

LAKSON TACTICAL FUND

Quarterly Report (September 30, 2018)



LAKSON INVESTMENTS

WE MANAGE YOUR MONEY, AS WE MANAGE OUR OWN



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Fund's Information

Management Company

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**Board of Directors of
the Management Company**

Mr. Iqbal Ali Lakhani - Chairman
Mr. Babar Ali Lakhani - Chief Executive Officer
Mr. Jamil Ahmed Mughal
Mr. 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

Allied Bank Limited
Bank Alfalah Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Habib Bank AG Zurich
JS Bank Limited
Telenor Microfinance Bank Limited
United Bank Limited
NRSP Microfinance Bank Limited
National Bank of Pakistan
Mobilink Microfinance Bank Limited
Silk Bank Limited
Sindh Bank Limited
Finca 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

Rating

1 Year : 4-Star
3 Year : 3-Star
5 Year : 3-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 Tactical Fund ('LTF' or 'Fund') 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 LTF is to provide long-term capital appreciation by investing in a mix of securities comprising debt, equity and commodities future contracts.

Principal activities

LTF 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 macro factors such as government policies, interest rates, liquidity, exchange rates and economic growth. The Fund switches exposure between domestic debt securities and domestic equities based on the forward price to earnings multiple of the equity market. Asset allocation to different sectors and stocks will be made on the basis of earnings growth and management quality. Exposure of the scheme in fixed income securities is managed through duration and yield curve management. The Fund may overweight or underweight commodities relative to its benchmark for commodities investment.

Fund performance

The LTF provided a return of 0.9% in 1QFY19 vs -6.9% YoY. During the period the benchmark recorded a return of -0.1%, clocking an out performance of 1.0% against the fund.

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 offtake.

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.

Commodities Review

Crude oil prices continued to surge for a fifth consecutive quarter mostly due to the November deadline for sanctions on Iran. Crude and condensate shipments from Iran declined to 1.1million b/d (39%) by the end of September from April, when the US withdrew from the Iran nuclear deal. Oil prices were also affected by the disruption of some of Saudi Arabia's oil supply in August due to rebel attacks off the coast of Yemen. On the other hand, escalation of trade dispute between USA and China restrained crude oil prices. Brent crude's average price in 1QFY19 was 3.6% higher than that in 4QFY18.

Urea price too rallied in 1QFY19 due to a hike in crude prices. Middle Eastern Urea price averaged USD 295.0/MT in the quarter, up by 14.6% QoQ. Similarly, Moroccan DAP price rose 5.4% QoQ to average USD 451.67/MT.



Gold declined for a second consecutive quarter as it completed its longest losing streak since 1989. Rising interest rate scenario globally, especially in USA, was the major reason for the decline in price of the precious metal. As Federal Open Market Committee members are expecting another rate hike in 2018 and three more rate increases in 2019, it is likely that Gold will remain under pressure.

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.

Crude oil prices are likely to start trending downwards as the effect of trade war starts becoming visible on global growth in the coming months. Currency crisis in various emerging markets, including Turkey, Russia and India, and economic problems in Argentina and Venezuela may also affect commodities.

The LTF will continue to maintain exposure in the instruments cash and short-term papers. However, the fund may switch between different maturities depending upon the liquidity conditions of the market and interest rates appreciation. The LTF will continue to maintain exposure to domestic equities based on the forward P/E multiple of the KSE 30 Index, which is currently very inviting.

Acknowledgement

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

For and on Behalf of the Board

Director

Chief Executive Officer

Dated: October 13, 2013



لیکسن ٹیکنیکیکل فنڈ

30 ستمبر 2018ء کو ختم ہونے والی مدت کے لیے

میجمنٹ کمپنی کے ڈائریکٹرز کی جائزہ رپورٹ

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

فنڈ کا مقصد

لیکسن ٹیکنیکیکل فنڈ کی سرمایہ کاری کا مقصد مختلف طرح کی سیکورٹیز بشمول ڈیبت، ایکویٹی اور کموڈٹیز فیوچر کنٹریکٹس میں سرمایہ کاری کرتے ہوئے طویل مدت کے لیے اصل سرمائے کی قدر میں اضافہ کرنا ہے۔

بنیادی سرگرمیاں

LTF ایک لاصحد ویسٹ ایلوکیشن فنڈ ہے جو پاکستان اسٹاک ایکسچینج لمیٹڈ میں لسٹڈ ہے۔ فنڈ کو انویسٹمنٹ میجمنٹ کے ایک فعال طریقہ کار کے تحت چلایا جاتا ہے جس میں بڑے عوامل جیسے حکومتی پالیسیاں، منافع کی شرح، ایکویٹی، ایکسچینج ریس اور اقتصادی ترقی کے تجزیوں کو پیش نظر رکھا جاتا ہے۔ اس فنڈ سے ڈیبت سیکورٹیز اور ڈیویڈنڈ میٹک ایکویٹیز کے درمیان ایک پیوٹر کے مواقع تبدیل ہو جاتے ہیں، جن کا ایکویٹی مارکیٹ کی گئی گنا آمدنی کی پیشگی قیمتوں پر انحصار ہوتا ہے۔ مختلف سیکٹرز کے لیے ایسٹ ایلوکیشن اور اسٹاکس، آمدنی میں اضافے اور میجمنٹ کوالٹی کی بنیاد پر ترتیب دیے جائیں گے۔ اسکیم کا ایک پیوٹر فیکسڈ انکم سیکورٹیز میں اس کی مدت اور yield curve میجمنٹ کے ذریعے منظم کیا جاتا ہے۔ فنڈ کموڈٹیز کی سرمایہ کاری کے بیچ مارک سے تعلق کی بنیاد پر اوورویٹ یا انڈروویٹ ہو سکتا ہے۔

فنڈ کی کارکردگی کا جائزہ

LTF نے مالی سال 2019ء کی پہلی سہ ماہی میں سال بہ سال بنیاد پر 6.9% کے مقابلے میں 0.9% منافع فراہم کیا۔ اس مدت کے دوران بیچ مارک نے 0.1% منافع ریکارڈ کیا اور اس طرح فنڈ کے مقابلے میں 1.0% کم تر کارکردگی کا مظاہرہ کیا۔

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 یونٹس کا تعین اوپن اینڈ فنڈز کے لیے قابل عمل نہیں ہے۔



معاشی جائزہ

مالی سال 2019 کے آغاز میں نموی رفتار سست دکھائی دے رہی ہے، جیسا کہ لارج اسکیل مینڈیٹ چیکرنگ انڈیکس جولائی میں سال بہ سال بنیاد پر صرف 0.50% بڑھا۔ جیسا کہ اسٹیٹ بینک نے اپنی تازہ ترین ماہی پالیسی اسٹیٹمنٹ میں ذکر کیا، معیشت کو دو بارہ ٹریک پر لانے کے لیے کیے جانے والے خزانہ جاتی اور مالیاتی اقدامات کی وجہ سے نموکا ہدف حاصل نہیں کیا جاسکے گا۔ ان اقدامات میں مزید مالیاتی سختی، پاکستانی 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 نموی 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 دو 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 پاکستانی روپے کی قدر میں صرف 2.3% کمی ہوئی لیکن دسمبر 2017 سے جون 2018 تک قدر میں پہلے ہی 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 مزید 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 (ڈسکاوٹ 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 دو 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 اہل حقہ میعادوں کے لیے قابل قبول پینتیسٹیشن حاصل کرنے میں ناکام رہا۔ مالی سال 2019 کی پہلی سہ ماہی کے دوران منافع جات کے لیے ایک سال سے کم میعاد والے تھمکات پر زور رہا۔ ایک سال سے کم میعاد والے تھمکات کے منافع جات میں 60 سے 152 بنیادی پوائنٹس تک اضافہ ہوا۔ ایک سے 8 سال تک کی میعاد والے تھمکات کے لیے منافع جات میں 70 سے 142 بنیادی پوائنٹس تک اضافہ ہوا، جب کہ طویل مدتی تھمکات (9 تا 30 سال) کے لیے منافع جات 25 سے 102 بنیادی پوائنٹس کی حد میں بڑھے۔ 3 سالہ، 5 سالہ اور 10 سالہ میعادوں 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 ویتنام کے مسائل)، جب عالمی معیشت کی نمو میں سستی کی وجہ سے نیچے کی طرف دباؤ وسط مدتی ہے۔

وسیع تر ممالکی (براڈ مینی- 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 قرض میں اضافے (123 ارب روپے اضافہ) سے جزوی طور پر اس کی تلافی ہو گئی۔ نجی شعبے کی طرف قرض 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 گرسٹ لسٹ میں رکھا جانا (ii) انتخابات کے بعد اینٹی کلاگس (iii) موجودہ سال 2018 کی دوسری سہ ماہی میں آمدنی کا کمزوریزن اور آخری میں (iv) پالیسی میں منفی لیکن ضروری تبدیلیاں (نئے منی بجٹ میں گیس کے نرخوں میں 46% اضافہ اور PSDP اخراجات میں ظہیر کوٹلی)۔ تاہم اگست 2018 کے دوران CA خسارے میں مابقی بہتری دیکھنے میں آئی (مالی سال 2018 میں 1500 ملین امریکی ڈالر کی مابانہ 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 بینکوں (82 ملین امریکی ڈالر) آئل اور گیس (59 ملین امریکی ڈالر) ہسٹنس (28 ملین امریکی ڈالر) اور پاور (10 ملین امریکی ڈالر) میں رہا۔ زیریں سمت دباؤ جمی ملک سے غیر ملکی سرمایے کے اخراج کا نتیجہ تھا 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 کو تفریک دینے والے اہم احتیاطی نکات



سے پہلے پاکستانی روپیہ ریکارڈ سطح تک کمزور 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 لیٹن دین کرتا ہے۔ یہ MSCI EM کے مقابلے میں 31% ڈس کاؤنٹ ہے اور ہماری دنیا کے لیے سال 2019 میں آمدنی کی سال بہ سال 15% نمو کی پیشگوئی کے مقابل اچھے مواقع رکھتا ہے۔ جہاں مستقبل قریب میں مجموعی معاشی دباؤ مزید بڑھنے کا امکان ہے (مثلاً ایس/بجلی کے نرخوں میں اضافہ، بنگلہ سے متعلق اضافی اقدامات، اور رتیاتی اخراجات میں کوتاہی)، مارکیٹ نے اس میں سے بیش تر ترقی قیمتوں کا تعین پہلے ہی کر لیا ہے۔ بہر حال ہماری رائے میں پاکستان GDP کی باہمی سست نمو (آئی ایم ایف مالی سال 2019 کے لیے اب 4.0% کی پیشگوئی کر رہا ہے) اور افراط زر کے ماحول (آئی ایم ایف مالی سال 2019 کے لیے 7.5% دیکھ رہا ہے) کے لیے خود کو تیار کر رہا ہے۔

خام تیل کی قیمتوں میں کمی کے رجحان کا آغاز ہونے کا امکان ہے، جیسا کہ آنے والے مہینوں میں عالمی منور تجارتی جنگ کے اثرات نمایاں ہوتے جا رہے ہیں۔ مختلف ایمر جنٹ مارکیٹ، بشمول ترکی، روس اور انڈیا میں کرنسی کا بحران اور ارجنٹائن اور وینزویلا میں معاشی مسائل بھی کموڈٹیز پر اثر انداز ہو سکتے ہیں۔ LTF تمام کٹ، کیش اور مختصر مدتی پیپرز میں سرمایہ کاری جاری رکھے گا تاہم فنڈ مارکیٹ میں سیالیت (کیلو پی جی) کی صورت حال اور شرح سود میں اضافے کے مطابق مختلف پیپرز کے درمیان تبدیلیاں کر سکتا ہے۔ LTF آئندہ بھی KSE 30 انڈیکس کے کثیر P/E کی بنیاد پر مقامی ایکویٹیز میں سرمایہ کاری برقرار رکھے گا جو فی الوقت بہت پرکشش ہیں۔

اظہار تشکر

یہ رپورڈ اپنے قابل قدر انویسٹرز، سیکورٹیز اینڈ ایچینج کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان، فنڈ کے ٹرسٹی، سینٹرل ڈپازٹری کمیٹی آف پاکستان لمیٹڈ اور پاکستان اسٹاک ایچینج کی مینجمنٹ، ان کے مسلسل تعاون اور مدد پر شکر گزار ہے۔ مینجمنٹ کمیٹی کے ڈائریکٹرز فنڈ کی ترقی اور عمدہ نظم و نسق کے لیے اپنی ٹیم کی کاوشوں کا بھی اعتراف کرتے ہیں۔

برائے اور از طرف بورڈ

ڈائریکٹر

چیف ایگزیکٹو آفیسر

13 اکتوبر 2018



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

		September 30, 2018 (Unaudited)	June 30, 2018 (Audited)
	Note	(Rupees)	
ASSETS			
Bank balances	5	435,481,267	508,923,987
Investments	6	787,030,552	723,956,618
Dividend receivable		6,493,380	935,474
Receivable against sale of investments		-	1,559,370
Markup accrued		2,620,091	3,489,496
Deposits, prepayments and other receivables		3,090,432	2,882,985
TOTAL ASSETS		1,234,715,722	1,241,747,930
LIABILITIES			
Remuneration payable to the Management Company	7	3,335,671	3,475,331
Remuneration payable to the Trustee		206,247	207,078
Annual fee payable to the Securities and Exchange Commission of Pakistan		294,576	1,150,911
Payable against redemption of units		-	1,500,000
Payable against purchase of investments		757,250	10,890,683
Accrued expenses and other liabilities	8	5,189,293	4,404,201
TOTAL LIABILITIES		9,783,037	21,628,204
NET ASSETS		1,224,932,685	1,220,119,726
UNITHOLDERS' FUND (as per statement of movement in unit holders' fund)		1,224,932,685	1,220,119,726

CONTINGENCIES AND COMMITMENTS 10

(Number of units)

Number of units in issue	12,069,663	12,125,825
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(Rupees)

Net assets value per unit	101.4885	100.6215
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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

INCOME	Note	2018 (Rupees)	2017
Income from Government securities		430,464	-
Mark-up income		11,231,150	10,640,919
Dividend income		8,658,474	6,116,730
Exchange gain / (loss) on foreign currency bank balance		14,394	3,007
		<u>20,334,482</u>	<u>16,760,656</u>
Capital gain / (loss) on sale of investments - net		4,378,922	(9,010,632)
Unrealised (loss) / gain on revaluation of held for trading investments - net		<u>(7,632,223)</u>	<u>(85,840,604)</u>
		<u>(3,253,301)</u>	<u>(94,851,236)</u>
Total income / (loss)		<u>17,081,181</u>	<u>(78,090,580)</u>
EXPENSES			
Remuneration of the Management Company	7.1	4,031,614	3,960,675
Sindh Sales tax on remuneration to the Management Company	7.2	524,110	514,888
Remuneration of the Trustee		635,213	620,923
Annual fee to the Securities and Exchange Commission of Pakistan		294,576	282,563
Auditors' remuneration		73,277	84,166
Fees and subscription		294,923	98,642
Printing charges		14,341	5,041
SECP supervisory fee		630	1,260
Brokerage, bank and settlement charges		425,483	308,927
Total expenses		<u>6,294,167</u>	<u>5,877,085</u>
Net income / (loss) from operating activities		<u>10,787,014</u>	<u>(83,967,665)</u>
Sindh Workers' Welfare Fund (SWWF)	8.1	(215,740)	-
Net income / (loss) for the period before taxation		<u>10,571,274</u>	<u>(83,967,665)</u>
Taxation	11	-	-
Net income / (loss) for the period after taxation		<u>10,571,274</u>	<u>(83,967,665)</u>
Allocation of net income for the period after taxation			
Net income for the period after taxation		10,571,274	(83,967,665)
Income already paid on units redeemed		(107,203)	754,173
		<u>10,464,071</u>	<u>(83,213,492)</u>
Accounting income available for distribution			
- Relating to capital gains		-	(93,999,310)
- Excluding capital gains		10,464,071	10,785,818
		<u>10,464,071</u>	<u>(83,213,492)</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 Comprehensive Income (Unaudited)
For the quarter ended September 30, 2018**

	2018	2017
	(Rupees)	
Net income / (loss) for the period after taxation	10,571,274	(83,967,665)
Other comprehensive income for the period	-	-
Total comprehensive income / (loss) for the period	<u>10,571,274</u>	<u>(83,967,665)</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**

	2018		2017		Total
	Capital value	Undistributed income	Capital value	Undistributed income	
	------(Rupees)-----				
Net assets at beginning of the period	1,210,315,259	9,804,467	1,220,119,726	76,897,716	1,226,363,614
Issuance of Nil units (2017: 646,276 units)	-	-	-	-	-
Total proceeds on issuance of units	-	-	63,911,071	-	63,911,071
Redemption of 56,162 units (2017: 200,987 units)	(5,651,112)	(107,208)	(5,758,315)	754,173	(20,674,943)
Total payments on redemption of units	-	-	(21,429,116)	-	-
Distribution to the unit holders in cash	-	-	-	-	-
Total comprehensive income for the period	-	10,571,274	10,571,274	(83,967,665)	(83,967,665)
Net assets as at end of the period	1,204,664,147	20,268,538	1,224,932,685	1,191,947,853	1,185,632,077
Undistributed income brought forward:					
- Realized income	78,903,373			53,059,248	
- Unrealized income	(69,098,906)			22,035,468	
	9,804,467			76,897,716	
Accounting income available for distribution:					
Relating to capital gains	-	10,464,071		(93,098,310)	
Excluding capital gains	10,464,071			10,785,818	
		10,464,071		(83,213,492)	
Net income / (loss) for the period after taxation	-	-	-	-	-
Distribution during the period					
Undistributed income at end of the period	20,268,538			(6,315,776)	
Undistributed income carried forward					
- Realized income	27,900,761			79,574,838	
- Unrealized income	(7,632,223)			(65,940,604)	
	20,268,538			(6,315,776)	
Net assets value per unit at beginning of the period		100.6215			106.6898
Net assets value per unit at end of the period		101.4885			99.2995

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 FLOW FROM OPERATING ACTIVITIES		
Net income / (loss) for the period before taxation	10,571,274	(83,967,665)
Adjustments for:		
Unrealised loss on revaluation of held for trading investments - net	7,632,223	85,840,604
Dividend income on held for trading investments	(8,658,474)	(6,116,730)
Markup on bank balances and investments	(11,231,150)	(10,640,919)
	(1,686,127)	(14,884,710)
Decrease / (increase) in assets		
Investments - net	(70,706,157)	165,351,820
Advances, deposits, prepayments and other receivables	(207,447)	(6,199,162)
Receivable against settlement of investments	1,559,370	(503,066)
	(69,354,234)	158,649,592
(Decrease) / increase in liabilities		
Payable to the Management Company	(139,660)	(76,455)
Remuneration payable to the Trustee	(831)	190,817
Annual fee payable to the Securities and Exchange Commission of Pakistan	(856,335)	(1,058,553)
Payable against purchase of investments	(10,133,433)	-
Accrued expenses and other liabilities	785,092	(23,036,047)
	(10,345,167)	(23,980,238)
Dividend income received	3,100,568	3,423,737
Markup on bank balances and investments	12,100,555	9,425,629
Net cash used in / (generated from) operating activities	(66,184,405)	132,634,010
CASH FLOW FROM FINANCING ACTIVITIES		
Cash received from issue of units	-	63,911,071
Cash paid on redemption of units	(7,258,315)	(14,674,943)
Net cash used in from financing activities	(7,258,315)	49,236,128
Net decrease in cash and cash equivalent	(73,442,720)	181,870,138
Cash and cash equivalent at the beginning of the period	508,923,987	137,797,289
Cash and cash equivalent at the end of the period	435,481,267	319,667,427

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 the Condensed Interim Financial Information (Unaudited) For the quarter ended September 30, 2018

1 LEGAL STATUS AND NATURE OF BUSINESS

Lakson Tactical Fund ("the Fund") was established under Trust Deed executed on May 30, 2011 between Lakson Investments Limited as its Management Company and Central Depository Company of Pakistan Limited (CDC) as its Trustee. The Fund has been registered as a notified entity on July 7, 2011 by the Securities and Exchange Commission of Pakistan (SECP) in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008. 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. 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 Pakistan Stock Exchange. Units are offered for public subscription on a continuous basis. The units can also be redeemed by surrendering them to the Fund.

The Fund is categorised as "Asset Allocation Scheme" as per the Circular 07 of 2009 issued by Securities and Exchange Commission of Pakistan (SECP) and is authorised to invest within the prescribed limits as mentioned in the offering documents of the Fund in listed equity securities, Government securities, debt securities, deposits with banks, preference shares, placement of funds with financial institutions, reverse repo, margin trading system, money market placement, commercial paper, unlisted equity securities only if an application for listing of such securities has been accepted by the stock exchange, future contracts of equity and commodity and any other instruments authorized by SECP in Pakistan. 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: 4-Star
3 Year ranking : 3-Star
5 Year ranking: 3-Star

2 BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim 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) and requirements of the Trust Deed.

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 and requirements of the Trust Deed 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, the NBFC Regulations and requirements of the Trust Deed 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.

2.3 Functional And Presentation Currency

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

2.4 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 the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by 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 June 30, 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 financial assets classified as Loans and receivable as on June 30, 2018 have now been re-classified as Amortized cost. These assets under IFRS - 9 will continue to be measured on the same bases as was adopted under IAS-39.
- 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.

		September 30, 2018 (Unaudited)	June 30, 2018 (Audited)
		(Rupees)	
5	Note		
BANK BALANCES			
In local currency			
In profit and loss sharing accounts	5.1	434,822,721	508,279,836
In current account		8,674	8,674
In foreign currency			
In current account	5.2	649,872	635,477
[USD\$ 5,230 (2018: USD\$ 5,230)]		<u>435,481,267</u>	<u>508,923,987</u>
5.1	These carry mark-up rates ranging from 4.00% to 8.60% (2018: from 4.00% to 7.30%) per annum.		
5.2	This represents USD denominated current account maintained in foreign country.		
6 INVESTMENTS			
At fair value through income statement			
- held for trading			
Listed equity securities	6.1	677,162,182	538,637,404
Term finance certificates	6.2	35,256,827	35,377,020
Sukuk certificates	6.3	49,999,043	50,047,194
Government securities	6.4	24,612,500	24,895,000
		<u>787,030,552</u>	<u>648,956,618</u>
Loans and receivable			
Term deposit receipts		-	75,000,000
		<u>787,030,552</u>	<u>723,956,618</u>



6.1 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 period	* Bonus shares / letter of right received during the period	Disposed during the period	Holding as at September 30, 2018	Carrying value before revaluation as of 30 September 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	Percentage of shares held as percentage of total paid up capital of the investee company
Commercial Banks											
Allied Bank Limited	-	562,700	-	-	562,700	12,915,260	13,803,031	887,771	1.75	1.13	0.00%
Askari Bank Limited	59,133	-	-	59,133	-	-	-	-	-	-	0.01%
Bank Al Habib Limited	190,360	159,900	-	-	350,260	56,308,960	53,018,856	(3,290,104)	6.74	4.33	0.01%
Habib Bank Limited	-	-	-	-	-	-	-	-	-	-	0.00%
JIS Bank Limited	-	66,200	-	-	270,876	53,380,070	54,500,960	1,122,890	6.93	4.45	0.00%
MCB Bank Limited	204,676	277,600	37,691	30,500	449,105	22,293,572	181,883	(2,011,689)	2.83	1.82	0.01%
Bank Al Falah Limited	164,314	-	-	30,500	17,216	1,279,000	1,536,323	256,323	0.20	0.13	0.01%
Meezan Bank Limited	107,151	-	1,565	91,500	299,298	49,199,763	46,091,892	(3,107,871)	5.86	3.76	0.02%
United Bank Limited	194,098	105,200	-	-	-	195,194,742	191,245,634	(3,949,108)	24.30	15.61	
Chemicals											
Archroma Pakistan Limited	12,192	-	-	12,192	-	-	-	-	-	-	0.04%
ICI Pakistan Limited	18,793	-	350	-	18,443	14,782,065	13,990,491	(791,574)	1.78	1.14	0.02%
Engro Polymer & Chemicals Limited	229,400	116,200	78,578	284,000	140,178	4,024,741	4,070,769	46,028	0.52	0.33	0.03%
Engro Polymer & Chemicals Limited - LOR	78,578	-	-	78,578	-	-	-	-	-	-	0.03%
Fertilizers											
Engro Corporation Limited	101,887	54,400	-	18,300	137,987	43,008,310	43,000,889	(7,421)	5.46	3.51	0.00
Fauji Fertilizer Bin Qasim Limited	28,351	-	-	28,351	167,000	16,470,500	16,305,680	(164,620)	2.07	1.33	0.00
Fauji Fertilizers Company Limited	134,000	51,500	-	18,500	304,364	22,874,103	22,976,458	102,355	2.92	1.88	0.00
Engro Fertilizers Limited	236,164	105,700	-	37,500	-	82,582,913	82,285,207	(97,706)	30.45	6.72	
Pharma & Bio Tech											
The Searl Company Limited (6.1.2)	69	-	-	-	69	23,426	21,799	(1,627)	0.00	0.00	0.00%
Cable and electrical goods											
Pak Electron Limited	328,500	104,500	-	316,600	116,400	4,064,271	3,578,136	(486,135)	0.45	0.29	0.07%
Textile Composite											
Gul Ahmed Textile Mills Limited	136,923	-	-	122,300	14,623	627,765	714,918	87,153	0.09	0.06	0.04%
Nishat Mills Limited	126,067	42,700	-	16,700	152,067	20,975,437	21,379,100	403,663	2.72	1.75	0.04%
Cement											
D.G Khan Cement Company Limited	55,140	122,800	-	9,900	168,040	18,227,412	17,208,976	(1,018,436)	2.19	1.40	0.01%
Kohat Cement Company Limited	45,500	-	-	45,500	-	-	-	-	-	-	0.03%
Lucky Cement Company Limited	28,977	19,750	-	46,727	23,968,147	23,968,147	670,727	3.05	1.96	0.01%	
Pioneer Cement Company Limited	141,821	-	-	4,500	137,321	6,349,862	5,967,971	(466,891)	0.76	0.49	0.06%
Maple Leaf Cement Factory Limited	135,500	124,000	-	-	259,500	12,272,235	12,262,450	(414,785)	1.55	1.00	0.02%
						60,596,929	59,367,544	(1,229,385)	7.54	4.85	



Name of the Investee Company	Holding as at July 01, 2018	Purchased during the period	* Bonus shares / letter of right received during the period	Disposed during the period	Holding as at September 30, 2018	Number of Shares					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				
						Carrying value before revision as of 30 September 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			
Power Generation & Distribution																	
Hub Power Company Limited	218,902	116,500	-	-	335,402	30,284,188	29,337,613	(946,575)	37.3	2.40	0.02%						
						30,284,188	29,337,613	(946,575)	37.3	2.40							
Oil and Gas Exploration Companies																	
Mari Petroleum Company Limited	15,340	6,900	-	-	22,240	32,629,515	34,657,299	2,027,784	4.40	2.83	0.01%						
Oil and Gas Development Company Limited	257,403	132,400	-	41,200	348,603	53,580,053	53,332,773	(247,280)	67.8	4.35	0.01%						
Pakistan Oilfield Limited	24,759	-	4,231	3,600	25,390	14,214,407	13,943,680	(270,727)	1.77	1.14	0.01%						
Pakistan Petroleum Limited	117,681	79,500	-	-	197,181	41,548,017	42,078,425	530,408	5.35	3.44	0.01%						
						141,971,992	144,012,177	2,040,185	18.30	11.76							
Oil and Gas Marketing Companies																	
Pakistan State Oils Limited (6.1.2)	70,051	-	-	10,800	59,251	18,860,186	18,891,589	31,403	2.40	1.54	0.02%						
Attock Petroleum Limited	22,472	-	4,494	-	26,966	13,288,255	11,968,859	(1,289,396)	1.52	0.98	0.03%						
Sui Northern Gas Pipeline Limited	194,747	54,500	-	28,600	220,647	21,600,392	19,664,061	(1,936,331)	2.50	1.61	0.00%						
						59,251	59,254,909	(3,194,324)	6.42	4.12							
Technology and Communication																	
Systems Limited	170,934	2,000	-	31,000	141,934	14,387,864	17,087,434	2,699,570	2.17	1.39	0.15%						
Automobile Assemblers																	
Millat Tractors Limited	610	-	-	610	-	-	-	-	-	-	0.00%						
Indus Motor Company Limited	4,010	-	-	2,540	1,470	2,089,546	2,056,016	(33,530)	0.26	0.17	0.01%						
						2,089,546	2,056,016	(33,530)	0.26	0.17							
Engineering																	
Mughal Iron & Steel Limited	-	-	-	-	-	2,876,910	2,727,900	(149,010)	0.35	0.22	0.01%						
Amrill Steels Limited	-	42,000	-	-	42,000	26,642,112	24,363,767	(2,278,345)	3.10	1.99	0.05%						
International Steels Limited	208,122	100,500	-	40,800	267,822	9,805,468	9,529,056	(276,412)	1.21	0.78	0.02%						
International Industries Limited	21,280	23,000	-	-	44,280	39,324,490	36,620,723	(2,703,767)	4.65	2.99	0.02%						
						9,231,132	8,447,840	(783,292)	1.07	0.69	0.02%						
Automobile & Parts																	
Thal Limited (Face value of Rs. 5 each)	19,331	-	-	-	19,331	10,667,225	12,424,272	1,757,047	1.58	1.01	0.08%						
Paper and Board																	
Charat Packaging Company Limited	25,600	58,100	-	11,900	71,800	684,347,521	677,162,182	(7,185,377)	86.04	55.28							
						728,545,216											
Total as at 30 September 2018						605,059,527	538,637,404	(66,422,122)	74.40	44.15							
Total cost as at 30 September 2018						990,350,796											
Total as at 30 June 2018																	
Total cost as at 30 June 2018																	



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

	September 30, 2018	June 30, 2018	September 30, 2018	June 30, 2018
	----- (Number of shares) -----		----- (Rupees) -----	
Engro Corporation Limited	20,000	20,000	6,232,600	6,277,200
Habib Bank Limited	50,000	50,000	7,568,500	8,322,000
The Hub Power Company Limited	100,000	100,000	8,747,000	9,216,000
	170,000	170,000	22,548,100	23,815,200

6.1.2 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 69 shares in case of The Searl Company Limited and 566 shares in the case of Pakistan State Oils Limited have been withheld by CDC. Market value of these shares as at 30 September 2018 amounted to Rs. 21,799 and Rs. 180,463 respectively, and are included in the Fund's investments in these financial statements.

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 Sep 2018 before revaluation	Market value as of the year ended 30 Sep 2018 (after revaluation)	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	
Note	----- Number of certificates -----						----- (Rupees) -----							
Silk Bank Limited	6.2.1	10-Aug-25	6 months KIBOR + 1.85%	8,000	-	-	8,000	35,373,022	35,256,827	(116,195)	A-	4.48%	2.88%	2.00%
								35,373,022	35,256,827	(116,195)		4.48%	2.88%	2.00%
								39,992,000						
								39,996,000	35,377,022	(4,618,978)				
								39,996,000						

6.2.1 This represents investments in Term Finance Certificates of Silk Bank Limited carrying an effective profit rate of 6 months Karachi Inter Bank Offered Rates (KIBOR) per annum plus 1.85% receivable semi-annually in arrears. The instrument is structured to redeem 0.14% of the issue amount during the first 7 years of issue while the remaining 99.86% in the last 2 equal semi annual instalments of 49.93% each from 10 February 2018 to 10 August 2025. These are secured by first pari passu charge on the bank's assets with 25% margin. Total face value of the individual investment is Rs. 5,000 (Rs. 40 million in total), whereas at the year end total face value of the principal amount was Rs. 39.99 million

6.3 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 Sep 2018 before revaluation	Market value as of the year ended 30 Sep 2018 (after revaluation)	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	
Note	----- Number of certificates -----						----- (Rupees) -----							
Dawood Hercules Corporation Limited	6.3.1	15-Nov-22	3 months KIBOR + 1.00%	110	-	-	110	11,022,000	11,023,925	1,925	AA-	1.40%	0.90%	1.83%
Dawood Hercules Corporation Limited	6.3.2	1-Mar-23	3 months KIBOR + 1.00%	390	-	-	390	39,025,194	38,975,118	(50,076)	AA-	4.95%	3.18%	6.50%
								50,047,194	49,999,043	(48,151)		6.35%	4.08%	8.33%
								50,000,000						
								50,000,000	50,047,194	47,194				
								50,000,000						



6.3.1 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.

6.3.2 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.

6.4 Government securities

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 year during the	Disposed / matured during the year	Holding as at 30 September 2018	Carrying value as of the year ended 30 September 2018 before revaluation	Market value as of the year ended 30 September 2018	Unrealised appreciation / (diminution)	Market value as % of total investments (based on market value)	Market value as % of net assets (based on market value)	
Note				Number			(Rupees)					
10 years Pakistan Investment Bond	6.4.1	31-May-28	6.85%	250,000	-	-	250,000	24,895,000	24,612,500	(282,500)	3.13%	2.01%
Total as at 30 September 2018							24,895,000	24,612,500	(282,500)	3.13%	2.01%	
Total Cost as at 30 September 2018							25,000,000					
Total as at 30 June 2018							25,000,000	24,895,000	(105,000)			
Total Cost as at 30 June 2018							25,000,000					

6.4.1 This represents investments in 10 years Pakistan Investment Bond carrying an effective profit rate of 6.85% and having maturity on 31 May 2028. The face value of Pakistan Investment Bond as at 30 September 2018 amounted to Rs. 25 million

Note	September 30, 2018 (Unaudited)	June 30, 2018 (Audited)	
	(Rupees)		
7 PAYABLE TO THE MANAGEMENT COMPANY			
Remuneration payable to the Management Company	7.1	1,230,093	1,353,686
Sales tax payable on remuneration to the Management Company	7.2	416,542	432,609
Federal excise duty payable on remuneration to the Management Company	7.3	1,686,556	1,686,556
Sales load payable		2,480	2,480
		3,335,671	3,475,331



- 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 quarter ended 30 September 2018. The fee is subject to a minimum of 1% and maximum of 2% of the average annual net assets of the Fund. Currently the effective rate of Management Company remuneration for the period end 30 September 2018 is 1.30% of 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% (2018: 13%) on Management Company's remuneration. Above liability includes Rs. 256,632 (2018: Rs. 256,632) accrued on Federal Excise Duty (FED) on the management remuneration as more fully explained in note 7.3 below. Had the provision on FED not been made, Net Asset Value per unit of the Fund as at 30 September 2018 would have been higher by Re. 0.02 (2018: Re. 0.02) per unit.
- 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 from 13 June 2013 to 30 June 2016 aggregating to Rs. 1.686 million. Had the provision not been made, NAV per unit of the Fund as at 30 September 2018 would have been higher by Re. 0.14 (30 June 2018: Re. 0.14) per unit.

		September 30, 2018 (Unaudited)	June 30, 2018 (Audited)
	Note	(Rupees)	
8 ACCRUED EXPENSES AND OTHER LIABILITIES			
Payable to Sindh workers' welfare fund	8.1	3,828,603	3,612,862
Brokerage charges payable		444,040	63,045
Fee payable to National Clearing Company of Pakistan		498,866	515,631
Auditors' remuneration		251,376	178,099
Fee payable to Central Depository Company		6,462	4,567
Other liabilities		159,946	29,997
		<u>5,189,293</u>	<u>4,404,201</u>



8.1 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 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. 3.829 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. 0.32 (30, June 2018: Re. 0.30) per unit.

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.

Pursuant to above MUFAP recommended that the entire provision of Rs. 1.210 million against WWF held by the CISs till 30 June 2015, to be reversed on 12 January 2017.

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 quarter ended 30 September 2018 is 2.10% which includes 0.39% representing government levies (comprising of Workers Welfare Fund and SECP fee, etc.). As per NBFC Regulation the total expense ratio of the Asset Allocation Scheme shall be capped up to 4%.

10 CONTINGENCIES AND COMMITMENTS

There are 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 at least 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 RELATED PARTIES / CONNECTED PERSONS

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:

12.1 Details of balance with related parties / connected persons at the year end

	September 30, 2018 (Unaudited)	June 30, 2018 (Audited)
	(Rupees)	
Lakson Investments Limited - Management Company		
Remuneration payable (including the Sindh Sales Tax and Federal Excise Duty)	<u>3,333,191</u>	<u>3,472,851</u>
Sales load payable	<u>2,480</u>	<u>2,480</u>
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable (including Sindh Sales Tax)	<u>206,247</u>	<u>207,078</u>
Settlement charges payable	<u>6,462</u>	<u>4,567</u>
Security deposit	<u>100,000</u>	<u>100,000</u>
Habib Bank AG Zurich - Custodian		
Bank deposits	<u>649,872</u>	<u>635,477</u>

	September 30, 2018 (Unaudited)	September 30, 2017 (Unaudited)
	(Rupees)	
12.2 Details of transaction with related parties / connected persons at the year end		
Lakson Investments Limited - Management Company of the Fund		
Remuneration for the year	<u>4,031,614</u>	<u>3,960,675</u>
Sindh sales tax on remuneration of Management Company	<u>524,110</u>	<u>514,888</u>
Central Depository Company of Pakistan Limited - Trustee of the Fund		
Remuneration for the year (including Sindh Sales Tax)	<u>635,213</u>	<u>635,213</u>
CDS charges for the year	<u>19,757</u>	<u>9,346</u>



12.3 Unit Holders' Fund

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

Associated companies / undertakings of the Management Company

Lakson Business Solutions Limited Employees
Contributory Provident Fund Trust
Princeton Travels (Private) Limited Employees
Contributory Provident Fund Trust
Lakson Investments Limited Employees Contributory
Provident Fund Trust
Century Insurance Company Limited Employees
Contributory Provident Fund Trust
GAM Corporation (Private) Limited Employees
Contributory Provident Fund Trust
SIZA Foods (Private) Limited Employees Contributory
Provident Fund Trust
Hasanali Karabhai Foundation Employees Contributory
Provident Fund Trust
Colgate Palmolive (Pakistan) Limited Employees
Contributory Provident Fund Trust
Colgate Palmolive (Pakistan) Limited Employees Gratuity Fund
SIZA Services (Private) Limited Employees Contributory
Provident Fund Trust
Cyber Internet Services (Private) 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
Premier Insurance Company Limited
Premier Fashions (Private) Limited
Siza Commodities (Private) Limited
Syzbird (Private) Limited Employees Contributory
Provident Fund Trust
Century Insurance Company Limited Gratuity Fund
Siza Private Limited

		Number of Units				Period ended September 30, 2018				Rupees					
		Number of Units as at July 01, 2018	Units issued during the period	Bonus 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	Bonus units issued during the period	Units redeemed during the period	Balance as at September 30, 2018				
		144,776				144,776	14,567,578				14,693,099				
		14,611				14,611	1,470,181				1,482,848				
		1,500,388				1,500,388	150,971,291				152,772,128				
		5,258				5,258	529,068				533,627				
		21,343				21,343	2,147,565				2,166,069				
		2,838				2,838	285,564				288,024				
		64,630				64,630	6,503,168				6,559,202				
		210,746				210,746	21,205,579				21,388,295				
		152,205				152,205	15,315,095				15,447,057				
		30,824				30,824	3,101,557				3,128,282				
		1,217,641				1,217,641	122,520,864				123,576,559				
		715,637				715,637	72,008,468				72,628,926				
		46,005				46,005	4,629,092				4,668,978				
		297,954				297,954	29,980,578				30,238,905				
		61,819				61,819	6,220,321				6,273,918				
		24,353				24,353	2,450,435				2,471,549				
		651,094				651,094	65,514,055				66,078,553				
		603,363				603,363	60,711,290				61,234,406				
		2,078,238				2,078,238	209,115,425				210,917,257				
		975,107				975,107	98,116,729				98,962,147				
		1,062,202				1,062,202	106,880,359				107,801,288				
		63,224				63,224	6,361,694				6,416,509				
		40,390				40,390	4,064,102				4,099,121				
		418,428				418,428	42,102,853				42,465,630				



13. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Unobservable inputs for the asset or liability (level 3).

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

Investments of the Fund are categorised as follows:

	(Un-Audited)			
	As at 30 September 2018			
	Fair Value			
At fair value through income statement - held for trading	Level 1	Level 2	Level 3	Total
	----- (Rupees) -----			
Term finance certificates	-	35,256,827	-	35,256,827
Sukuk certificates	-	49,999,043	-	49,999,043
Government Securities	-	-	24,612,500	24,612,500
Listed equity securities	677,162,182	-	-	677,162,182
	<u>677,162,182</u>	<u>85,255,870</u>	<u>24,612,500</u>	<u>787,030,552</u>



(Audited)
As at 30 June 2018

At fair value through income statement - held for trading	Fair Value			
	Level 1	Level 2	Level 3	Total
	----- (Rupees) -----			
Term finance certificates	-	35,377,020	-	35,377,020
Sukuk certificates	-	50,047,194	-	50,047,194
Government Securities		-	24,895,000	24,895,000
Listed equity securities	538,637,404	-	-	538,637,404
	<u>538,637,404</u>	<u>85,424,214</u>	<u>24,895,000</u>	<u>648,956,618</u>

14. GENERAL

Figures have been rounded off to the nearest rupee.

15. DATE OF AUTHORIZATION OF ISSUE

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

For Lakson Investments Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director



A Lakson Group Company

Lakson Investments Limited

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