مختلف میچورٹیز کے درمیان سرمایہ کاری کے تبادلے اور yield curve منجمنٹ کو مد نظر رکھ کر کیا جاتا ہے۔

فنڈ کی کارکردگی کا جائزہ

LITF نے سال بہ سال بنیاد پر 0.13% منافع، 4.61% کے مقابلے میں مالی سال 2013 کی پہلی سرمایہ میں 1% منافع فراہم کیا۔ مالی سال 2013 کی پہلی سرمایہ کے لیے متعلقہ بیچ مارک منافع 0.6% تھا البتہ فنڈ نے 40 بنیادی پوائنٹس کی بہتر کارکردگی کا مظاہرہ کیا۔ فنڈ نے ایکویٹیز میں 44% سرمایہ کاری کے باوجود، جن میں پہلی سرمایہ کے دوران 1.9% کمی آئی، شاندار کارکردگی برقرار رکھی۔ شرح سود میں اضافے سے فیکسڈ انکم و الارخ متاثر ہوا لیکن فنڈ نے فیکسڈ منافع جات کے ذرائع، مثلاً ایکٹو میں بھاری سرمایہ کاری اور مختصر مدتی پبلک منٹس کے ذریعے M2M اتار چڑھاؤ سے خود کو محفوظ رکھا۔

فی یونٹ آمدنی (EPU)

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



معاشی جائزہ

مالی سال 2019 کے آغاز میں نمونہ کی رفتار درست دکھائی دے رہی ہے، جیسا کہ لارج اسکیل مینیومنٹ پر گنگ انڈیکس جولائی میں سال بہ سال بنیاد پر صرف 0.50% بڑھا۔ جیسا کہ اسٹیٹ بینک نے اپنی تازہ ترین ماہنامی رپورٹ میں پالیسی اسٹیٹمنٹ میں ذکر کیا، معیشت کو دوبارہ ٹریک پر لانے کے لیے کیے جانے والے خزانہ جاتی اور مالیاتی اقدامات کی وجہ سے نمونہ کا ہدف حاصل نہیں کیا جاسکے گا۔ ان اقدامات میں مزید مالیاتی سختی، پاکستان روپے کی قدر میں کمی، اور گیس اور بجلی کے نرخوں میں اضافہ شامل ہے۔ ان اقدامات کے نتیجے میں اسٹیٹ بینک آف پاکستان GDP میں مالی سال 2018 میں 5.8% کے مقابلے میں مالی سال 2019 میں صرف 5.0% تک نمونہ کی توقع رکھتا ہے۔

مالی سال 2018 کی چوتھی سہ ماہی میں 4.36% اور مالی سال 2018 کی پہلی سہ ماہی میں 3.39% کے مقابلے میں مالی سال 2019 کی پہلی سہ ماہی میں افراط زر کی اوسط شرح 5.60% رہی۔ افراط زر میں اضافہ جزوی طور پر ایران پر پابندیوں سے پہلے تیل کی بین الاقوامی قیمتوں میں تیزی کا نتیجہ تھا۔ افراط زر کے دباؤ جزوی طور پر پاکستانی روپے کی قدر میں کمی اور اس کے نتیجے میں درآمداتی افراط زر کے بھی نتیجے تھے۔ مالی سال 2019 کی پہلی سہ ماہی کے دوران پاکستان روپے کی قدر میں صرف 2.3% کمی ہوئی لیکن دسمبر 2017 سے جون 2018 تک قدر میں پہلی سہ ماہی 15.16% کمی ہو چکی تھی۔ مالی سال 2019 کی پہلی سہ ماہی کے اختتام کے بعد حکومت نے گیس کے نرخ بڑھا دیے جس سے افراط زر کو کمزید بڑھاوا ملے گا۔

بیرونی محاذ پر مسائل مالی سال 2019 کی پہلی سہ ماہی میں بھی جاری رہے جیسا کہ زرمبادلہ کے ذخائر جون 2018 کے اختتام پر 16.4 ارب ڈالر سے 14.9 ارب ڈالر تک کم ہو گئے۔ تاہم کرنٹ اکاؤنٹ خسارے میں غیر معمولی بہتری دکھائی دی جو جولائی 2018 میں 2.1 ارب ڈالر کے مقابلے میں اگست 2018 میں صرف 600 ملین ڈالر ریکارڈ کیا گیا۔ ماہ بہ ماہ بنیاد پر اس بہتری کی وجہ درآمدات، خصوصاً مشینری کی درآمدات میں کمی تھی۔ مالی سال 2019 کے پہلے دو ماہ میں کرنٹ اکاؤنٹ خسارہ مالی سال 2018 کے پہلے دو ماہ میں 2.5 ارب ڈالر کے مقابلے میں 2.7 ارب ڈالر ریکارڈ کیا گیا۔ افراط زر کی توقعات اور بیرونی صورت حال کے بحران کی روشنی میں اسٹیٹ بینک آف پاکستان نے سہ ماہی کے دوران پالیسی ریٹ میں 200 بنیادی پوائنٹس کا اضافہ کر دیا۔

فلسفہ انکم مارکیٹ کا جائزہ

اسٹیٹ بینک آف پاکستان نے مالی سال 2019 کی پہلی سہ ماہی میں پالیسی ریٹ میں 200 بنیادی پوائنٹس کے مجموعی اضافے کے ساتھ (جولائی میں 100 بنیادی پوائنٹس اور ستمبر 2018 کے اختتام پر 100 بنیادی پوائنٹس) اسے 8.5% تک بڑھا دیا (ڈسکاونٹ ریٹ اب 9% ہے)۔ اگرچہ تیل کے سوا درآمدات نے گزشتہ سہ ماہی میں بندشی اقدامات پر رد عمل دکھانا شروع کر دیا ہے، تاہم تیل کی قیمتوں میں غیر معمولی اضافے نے اس بہتری پر پردہ ڈال دیا۔ لہذا کمزور بیرونی صورت حال نے افراط زر کے خطرات نے مزید مالیاتی سختی کی راہ ہموار کر دی۔ مالی سال 2019 کی پہلی سہ ماہی میں امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں 2.2% کمی ہوئی (مالی سال 2018 میں 15.9%)۔ اس سے افراط زر کا دباؤ بڑھ گیا جب کہ مرکزی افراط زر (NFNE) میں مالی سال 2019 کی پہلی سہ ماہی میں (گزشتہ سال اسی مدت میں 5.5% کے مقابلے میں) 7.8% تک اضافہ ہو گیا۔ مالی سال 2018 کی پہلی سہ ماہی میں 3.5% کے مقابلے میں مالی سال 2019 کی پہلی سہ ماہی میں عمومی افراط زر 5.6% تک بڑھ گیا اور اس میں اضافہ جاری رہنے کی توقع ہے۔

مالی سال 2019 کی پہلی سہ ماہی کے دوران PIB میں شمولیت بڑھتی ہوئی شرح سود (جولائی 2018 میں 100 بنیادی پوائنٹس) کے دوران کمزور رہی اور مستقبل میں مزید اضافے کی توقعات ہیں۔ شمولیت صرف 5 سالہ میعاد کے PIBs تک محدود رہی جب کہ اسٹیٹ بینک آف پاکستان بقیہ میعادوں کے لیے قابل قبول پیشکشیں حاصل کرنے میں ناکام رہا۔ مالی سال 2019 کی پہلی سہ ماہی کے دوران منافع جات کے لیے ایک سال سے کم میعاد والے تسکات پر



زور رہا۔ ایک سال سے کم معاہدوں کے ترسکات کے منافع جات میں 60 سے 152 بنیادی پوائنٹس تک اضافہ ہوا۔ ایک سے 8 سال تک کی معاہدوں کے ترسکات کے لیے منافع جات میں 70 سے 142 بنیادی پوائنٹس تک اضافہ ہوا، جب کہ طویل مدتی ترسکات (9 تا 30 سال) کے لیے منافع جات میں 25 سے 102 بنیادی پوائنٹس کی حد میں بڑھے۔ 3 سالہ، 5 سالہ اور 10 سالہ معاہدوں کے لیے تخمینہ شدہ اوسط منافع جات میں ستمبر 2018 تک بالترتیب 9.27%، 9.54% اور 10.05% تک اضافہ ہوا۔ اس سے مارکیٹ کی طرف سے تازہ آئی ایم ایف میں شمولیت اور اس سے منسلک شرائط سے پہلے بلند افراط زر اور اس سے بھی بلند شرح مبادلہ کی توقعات کی عکاسی ہوتی ہے۔ خام تیل کی قیمتوں میں اوپر کی جانب دباؤ زیادہ تر مختصر مدتی ہے (ایران اور وینیزویلا کے مسائل)، جب عالمی معیشت کی نمو میں سستی کی وجہ سے نیچے کی طرف دباؤ وسط مدتی ہے۔

وسیع تر مالیاتی (براؤڈ می- M2) نمو کی رفتار مالی سال 2018 کی پہلی سہ ماہی میں سال بہ سال بنیاد پر 12.7% کے مقابلے میں مالی سال 2019 کی پہلی سہ ماہی میں سال بہ سال بنیاد پر 10.7% تک کم ہو گئی۔ یہ مندی زیادہ تر بینکنگ سسٹم کے خالص غیر ملکی اثاثوں میں کمی (ستمبر 2018 کے اختتام پر مالیاتی اثر سے 151 ارب روپے کم) کا نتیجہ تھی۔ حکومت کی طرف سے بجٹ میں سپورٹ کے لیے قرضوں میں اضافے (116 ارب روپے اضافہ) اور نجی شعبے کی طرف سے قرضوں میں اضافے (123 ارب روپے اضافہ) سے جزوی طور پر اس کی تلافی ہو گئی۔ نجی شعبے کی طرف قرضوں میں اضافہ بجلی کی بہتر دستیابی، گزشتہ تین سالوں میں گنجانے میں اضافے کی وجہ سے سرمایے کی بلند ضروریات کا نتیجہ تھا۔ تاہم بلند ہوتی شرح سود اور معیشت میں مندی کا نتیجہ اب قرض لینے کی رفتار میں سستی کی صورت میں نکل سکتا ہے۔

ایکویٹی مارکیٹ کا جائزہ

مالی سال 2019 کی پہلی سہ ماہی میں KSE-100 نے سہ ماہی بہ ماہی بنیاد پر 2.2% کمی درج کرائی اور 40,999 پوائنٹس پر بند ہوا۔ سہ ماہی کے دوران سرمایہ کاروں کے جذبات کمزور رہے، جس کی ابتدا درج ذیل امور سے ہوئی (i) پاکستان کو FATF کی گرے لسٹ میں رکھا جانا (ii) انتخابات کے بعد اینٹی کالنگس (iii) موجودہ سال 2018 کی دوسری سہ ماہی میں آمدنی کمزور رہنے اور آخری میں (iv) پالیسی میں منحنی لیکن ضروری تبدیلیاں (سننے میں بجٹ میں گیس کے زرخوں میں 146% اضافہ اور PSDP اخراجات میں خطیر کٹوتی)۔ تاہم اگست 2018 کے دوران CA خسارے میں باہمی بہتری دیکھنے میں آئی (مالی سال 2018 میں 1500 ملین امریکی ڈالر کی مابہ اوسط کے مقابلے میں 600 ملین امریکی ڈالر)۔ بہر حال مارکیٹ کی سرگرمی کمزور رہی جہاں ADTO گزشتہ سال اسی مدت میں 69 ملین امریکی ڈالر کے مقابلے میں مالی سال 2019 کی پہلی سہ ماہی میں 45 ملین امریکی ڈالر تک مزید کم ہو گیا۔ مہینے کے دوران غیر ملکی سرمایہ کاروں کی طرف سے فروخت میں کچھ کمی دیکھنے میں آئی، جہاں FIPI بیرونی اخراج 189 ملین امریکی ڈالر تک کم ہو گیا (مالی سال 2018 کی چوتھی سہ ماہی میں بیرونی اخراج 165 ملین امریکی ڈالر)، جہاں زیادہ ارتکاز بینکنگ (82 ملین امریکی ڈالر)، آئل اور گیس (59 ملین امریکی ڈالر) پتھرس (28 ملین امریکی ڈالر) اور پاور (10 ملین امریکی ڈالر) میں رہا۔ زیریں سمت دباؤ بھی ملک سے غیر ملکی سرمایے کے اخراج کا نتیجہ جیسا کہ غیر ملکی پورٹ فولیو کے سرمایہ کار روپے کی قدر میں کمی سے پہلے شرح مبادلہ میں نقل و حرکت سے متاثر تھے۔ پاکستان نے موجودہ سال 2018 کی تیسری سہ ماہی میں EM مارکیٹ سے 0.2% کی برائے نام کم تر کارکردگی کا مظاہرہ کیا۔ جذبات کھڑک دینے والے اہم اعلیٰ نکات میں درج ذیل شامل ہیں: درج ذیل پرواضح صورت حال (i) آئی ایم ایف پروگرام میں مکمل شمولیت (ii) اس کے نتیجے میں امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی۔ بینکس HBL، پیپلز اور UBL ایڈیکس کو گرانے کے حصہ داروں میں سر فرسٹ رہے۔ HBL اور UBL کے معاملے میں گروٹ زیادہ تر غیر ملکی اخراج کا نتیجہ تھی۔ یہاں یہ یاد دلانا مناسب ہے کہ HBL پر نیویارک اسٹیٹ ڈپازٹس آف فنانشل سرومز کی طرف سے 225 ملین امریکی ڈالر جرمانہ کا ناکہ لگایا گیا جس نے 2017 میں کمپنی کی بیش تر آمدنی کا نصف یا کم کر دیا تھا۔ مزید برآں HBL اور UBL دونوں پرنسپلز فنڈ سے متعلق جرمانے (چریم کورٹ کے حکم کے مطابق)



عائد کیے گئے جس سے ان کی آمدنی پر مزید باؤ پڑا۔ سٹیٹس بھی کوسٹ کی قیمتوں میں اضافے اور غیر ملکی فروخت کے دباؤ کی وجہ سے انڈیکس کے زوال میں بڑی حصہ دار ہیں۔

ایمرجنٹ مارکیٹ کا جائزہ

ایمرجنٹ مارکیٹ نے لگا تار دوسری سہ ماہی میں ڈیولپمنٹ مارکیٹس سے کم تر کارکردگی کا مظاہرہ کیا جیسا کہ تجارتی جنگ کا خوف اور کمزور ہوتی کرنسیوں کی ایمرجنٹ مارکیٹس پر سایہ ڈالتی رہیں۔ MSCI یورپ، آسٹریلیا اور فار ایسٹ انڈیکس کے برعکس، جو سہ ماہی کے دوران 0.8% بڑھے، MSCI کے ایمرجنٹ مارکیٹ انڈیکس میں مالی سال 2019 کی پہلی سہ ماہی میں 2.0% کمی ہوئی۔ EM کی گروٹھ میں چین بڑا حصہ دات تھا، جب کہ انڈیا، ترکی اور برازیل نے اسے سہارا دیا۔

چین کا ہتھیانہ کیپوزٹ انڈیکس اس سہ ماہی کے دوران 0.9% گر گیا جس کی بڑی وجہ چین اور امریکا کے درمیان زور پکڑا تجارتی تنازع تھا۔ امریکا کی طرف سے تمبر میں 200 ارب امریکی ڈالر مالیت کے چینی سامان پر نئے نرخوں کے اعلان کے بعد چین نے 160 ارب امریکی ڈالر مالیت کے امریکی سامان پر نرخوں کے اعلان کے ذریعے جواب دیا۔ دوسری طرف چینی ایکویٹیز MSCI اور FTSE رسل کے شیئر مارک انڈیکسز میں ان کے وزن میں اضافے کے امکانات سے سہارا ملا۔ چینی ایکویٹیز کو سہ ماہی کے آغاز میں اس خبر سے بھی سہارا ملا کہ مرکزی بینک چھوٹے کاروباروں کو قرضوں کو بڑھاوا دینے کے لیے محفوظ ذخائر کی مطلوبہ شرح میں کٹوتی کرے گا۔

سہ ماہی کے آغاز میں انڈین ایکویٹیز میں تیزی کا رجحان برقرار رہا لیکن مدت کے اختتام پر بڑھتے ہوئے مجموعی معاشی خطرات کی وجہ سے ان کے زیادہ تر منافع جات برابر ہو گئے۔ تیل کی بین الاقوامی قیمتوں میں مسلسل اضافے سے ملک کے کرنٹ اکاؤنٹ خسارے میں مزید بگاڑ پیدا کیا، جس سے انڈین روپیہ مزید گر گیا۔ انڈین روپے نے سہ ماہی کے اختتام کے فوراً بعد 174.24 انڈین روپیہ فی ڈالر کی ریکارڈ بلندی چھو لی۔

ترکی کے بورس اسٹینبل نے گزشتہ دو سہ ماہیوں کے لیے منفی منافع جات دینے کے بعد بالآخر مالی سال 2019 کی پہلی سہ ماہی میں 3.6% کا مثبت منافع درج کر لیا۔ افراط زر اور اس کے ساتھ لیرا میں گروٹھ سے متعلق خطرات سے ایکویٹیز میں فروخت میں تیزی آئی۔ افراط زر ستمبر میں تقریباً 25% کی 15 سال کی بلند ترین سطح پر پہنچ گیا، جب کہ ترکی لیرا موجودہ سال 2018 کے پہلے نو ماہ میں قدر میں 59% کمی کے ساتھ 6.04 ترکی لیرا فی ڈالر تک پہنچ گیا۔ افراط زر کنٹرول کرنے کے منصوبوں سے سہ ماہی کے آخر کی جانب مارکیٹ کو بحالی میں مدد ملی۔

برازیل کے Ibovespa انڈیکس نے بھی اچھی کارکردگی کا مظاہرہ کیا جیسا کہ معیشت نے ٹرک مالکان کی طرف سے ہڑتال سے سنبھالا لیا۔ سیاست نے تاہم مارکیٹ کو خوف و ہراس کا شکار رکھا۔ سہ ماہی کے اختتام کے بعد انتخابات کے پہلے دور میں بعید دانیوں بازو کا ایک امیدوار فاتح کے طور پر سامنے آیا ہے۔

مستقبل کی توقعات

آئی ایم ایف کے تجویز کردہ سخت اقدامات سے مالی سال 2019 میں معاشی نمو کو ضرب لگنے کا امکان ہے۔ روپے کی قدر میں کمی اور گیس اور بجلی کے نرخوں میں اضافے کا نتیجہ افراط زر کے دباؤ کی صورت میں بھی نکلے گا، جس کا نتیجہ مزید مالیاتی تنگی کی شکل میں سامنے میں آئے گا۔ نتیجتاً آنے والے مہینوں میں پالیسی ریٹ میں مزید اضافے کا امکان ہے۔

مرکزی بینک مالی سال کے اختتام پر پالیسی ریٹ میں جون 2018 سے اب تک 200 بنیادی پوائنٹس کا پھیلنا ہی اضافہ کر چکا ہے۔ بہر حال ہمارے لیے یہ قابل توجہ ہے کہ پاکستان مالیاتی تنگی میں اب بظاہر خطے سے آگے ہے۔ پاکستان کی طرف سے اس سال (CYTD) شرح سود میں 275 بنیادی پوائنٹس اضافہ ہم خطہ



ممالک سے بہت تیز ہے (اگلا تیز ترین ملک 150 بنیادی پوائنٹس کے ساتھ انڈونیشیا ہے)۔ مزید برآں آئی ایم ایف پروگرام میں شمولیت سے پہلے پاکستانی روپیہ ریکارڈ سطح تک ضرور ہو چکا ہے۔ اس امر کے پیش نظر یہ دو عوامل غیر ملکی سرمایہ کاروں کے لیے اہم چیک پوائنٹس ہیں، پاکستانی مارکیٹ ہم خطہ مارکیٹس سے پہلے غیر ملکی سرمایہ کاری کو راغب کرنے کے لیے بنیادیں تلاش کر سکتی ہے۔

مارکیٹ کی سمت کا تعین اس پر ہوگا کہ پاکستان کب آئی ایم ایف پروگرام میں شامل ہوگا، اس سے متعلق شرائط اور یہ کہ وہ معاشی اقدامات کتنے سخت ہوں گے جن پر آئی ایم ایف پاکستان سے عمل کروائے گا۔ پاکستان 7.1x کے فارورڈ P/E پر لین دین کرتا ہے۔ یہ EMSCI کے مقابلے میں 31% ڈاؤنٹ ہے اور ہماری دنیا کے لیے سال 2019 میں آمدنی کی سال بہ سال 15% نمو کی پیش گوئی کے مقابل اچھے مواقع کھتا ہے۔ جہاں مستقبل قریب میں مجموعی معاشی دباؤ مزید بڑھنے کا امکان ہے (مثلاً ایس آئی جی کے نرخوں میں اضافہ، ٹیکس سے متعلق اضافی اقدامات، اور ترقیاتی اخراجات میں ٹکوتی)، مارکیٹ نے اس میں سے بیش تر کی قیمتوں کا تعین پہلے ہی کر لیا ہے۔ بہر حال ہماری رائے میں پاکستان GDP کی باہمی سمت نمو (آئی ایم ایف مالی سال 2019 کے لیے اب 4.0% کی پیش گوئی کر رہا ہے) اور افراط زر کے ماحول (آئی ایم ایف مالی سال 2019 کے لیے 7.5% دکھ رہا ہے) کے لیے خود کو تیار کر رہا ہے۔

تجارتی جنگ ایمر جنگ مارکیٹس کو بدستور متاثر کرتی رہے گی جیسا کہ معاشی نمو پر اس کے اثرات آنے والے لمبوں میں مزید نمایاں ہو جائیں گے۔ جیسا کہ امریکا مزید مالیاتی سختی کر رہا ہے، ابھرتی ہوئی معیشتوں میں کرنسی کی قدر میں کمی بھی مالی سال 2019 کی دوسری سہ ماہی میں ایمر جنگ مارکیٹس کو متاثر کرتی رہے گی۔ مزید برآں ہماری مفاد میں تیل منگوانے والے ممالک، بشمول انڈیا اور چین خام تیل کی قیمتوں میں اضافے سے مزید متاثر ہو سکتے ہیں۔ LITF ایکویٹیٹیز اور کیٹس میں سرمایہ کاری برقرار رکھے گا۔ ہو سکتا ہے فنڈ مارکیٹ میں سیالیت (لیکویڈیٹی) کی صورت حال اور شرح سود کی توقعات کے مطابق حکمت عملی بدل کر کاروباری بونڈز اور سکھوتی تمکات میں سرمایہ کاری کر سکتا ہے۔ LITF پورٹ فولیو کے منافع جات کے انتظام و انصرام کے ذریعے اپنے رسک پروفائل میں اضافے میں دورانہٹشی سے کام لے گا۔

اظہار تشکر

یہ بورڈ اپنے قابل قدر انویسٹرز، سکیورٹیز اینڈ ایکسیج کمیونیشن آف پاکستان، اسٹیٹ بینک آف پاکستان، فنڈ کے سٹریٹجی، سینٹرل ڈیپازٹری کمیٹی آف پاکستان، لینڈ اور پاکستان اسٹاک ایکسیج کمیونٹی کی مہجنت کا، ان کے مسلسل تعاون اور مدد پر شکر گزار ہے۔ مہجنت کمیٹی کے ڈائریکٹرز فنڈ کی ترقی اور عمدہ نظم و نسق کے لیے اپنی ٹیم کی کاوشوں کا بھی اعتراف کرتے ہیں۔

برائے اور اطراف بورڈ

ڈائریکٹر

چیف ایگزیکٹو آفیسر

11 اکتوبر 2018



**Condensed Interim Statement of Assets and Liabilities (Unaudited)
As at September 30, 2018**

	September 30, 2018 (Unaudited)	June 30, 2018 (Audited)
ASSETS	Note	(Rupees)
Bank balances	5	80,545,468
Investments	6	82,851,982
Dividend receivables		82,000,670
Deposit, prepayments and other receivables		130,730
Receivable against Settlement		3,100,259
TOTAL ASSETS		169,786,553
LIABILITIES		
Payable to the Management Company	7	1,482,803
Payable to the Trustee		1,500,011
Annual fee payable to Securities and Exchange Commission of Pakistan		72,752
Accrued expenses and other liabilities	8	39,959
Payable against Settlement		158,582
TOTAL LIABILITIES		851,369
NET ASSETS		377,650
		2,824,533
		3,497,752
UNIT HOLDERS' FUND (as per statement of movement in unit holders' fund)		166,962,021
		164,871,339
CONTINGENCIES AND COMMITMENTS		
	9	
		(Number of units)
Number of units in issue		1,763,387
		1,758,321
		(Rupees)
Net assets value per unit		94.6825
		93.7663

The annexed notes from 1 to 15 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, 2018

	Note	2018	2017
		(Rupees)	
INCOME			
Capital gain / (loss) on sale of Equity securities - net		984,546	(149,148)
Unrealised (loss) / gain on revaluation of held for trading investments - net	6	(580,083)	(11,799,347)
		404,463	(11,948,495)
Dividend income		937,655	772,972
Mark up on:			
- Banks		1,303,448	867,356
- Sukuks		211,551	-
Exchange gain / (loss) on foreign currency deposits		2,235	(2,167)
Total income		2,859,352	(10,310,334)
EXPENSES			
Remuneration to the Management Company	7	534,826	574,747
Sindh Sales tax on remuneration to the Management Company		69,527	74,717
Remuneration to the Trustee		199,376	199,376
Annual fee to Securities and Exchange Commission of Pakistan		39,959	41,182
Shariah Advisor Fee		37,980	42,026
Brokerage, settlement and bank charges		139,480	115,589
Auditors' remuneration		72,121	84,077
Rating fee		45,370	41,930
Fees and subscription		82,959	42,344
Printing charges		5,041	5,041
Total expenses		1,226,639	1,221,029
Net income / (loss) from operating activities		1,632,713	(11,531,363)
Sindh Workers' Welfare Fund	8.1	(32,654)	-
Net income / (loss) for the period before taxation		1,600,059	(11,531,363)
Taxation		-	-
Net income / (loss) for the period after taxation		1,600,059	(11,531,363)
Allocation of net income for the period:			
Net income for the period		1,600,059	(11,531,363)
Income already paid on units redeemed		(1,033)	52,758
Accounting income available for distribution		1,599,026	(11,478,605)
-Related to capital gains - net		403,417	(11,893,829)
-Excluding capital gains		1,195,609	415,224
		1,599,026	(11,478,605)

The annexed notes from 1 to 15 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, 2018**

	2018	2017
	(Rupees)	
Net income / (loss) for the period	1,600,059	(11,531,363)
Other comprehensive income	-	-
Total comprehensive income / (loss) for the period	<u><u>1,600,059</u></u>	<u><u>(11,531,363)</u></u>

The annexed notes from 1 to 15 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, 2018**

	Year ended 2018		Year ended 2017	
	Capital value	Undistributed income	Capital value	Undistributed income
	------(Rupees)-----			
Net assets at beginning of the period	175,853,616	164,874,339	174,898,036	2,743,601
Issuance of 5,422 units (2017: 89,349 units)	525,000	-	1,100,663	-
Redemption of 356 units (2017: 80,009 units)	(33,344)	(1,033)	(1,100,665)	52,758
Total comprehensive income for the period	-	1,600,059	-	(11,531,363)
Net assets as at end of the period	176,345,272	(9,383,251)	174,898,034	(8,735,004)
Undistributed income brought forward:				
- Realized (loss)	(2,657,572)			5,206,187
- Unrealized (loss)	(6,324,705)			(2,462,586)
		(10,982,277)		2,743,601
Accounting income available for distribution:				
Relating to capital gains	403,417			(11,893,829)
Excluding capital gains	1,195,609			415,224
	1,599,026			(11,478,605)
Total comprehensive (loss) / income for the period				-
Undistributed (loss) / income at end of the period		(9,383,251)		(8,735,004)
Undistributed (loss) / income carried forward				
- Realized (loss) / income	(6,803,168)			3,064,343
- Unrealized (loss)	(580,083)			(11,799,347)
	(9,383,251)			(8,735,004)
Net assets value per unit at beginning of the period		93,7663		101,5686
Net assets value per unit at end of the period		94,6825		95,0056

The annexed notes from 1 to 15 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, 2018**

	2018	2017
	(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	1,600,059	(11,531,363)
Adjustments for non-cash charges and other items:		
Capital loss on sale of investments - net	(984,546)	149,148
Unrealised loss in the fair value of investments classified as 'held for trading' - net	580,083	11,799,347
	1,195,596	417,132
(Increase) / Decrease in assets		
Investments - net	(2,214,027)	(26,650,084)
Mark-up receivable	(937,655)	(66,739)
Prepayment	285,450	(23,340)
Payable against Settlement	(453,280)	(205,425)
	(3,319,512)	(26,945,588)
(Decrease) / Increase in liabilities		
Payable to the Management Company	(17,208)	12,796
Payable to the Trustee	1	1
Annual fee payable to Securities and Exchange Commission of Pakistan	(118,623)	(85,085)
Accrued expenses and other liabilities	293,436	129,896
Payable against Settlement	(830,825)	(21,695,821)
	(673,219)	(21,638,213)
Net cash (used in) / generated from operating activities	(2,797,135)	(48,166,669)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from issuance of units	525,000	1,100,663
Cash paid on redemption of units	(34,378)	(1,047,907)
Net cash generated / (used in) financing activities	490,622	52,756
Net (decrease) / increase in cash and cash equivalents during the period	(2,306,513)	(48,113,913)
Cash and cash equivalents at the beginning of the period	82,851,982	103,166,988
Cash and cash equivalents at the end of the period	80,545,468	55,053,075

The annexed notes from 1 to 15 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, 2018**

1. LEGAL STATUS AND NATURE OF BUSINESS

The Lakson Islamic Tactical Fund (the "Fund") was established under the Trust Deed executed on 30 May 2011 between the Lakson Investments Limited as its Management Company and the Central Depository Company of Pakistan Limited (CDC) as its Trustee. The Fund has been registered as a Notified Entity by the Securities and Exchange Commission of Pakistan (SECP) on 7 July 2011 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 "Shariah Compliant/Islamic Scheme" as per the Circular 07 of 2009 issued by Securities and Exchange Commission of Pakistan (SECP) and is authorised to invest in Shariah compliant investments within the limits prescribed in the offering document so as to ensure a riba-free return on investments. All investments of the Fund are as per the guidelines of the Shariah principles provided by the Shariah Advisor of the Fund and comprise of the investments permissible as 'Authorised Investments' under the Trust Deed.

Further, as allowed by SECP and the 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.

Pakistan Credit Rating Company Limited (PACRA) has maintained the rating of the Management Company of the Fund to the scale 'AM2+' (stable outlook) vide its report dated 28 August 2018 (2017: AM2+ as on 22 December 2017).

On September 10, 2018, JCR-VIS assigned following rankings to the Fund based on the performance review for the period ended 30 June 2018:

1 Year ranking : 3-Star
3 Year ranking : 3-Star
5 Year ranking : 3-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.

The comparative Statement of Assets and Liabilities presented in these condensed interim financial information as at 30 June 2018 has been extracted from the audited financial statements of the Company for the year ended 30 June 2018, whereas the comparative profit and loss account, statement of comprehensive income, the cash flow statement and statement of changes in equity for the quarter ended 30 September 2018 have been extracted from the unaudited condensed interim financial information for the period then ended.

- 2.2 This 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 2018. However, selected explanatory notes are included to explain events and transactions that are significant.
- 2.3 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.

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, 2018.

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.

2.5 Functional and presentation currency

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

2.6 Significant judgements and estimates

The preparation of condensed interim financial information requires Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by the Management in applying the Fund's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the year ended 30 June 2018.



3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial informations are the same as those applied in the preparation of the financial statements as at and for the year ended June 30, 2018 except with respect to adoption of IFRS- 9 as explained in detail in note 3.1.

- 3.1 In July 2014 IASB issued a revised version of IFRS 9 'Financial Instruments' which supersedes all its previous versions and is mandatorily effective for periods beginning on or after January 1, 2018. The SECP has adopted the IFRS 9 effectively from July 1, 2018 and will be applicable for the Fund as well. Further, the SECP through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Therefore the Fund will not be subject to the impairment provisions of IFRS 9. From July 01, 2018 the Fund has adopted IFRS-9 as per approved accounting and reporting standards as applicable in Pakistan.

Key requirements of IFRS 9:

Debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt and equity instruments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election at initial recognition to present subsequent changes in the fair value of an equity investment (that is not held for trading nor contingent consideration recognized by an acquirer in a business combination) in other comprehensive income, with only dividend income generally recognized in profit or loss.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized. However, the SECP through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds.

The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.



Classification and measurement:

Classification and Measurement of Financial Assets and Financial Liabilities after the adoption of IFRS-9 is discussed as under:

- Listed equity securities classified as 'at Fair value through Profit or Loss' investments carried at fair value will continue to be subsequently measured at Fair value through Profit or Loss upon the application of IFRS 9, and the fair value gains or losses and gains or losses on derecognition of such investments will be recognized in profit or loss;
- Debt securities (Listed / Unlisted) and government securities classified as 'at Fair value through Profit or Loss' investments carried at fair value will continue to be subsequently measured at Fair value through Profit or Loss upon the application of IFRS 9, and the fair value gains or losses and gains or losses on derecognition of such investments will be recognized in profit or loss;
- All other financial assets and financial liabilities under IFRS - 9 will continue to be measured on the same bases as was adopted under IAS 39.

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, 2018.

	Note	September 30, 2018 (Unaudited) (Rupees)	June 30, 2018 (Audited)
5. BANK BALANCES			
In local currency			
PLS savings accounts	5.1	80,449,724	82,758,473
In foreign currency			
Current account		<u>95,744</u>	<u>93,509</u>
		<u>80,545,468</u>	<u>82,851,982</u>
5.1		These carry mark-up at rates ranging from 3.28% to 6.50% (June 30, 2018: 3.28% to 6.50%) per annum.	
6. INVESTMENTS			
At fair value through income statement			
- Held for trading			
Listed equity securities	6.1	74,615,695	71,989,471
Sukuk certificates	6.2	10,003,466	10,011,199
		<u>84,619,161</u>	<u>82,000,670</u>



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

Name of the Investee Company	Holding as at July 01, 2018	Purchased during the year	* Bonus shares / letter of right received during the year	Disposed during the year	Holding as at September 30, 2018	Carrying value before revaluation September 30, 2018	Market value as of 30 September 2018 (after revaluation)	Unrealised gain / (loss) - net	Market value as percentage of total investments	Market value as percentage of net assets	Par value of shares held as a percentage of total paid up capital of the investee company
	Number of Shares					(Rupees)	(%)	(%)	(%)	(%)	
Commercial Banks											
Meezan Bank Limited	19,609	-	*240	17,200	2,649	196,863	236,238	39,375	0.32	0.14	0.20%
Chemicals											
Archroma Pakistan Limited	2,316	-	-	2,316	-	-	-	-	-	-	0.68%
Engro Polymer & Chemical	41,356	23,000	14,560	56,300	22,616	641,848	656,769	14,921	0.88	0.39	0.62%
Engro Polymer & Chemical - LOR	-	-	-	-	-	-	-	-	-	-	1.58%
ICI Pakistan Limited	3,457	-	-	250	3,207	2,570,411	2,432,766	(137,645)	3.26	1.46	0.37%
						3,212,259	3,089,535	(122,724)	4.14	1.85	
Fertilizers											
Engro Fertilizers Limited	41,800	14,900	-	7,500	49,200	3,695,796	3,714,108	18,312	4.98	2.22	0.31%
Engro Corporation Limited (S.1.1)	19,340	9,100	-	5,200	23,240	7,269,414	7,242,281	(27,133)	9.71	4.34	0.37%
						10,965,210	10,956,389	(8,821)	14.68	6.56	
Pharma & Bio Tech											
The Searl Company Limited	6	-	-	-	6	2,037	1,896	(141)	0.00	0.00	0.00%
Textile Composite											
Nishat Mills Limited (S.1.1)	25,449	-	-	1,100	24,349	3,431,261	3,423,226	(8,035)	4.59	2.05	0.72%
						3,431,261	3,423,226	(8,035)	4.59	2.05	
Cement											
D.C Khan Cement Company Limited (S.1.1)	9,943	19,800	-	2,600	27,143	2,966,167	2,779,715	(186,452)	3.73	1.66	0.23%
Kohat Cement Company Limited	8,621	-	-	8,621	-	-	-	-	-	-	0.56%
Lucky Cement Company Limited (S.1.1)	5,256	3,350	-	700	7,906	3,949,693	4,055,304	105,611	5.43	2.43	0.18%
Pioneer Cement Company Limited	27,852	-	-	6,500	21,352	1,000,555	927,958	(72,597)	1.24	0.56	1.23%
Maple Leaf Cement Limited	22,011	19,500	-	440	41,071	1,991,641	1,934,444	(57,197)	2.59	1.16	0.42%
						9,908,055	9,697,421	(210,635)	13.00	5.81	
Power Generation & Distribution											
Hub Power Company Limited	40,893	14,900	-	-	55,793	5,052,404	4,880,214	(172,190)	6.54	2.92	0.35%
						5,052,404	4,880,214	(172,190)	6.54	2.92	
Oil and Gas Exploration Companies											
Marif Petroleum Company Limited	3,065	400	-	-	3,465	5,154,442	5,399,613	245,171	7.24	3.23	0.28%
Pakistan Oilfield Limited (S.1.1)	4,454	-	*650	1,200	3,904	2,186,005	2,143,999	(42,006)	2.87	1.28	0.19%
Pakistan Petroleum Limited (S.1.1)	21,794	9,900	-	-	31,694	6,708,717	6,763,500	54,783	9.06	4.05	0.11%
Oil and Gas Development Company Limited	48,185	19,800	-	11,500	56,485	8,702,675	8,641,640	(61,035)	11.58	5.18	0.11%
						22,751,838	22,948,752	196,913	30.76	13.74	



Name of the Investee Company	Holding as at July 01, 2018	Purchased during the year	* Bonus shares / letter of right received during the year	Disposed during the year	Holding as at September 30, 2018		Market value as of 30 September 2018 (after revaluation)	Unrealised gain / (loss) net	Market value as percentage of total Investments	Market value as percentage of net assets	Par value of shares held as a percentage of the capital of the investee company
Oil and Gas Marketing Companies											
Attock Petroleum Limited	3,181	-	*636	-	3,817		1,694,175	(182,583)	2.27	1.01	0.40%
Pakistan State Oil Company Limited (S.1.3)	13,069	-	-	4,000	9,069		2,891,360	4,807	3.88	1.73	0.20%
Sui Northern Gas Pipeline Limited	30,121	7,500	-	9,585	34,236		3,093,112	(3,188,060)	6.09	1.83	1.00%
							7,856,647	(489,856)	10.23		
Automobile Assemblers											
Milat Tractors Limited	123	-	-	123	-		-	-	-	-	0.03%
Indus Motors Company Limited	739	-	-	478	261		371,001	365,048	0.49	0.22	0.17%
							371,001	(5,953)	0.49	0.22	
Engineering											
Amrill Steels Limited	-	6,500	-	-	6,500		445,000	(22,825)	0.57	0.25	0.00%
International Industries Limited	3,742	4,100	-	700	7,142		1,536,958	(45,396)	2.06	0.92	0.31%
International Steels Limited	38,961	17,400	-	12,800	43,561		4,348,735	(385,991)	5.31	2.37	0.90%
							6,376,090	(5,921,877)	7.94	3.55	
Technology & Communication											
Systems Limited	28,658	-	-	5,500	23,158		2,344,053	2,787,992	3.74	1.67	2.56%
Paper and Boards											
Cheerat Packaging Limited	4,500	9,100	-	1,500	12,100		1,793,886	2,093,784	2.81	1.25	1.34%
Cabel and Electronic Goods											
Pak Electron Limited	60,602	14,500	-	56,350	18,752		656,404	(79,928)	0.77	0.35	1.22%
							75,188,043	(972,350)	100.00	44.69	
Total as at 30 September 2018							81,760,687				
Total as at 30 September 2018							80,325,375	(8,335,904)	100.00	54.00	
Total as at 30 June 2018											
Total cost as at 30 June 2018							81,534,011				



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

	30 Sep 2018	30 Jun 2018	30 Sep 2018	30 Jun 2018
	----- (Number of shares) -----		----- (Rupees) -----	
D.G Khan Cement Company limited	3,000	3,000	307,230	343,470
Engro Corporation Limited	2,000	2,000	623,260	627,720
Lucky Cement Company Limited	2,500	2,500	1,282,350	1,269,825
Nishat Mills Limited	10,000	10,000	1,405,900	1,409,200
Pakistan Oilfield Limited	1,500	1,500	823,770	1,007,685
Pakistan Petroleum Limited	300	300	64,020	64,470
	19,300	19,300	4,506,530	4,722,370

6.1.2 Above investment track PSX KMI all shares Islamic Index for its performance and compliance with the offering document.

6.1.3 Finance act, 2014 had introduced tax on bonus shares issued by the companies. Most of the equity funds including the Fund have challenged the applicability of withholding tax provision on bonus shares before Honourable High Court of Sindh ("the Court") on various legal grounds and have sought relief from the Court. In the Fund's case, tax in the shape of 102 shares of Pakistan State Oils Limited have been withheld by CDC. Market value of these shares as at 30 September 2018 amounted to Rs. 35,522 (30 June 2018: 32,468) and are included in the Fund's investments in these financial statements.

6.2 Sukuk certificates
At fair value through income statement - held for trading

Name of Security	Date of Maturity	Mark-up rate	Holding as at 01 July 2018	Purchases during the period	Disposed / matured during the period	Holding as at 30 September 2018	Carrying value as of the year ended 30 September 2018		Unrealised appreciation / (diminishing)	Credit rating	Market value as % of total investments	Market value as % of net assets	Face value as % of size of the issue
							Number of certificates	(Rupees)					
Dawood Hercules Corporation Limited 6.2.1	15-Nov-22	3 months KIBOR + 1.00%	-	35	-	35	3,507,000	3,507,613	613	AA-	4.15%	2.10%	0.58%
Dawood Hercules Corporation Limited 6.2.2	1-Mar-23	3 months KIBOR + 1.00%	-	65	-	65	6,504,159	6,495,853	(8,346)	AA-	7.68%	3.89%	1.08%
Total as at 30 September 2018							10,011,159	10,003,466	(7,733)		11.82%	5.99%	1.67%
Total Cost as at 30 September 2018							10,000,000						
Total as at 30 June 2018							10,000,000	10,011,199	11,199				
Total Cost as at 30 June 2018							10,000,000						

6.2.1 This represents investment in sukuk certificates of Dawood Hercules Corporation Limited carrying an effective profit rate of 3 months Karachi Inter-bank Offer Rate (KIBOR) per annum plus margin of 1.0% per annum receivable quarterly in arrears. The principal is redeemable in eight semi-annual instalments starting from the eighteenth (18th) month from the date of issue, i.e. from May 2019 to November 2022 in the six semi-annual instalments of Rs 1.1 million each and the last two semi-annual instalments on May 2022 and November 2022 at Rs. 2.2 million each. These sukuk certificates are secured by way of first pari passu charge against ordinary shares of Engro Corporation Limited with 50% margin and charge over all of the assets of investee company with a 25% margin.

6.2.2 This represents investment in sukuk certificates of Dawood Hercules Corporation Limited carrying an effective profit rate of 3 months Karachi Inter-bank Offer Rate (KIBOR) per annum plus margin of 1.0% per annum receivable quarterly in arrears. The principal is redeemable in eight semi-annual instalments starting from the eighteenth (18th) month from the date of issue, i.e. from September 2019 to March 2023 in the six semi-annual instalments of Rs 3.9 million each and the last two semi-annual instalments on September 2022 and March 2023 at Rs. 7.8 million each. These sukuk certificates are secured by way of first pari passu charge against ordinary shares of Engro Corporation Limited with 50% margin and charge over all of the assets of investee company with a 25% margin.



		September 30, 2018 (Unaudited)	June 30, 2018 (Audited)
	Note	(Rupees)	
7. PAYABLE TO MANAGEMENT COMPANY			
Remuneration payable to the Management Company	7.1	158,416	173,646
Sindh Sales tax payable on remuneration to the Management Company	7.3	187,454	189,432
Federal excise duty payable on remuneration to the Management Company	7.4	1,132,564	1,132,564
Sales load payable		4,369	4,369
		<u>1,482,803</u>	<u>1,500,011</u>

7.1 The Management Company is entitled to remuneration for services rendered to the Fund under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, of an amount not exceeding 2% per annum of the average annual net assets of the Fund. However, the Management Company is currently charging a fee at 10% of the gross earnings of the scheme for the year ended 30 June 2018. The fee is subject to a minimum of 1% and a maximum of 2% of the average annual net assets of the Fund. Currently the effective rate of Management Company remuneration for the year ended 30 September 2018 is 1.27% (30 June 2018: 1.31%) of the average net assets. Remuneration is paid to the Management company in arrears on a monthly basis.

7.2 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (2017: 13%) on Management Company's remuneration. Above liability includes Rs. 166,859 (30 June 2018: Rs. 166,859) accrued on Federal Excise Duty (FED) on the management remuneration as more fully explained in note 8.3 below. Had the provision relating to FED not been made, Net Asset Value per unit of the Fund as at 30 September 2018 would have been higher by 0.095 (30 June 2018: 0.095) per unit. This amount is payable to management company for onwards payment to the Government.

7.3 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. 1.132 million. Had the provision not been made, NAV per unit of the Fund as at 30 September 2018 would have been higher by Re. 0.64 (30 June 2018: Re. 0.64) per unit.

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



	September 30, 2018 (Unaudited)	June 30, 2018 (Audited)
Note	(Rupees)	
8. ACCRUED EXPENSES AND OTHER LIABILITIES		
Charity Payable	136,363	136,363
Auditors' remuneration	256,832	184,711
Payable to Sindh workers' welfare fund	8.1 190,873	158,219
Brokerage charges payable	43,572	95
Withholding tax payable (subsequently paid)	120,220	-
Fee payable to Shariah Advisor	42,200	4,220
Fee payable to National Clearing Company of Pakistan	31,000	49,240
Other liabilities	25,041	20,873
Fee payable to Central Depository Company	5,268	4,212
	851,369	557,933

8.1 Sindh Workers' Welfare Fund

Provision for Sindh Workers' Welfare Fund is being made on a daily basis going forward pursuant to MUFAP's recommendation to all its members on 12 January 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 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 30 September 2018 is Rs. 0.191 million. Had the provision not been made, Net Asset Value per unit of the Fund as at 30 September 2018 would have been higher by Re. 0.11 per unit. (30 June 2018: 0.09).

Furthermore on 10 November 2016, Honourable Supreme Court of Pakistan (SCP) passed a judgment declaring the amendments made in the Finance Acts 2006 and 2008 pertaining to WWF as illegal citing that WWF was not in the nature of tax and could, therefore, not have been introduced through money bills. Accordingly, the aforesaid amendments have been struck down by the SCP. The Federal Board of Revenue has filed a petition with the SCP against the said judgment, which is pending hearing. While the petitions filed by the Collective Investment Schemes (CISs) on the matter are still pending before the Sindh High Court (SHC), the Mutual Funds Association of Pakistan (MUFAP) (collectively on behalf of the asset management companies and their CISs) have taken legal and tax opinions on the impact of the SCP's judgement on the CISs petition before the SHC. Both the legal and tax advisors consulted were of the view that the SCP's judgment has removed the very basis on which the demands were raised against the CISs. Therefore, there was no longer any liability against the CISs under the WWF Ordinance and that all cases pending in the SHC or lower appellate forums will now be disposed of in light of the earlier judgement of the SCP.

9. TOTAL EXPENSE RATIO

Securities and Exchange Commission of Pakistan (SECP) vide its directive no.SCD/PRDD/Direction/18/2016 dated 20 July 2016, required that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS / the Fund. TER of the Fund for the year ended 30 September 2018 is 2.99% which includes 0.43% representing the government levies, (comprising of Sindh Workers Welfare Fund and SECP fee, etc.). As per the NBFC Regulation total expense ratio of the Equity Scheme shall be capped up to 4%.

10. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at September 30, 2018.



11. TAXATION

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. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders. The management intends to distribute atleast 90% of the income earned by the year end by this Fund 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.

12. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties include Lakson Investments Limited being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the trustee, Habib Bank AG Zurich Switzerland being the Custodian, Siza Services (Private) Limited being holding company of the Management Company, associated companies of the Management Company and the holding company, key management personnel, other funds being managed by the Management Company and entities having holding 10% or more in the units of the Fund as at 30 September 2018. 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:

	September 30, 2018 (Unaudited)	June 30, 2018 (Audited)
	(Rupees)	
12.1 Balance as at period ended		
Lakson Investments Limited - Management Company of the Fund		
Payable to management company	1,478,434	1,495,642
Sales load payable	4,369	4,369
Central Depository Company of Pakistan Limited - Trustee of the Fund		
Remuneration payable	<u>72,752</u>	<u>72,751</u>
12.2 Transactions during the period	September 30, 2018	2017
	(Unaudited)	
	(Rupees)	
Lakson Investments Limited - Management Company of the Fund		
Remuneration for the period	<u>534,826</u>	<u>574,747</u>
Sindh sales tax on remuneration of Management Company *	<u>69,527</u>	<u>74,717</u>
Central Depository Company of Pakistan Limited - Trustee		
Remuneration for the period	<u>199,376</u>	<u>199,376</u>
Settlement Charges	<u>5,000</u>	<u>-</u>



12.3 Unit Holders' Fund

Period ended September 30, 2018							
Number of Units			Rupees				
Number of Units as at July 01, 2018	Units issued during the period	Units redeemed during the period	Number of units as at September 30, 2018	Balance as at July 01, 2018	Units issued during the period	Units redeemed during the period	
517,823	-	-	517,823	52,594,545	-	-	49,028,776
99,573	-	-	99,573	10,113,490	-	-	9,427,821
5,349	-	-	5,349	543,245	-	-	506,457
2,791	-	-	2,791	283,478	-	-	264,259
43,966	-	-	43,966	4,465,575	-	-	4,162,811
25,403	-	-	25,403	2,580,147	-	-	2,405,220
302,877	-	-	302,877	30,762,793	-	-	28,677,152
168,373	-	-	168,373	17,101,410	-	-	15,941,977
53,802	-	-	53,802	5,464,594	-	-	5,094,108
48,851	-	-	48,851	4,961,728	-	-	4,625,355
63,507	-	-	63,507	6,450,317	-	-	6,013,002
33,219	-	-	33,219	3,374,007	-	-	3,145,258
138,342	-	-	138,342	14,051,203	-	-	13,098,566
218,637	-	-	218,637	24,566,733	-	-	20,701,098

Lakson Investments Limited

Directors, Chief Executive, their spouse and minors

Associated companies / undertakings of the Management Company

- Lakson Business Solutions Limited Employees Contributory Provident Fund Trust
- Lakson Investments Limited Employees Contributory Provident Fund Trust
- GAM Corporation (Private) Limited Employees Contributory Provident Fund Trust
- SIZA Foods (Private) Limited Employees Contributory Provident Fund Trust
- Colgate Palmolive (Pakistan) Limited Employees Contributory Provident Fund Trust
- Colgate Palmolive (Pakistan) Limited Employees Gratuity Fund
- Cyber Internet Services (Private) Limited Employees Contributory Provident Fund Trust
- Accuracy Surgicals Limited Employees Contributory Provident Fund Trust
- Merit Packaging Limited Employees Contributory Provident Fund Trust
- Merit Packaging Limited Employees Gratuity Fund
- Century Paper & Board Mills Limited Employees
- Century Provident Fund Trust
- Century Paper & Board Mills Limited Employees Gratuity Fund



Period ended September 30, 2017							
Number of Units			Rupees				
Number of Units as at July 01, 2017	Units issued during the period	Units redeemed during the period	Number of units as at September 30, 2017	Balance as at July 01, 2017	Units issued during the period	Units redeemed during the period	Balance as at September 30, 2017
517,823	-	-	517,823	52,594,523	-	-	49,196,053
99,573	-	-	99,573	10,113,538	-	-	9,460,037
5,348	-	-	5,348	543,237	-	-	508,135
2,791	-	-	2,791	283,455	-	-	265,139
43,966	-	-	43,966	4,465,525	-	-	4,176,978
25,403	-	-	25,403	2,580,153	-	-	2,413,433
302,877	-	-	302,877	30,762,830	-	-	28,775,045
168,373	-	-	168,373	17,101,460	-	-	15,996,424
53,802	-	-	53,802	5,464,626	-	-	5,111,521
48,851	-	-	48,851	4,961,717	-	-	4,641,109
63,507	-	-	63,507	6,450,273	-	-	6,033,479
33,219	-	-	33,219	3,374,039	-	-	3,156,021
138,342	-	-	138,342	14,051,203	-	-	13,143,265
241,893	-	-	241,893	24,566,735	-	-	22,981,191

Lakson Investments Limited

Directors, Chief Executive, their spouse and minors

Associated companies / undertakings of the Management Company

- Lakson Business Solutions Limited Employees
- Contributory Provident Fund Trust
- Lakson Investments Limited Employees Contributory Provident Fund Trust
- GAM Corporation (Private) Limited Employees Contributory Provident Fund Trust
- SIZA Foods (Private) Limited Employees Contributory Provident Fund Trust
- Colgate Palmolive (Pakistan) Limited Employees Contributory Provident Fund Trust
- Colgate Palmolive (Pakistan) Limited Employees Gratuity Fund
- Cyber Internet Services (Private) Limited Employees Contributory Provident Fund Trust
- Accuray Surgicals Limited Employees Contributory Provident Fund Trust
- Merit Packaging Limited Employees Contributory Provident Fund Trust
- Merit Packaging Limited Employees Gratuity Fund
- Century Paper & Board Mills Limited Employees Contributory Provident Fund Trust
- Century Paper & Board Mills Limited Employees Gratuity Fund



13. 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.

Investments of the Fund carried at fair value are categorised as follows:

As at September 30, 2018				
----- Un-audited -----				
	Level 1	Level 2	Level 3	Total
----- Rupees -----				
Assets				
Financial assets at fair value through profit or loss	74,615,695	10,003,466	-	84,619,161
<hr/>				
As at June 30, 2018				
----- Audited -----				
	Level 1	Level 2	Level 3	Total
----- Rupees -----				
Assets				
Financial assets at fair value through profit or loss	71,989,471	10,011,199	-	82,000,670



14. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorised for issue on October 13, 2018 by the Board of Directors of the Management Company.

15. GENERAL

Figures have been rounded off to the nearest rupee.

For Lakson Investments Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director



A Lakson Group Company

Lakson Investments Limited

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