

LAKSON INCOME FUND  
Annual Report 2015



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## ==== **Vision** =====

To be a top quartile provider of investment solutions to both individuals and institutions. Through the success of our clients and employees we seek to build sustainable and long-term shareholder value, and to be an employer of choice in the asset management industry.



## ==== **Mission** =====

To deliver superior performance as measured by market share parameters, high-quality service and a portfolio of innovative yet tailored products across a range of investment disciplines and distribution channels.

To provide a fulfilling, stimulating and supportive environment for our employees that fosters their personal growth and facilitates our productivity as a team.

## Fund's Information

### Management Company

Lakson Investments Limited  
Head Office  
Lakson Square, Building No.2,  
Sarwar Shaheed Road,  
Karachi-74200, Pakistan.  
Phone: (9221) 3569.8000  
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. A. Aziz H. Ebrahim  
Mr. Mahomed J. Jaffer  
Mr. Amin Mohammed Lakhani  
Mr. Sher Afgan Malik  
Mr. Daniel Scott Smaller  
Mr. Zahid Zakiuddin

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

Ms. Sana Quadri

### Audit Committee

Mr. Zahid Zakiuddin - Chairman  
Mr. A. Aziz H. Ebrahim  
Mr. Iqbal Ali Lakhani  
Mr. Sher Afgan Malik

### 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 Shahr-e-Faisal,  
Karachi, Pakistan.

### Auditors

BDO Ebrahim & Co.  
Chartered Accountants  
2nd Floor, Block C,  
Lakson Square, Building No. 1,  
Sarwar Shaheed Road,  
Karachi - 74200.

### Bankers to the Fund

Allied Bank Limited  
Askari Bank Limited  
Bank Al-Falah Limited  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
JS Bank Limited  
National Bank of Pakistan  
NIB Bank Limited  
Soneri Bank Limited  
Tameer Microfinance Bank Limited  
United Bank Limited

**Legal Adviser**

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

**Registrar**

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

**Distributors**

Adam Securities  
Amir Noorani  
BMA Financial  
Elixir Securities (Pvt.) Limited  
Ismail Iqbal Securities  
Metro Securities Pvt. Limited  
Pearl Securities Pvt. Limited  
Rabia Fida  
Topline Securities (Pvt.) Limited  
Vector Capital (Pvt.) Limited

**Rating by PACRA**

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



## **REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2015**

The Board of Directors of Lakson Investments Limited, the Management Company of the Lakson Income Fund ("LIF") is pleased to submit its report together with Audited Financial Statements for the year ended June 30, 2015

### **Fund Objective**

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

### **Fund Profile**

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

### **Fund Performance**

The LIF yielded 14.17% in FY15 compared to 8.38% in FY14. The yield increased in FY15 due to a 300bps cut in the discount rate by the SBP which allowed the Fund to generate significant capital gains on its PIB holdings. The Benchmark of the LIF, average return of income funds, yielded 12.64% in FY15. The LIF outperformed the Benchmark by 153bps. The LIF grew by 139% in FY15 to PKR 2,568 mn from PKR 1,075 mn at the start of the year. The competitive return of the Fund combined with investor interest in longer duration instruments led to the phenomenal increase in the fund size. The Fund paid out PKR 13.4601 per unit dividend in line with its policy of distributing over 90% of the annual income to unit holders.

### **Earnings Per Unit (EPU)**

EPU is not being disclosed as we feel determination of weighted average units for calculating EPU is not practicable for open end funds

### **Income Distribution**

The Board of Directors of the Management Company during the year declared the interim payout of PKR 13.4601 per unit (13.4601% face value of PKR 100/-) amounting to PKR 49.338 million distribution in cash for the year ended June 30, 2015

### **Fund and Asset Manager Rating**

The Pakistan Credit Rating Agency Limited ('PACRA') has upgraded the asset manager rating of the Management Company from AM3+ to AM2-. PACRA has maintained the Fund Stability Rating of LIF at "A+(f)".

### **Corporate Governance**

The Fund is listed on the Lahore Stock Exchange; therefore, the Management Company is required to comply with the requirements of the Code of Corporate Governance for listed companies.

1. The financial statements prepared by the Management Company present fairly the state of affairs of the Fund, the results of its operations, cash flows and movement in unit holders' fund.
2. Proper books of accounts of the Fund have been maintained.
3. Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

4. Relevant International Financial Reporting Standards, as applicable in Pakistan, provisions of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, Non-Banking Finance Companies and Notified Entities Regulations, 2008 ('NBFC Regulations'), directives issued by the Securities & Exchange Commission of Pakistan and requirements of the constitutive documents of the Fund have been followed in the preparation of financial statements and any departure there from has been adequately disclosed.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Fund's ability to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.
8. Key financial data as required by the Code of Corporate Governance has been summarized in this Annual Report.
9. Outstanding statutory payments on account of taxes, duties, levies and charges have been fully disclosed in the Financial Statements.
10. The statement as to the value of investments of provident fund is not applicable in the case of the Fund as such expenses are borne by the Management Company.
11. Meetings of the Board of Directors of the Management Company are held at least once in every quarter. During the year under review four meetings were held. Attendance of the Directors in these meetings is as follows:

S.No.	Name	Designation	Meetings		
			Total	Attended	Leave Granted
1	Mr. Iqbal Ali Lakhani	Chairman	4	4	-
2	Mr. Babar Ali Lakhani	Chief Executive	4	4	-
3	Mr. A. Aziz H. Ebrahim	Director	4	4	-
4	Mr. Mahomed J. Jaffer	Director	4	4	-
5	Mr. Amin Mohammed Lakhani	Director	4	3	1
6	Mr. Sher Afgan Malik	Director	4	2	2
7	Mr. Daniel Scott Smaller	Director	4	3	1
8	Mr. Zahid Zakiuddin	Director	4	4	-

12. Meetings of the Audit Committee of the Management Company are held at least once in every quarter. During the year under review four meetings were held. Attendance of the Directors in these meetings is as follows:

S.No.	Name	Designation	Meetings		
			Total	Attended	Leave Granted
1	Mr. Zahid Zakiuddin	Chairman	4	4	-
2	Mr. A. Aziz H. Ebrahim	Member	4	4	-
3	Mr. Iqbal Ali Lakhani	Member	4	4	-
4	Mr. Sher Afgan Malik	Member	4	2	2

13. During the year, one meeting of the Human Resource and Remuneration Committee comprising of Mr. Iqbal Ali Lakhani - Chairman, Mr. Babar Ali Lakhani - Member and Mr. Daniel Scott Smaller - Member was held, all the three members of the Committee attended the meeting.
14. The pattern of unit holding is given in note No. 24.1 of the Financial Statements.
15. During the year under review trades in the Units of the Fund were carried out by the Directors, the Chief Executive Officer, the Executives and including their spouses and minor children are as under:

S.No.	Name	Designation	Investment	Redemption
			(Number of Units)	
1	Mr. Daniel Scott Smaller	Director	112.5573	-
2	Mr. Hasan Ali Lakhani	Minor Child of Chief Executive Officer	6,318.7882	12,643.9165
3	Mr. Amin Mohammed Lakhani	Director	329,991.5647	-

#### External Auditor

The existing auditors M/s. BDO Ebrahim & Co., Chartered Accountants being eligible have given their consent for reappointment as auditors for the year ending June 30, 2016. The Board of Directors, on the recommendations of the Audit Committee, has reappointed M/s. BDO Ebrahim & Co., Chartered Accountants for the year ending June 30, 2016.

#### Economic Review FY2015

The highlight of FY15 was the massive drop in global oil prices starting from October 2014. On the back of lower oil prices, Pakistan's CPI inflation clocked in at an 11-year low of 4.5%, much lower than the CPI target of 8% set by the government. Pakistan is a major oil importer and a sharp decline in global crude oil prices helped in attaining sizable savings in the national exchequer and thus giving a significant boost to the economy. International Arab prices declined by 32% in FY15 and domestic petrol prices were lowered by 28% in the same period. Food inflation during FY15 stood at 2.7% versus 8.6% in FY14 and core inflation declined to 6.5% in FY15 compared to 8.3% in FY14.

Drop in oil prices and the subsequent drop in inflation persuaded the central bank to cut the discount rate thrice to finally reach an all-time low of 7%. The cut in discount rate has been a significant factor in giving the country's economy a much needed boost and steer growth in large scale manufacturing particularly in cements and automobile sectors.

The country's liquidity position has improved due to sale of government's stake in HBL, IMF inflows and a reduction in CA deficit. The year saw massive inflows due to sale of the government's stake in HBL. Current account deficit in FY15 clocked in at USD 2.28 bn (0.8% of GDP), a massive decline of 27% from FY14. This decline was due mainly to the CSF payment of USD 717 million and a staggering growth in remittances which reached an historic high of USD 18 billion in June 2015. In future, the country's economic prospects look positive as the proposed infrastructure development projects and Pak China Economic Corridor are expected to accelerate growth.

In June, the government presented its annual budget which focused on infrastructure development and is thus expected to give a significant boost to the cement and construction sectors. Also, in June, Moody's upgraded Pakistan's rating to B3 and rated the country's outlook stable. Key factors contributing to this improvement in rating include strengthening external payments position and significant progress in structural reforms under the IMF program. The improvement in rating would help to lower the government's borrowing cost and would also provide wider visibility to the country's equity and debt markets globally.

#### Future Outlook

The LIF will look to rationalize its longer tenor exposure as market yields bottom out. Opportunities will also be explored with regards to high quality corporate debt securities which could potentially

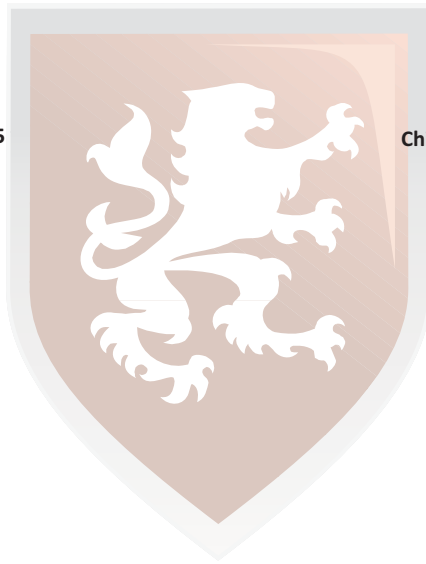
offer higher risk adjusted returns. Significant liquidity is likely to be retained in order to balance the higher WAM of the portfolio. The SBP cut the discount rate by 300bps during FY15 and we feel that the policy rate is likely to remain stable over FY16.

**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 Lahore 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**

**Dated: August 20, 2015**



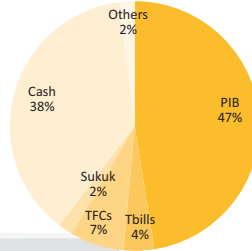
**Babar Ali Lakhani**  
**Chief Executive Officer**

**REPORT OF THE FUND MANAGER  
FOR THE YEAR ENDED JUNE 30, 2015**

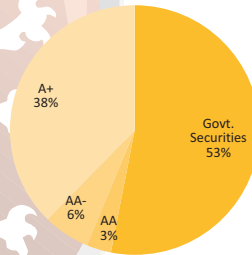
**Fund Facts**

Fund Type	Open-End
Category	Income Fund
Net Assets (PKR Mil.)	2,568
NAV (30.06.2015)	100.8777
Pricing Mechanism	Forward Day
Trustee	Central Depository Company of Pakistan Limited
Auditor	BDO Ebrahim & Co.
Management Fee	1.50%
Front End Load	1.50%
Back End Load	None
Launch Date	November 13, 2009
Benchmark	Average of returns earned by the Income Funds in the industry
Dealing Days	Mon - Fri
Cut-Off Time	04:00 PM (Mon-Fri)
Fund Rating	A+ by PACRA (19.03.2015)
Asset Manager Rating	AM2- by PACRA (22.04.2015)

**Asset Allocation**



**Credit Split**



Morningstar	LIF	Benchmark
FY15	14.17%	12.64%
June-15	10.61%	-0.18%
2 Months	6.32%	2.54%
3 Months	11.97%	7.65%
6 Months	14.83%	11.33%
12 Months	14.17%	12.64%
CY15 - YTD	14.83%	11.33%

Simple Annualized	LIF	Benchmark
FY15	14.17%	12.64%
June-15	10.13%	-0.59%
2 Months	6.16%	2.36%
3 Months	11.46%	7.28%
6 Months	14.31%	10.89%
12 Months	14.17%	12.64%
CY15 - YTD	14.31%	10.89%
3 Years	11.71%	11.06%
5 Years	13.62%	12.14%
Since Inception	14.24%	12.09%

**Investment Committee**

Babar Ali Lakhani	Chairman
Mustafa O. Pasha, CFA	Fund Manager
Syed Saifullah Kazmi	
Farhan Bashir	
Maryam Hidayatallah	

**Investment Objective**

The investment objective of the Lakson Income Fund ("LIF") is to provide competitive total return through investment in a diversified portfolio of fixed income securities. Investments will be made in a variegated mix of short term, medium term and longer term maturities depending on the assessment by the Investment Team of interest rate trends and prospective returns.

The LIF achieved its investment objective by constructing a diversified portfolio of high credit quality fixed income securities including T-Bills, TDRs, TFCs, MTS, Clean Placements and Commercial Papers. The portfolio of the LIF comprises of short, medium and long term instruments ranging from instruments maturing in 1 day to 10 years. However, all the investments with maturities of greater than 6 months are in tradable instruments.

### Investment Strategy

The LIF focused on the constructing a liquid, diverse and high credit quality portfolio in accordance with its Investment Objective. Exposure of the LIF in T-Bills, TDRs, TFCs and other money market placements was managed based on the relative yield analysis of these instruments and the yield curve management. The LIF maintained an average exposure of 24.3% in risk free T-Bills and 10.5% in cash in order to maintain liquidity. During the period under review, the LIF built and maintained a significant exposure to longer tenor PIBs in order to benefit from the projected decline in interest rates. Average PIB exposure for FY15 was at 44.2% while TFCs and Sukuks were maintained at 13.3%. During FY15 when the State Bank of Pakistan ("SBP") was easing its monetary policy the LIF kept the Weighted Average Maturity ("WAM") of its portfolio high and averaged 1,035 days over the year. As of June 30, 2015 the WAM of the LIF portfolio stood at 1,361 days. As of June 30, 2015 the exposure of the LIF in debt securities stood at 9.0% (7.0% in TFCs and 2.0% in Sukuks). The LIF also started taking exposure in the Margin Trading System ("MTS") during the year however exposure was taken only in fundamentally sound stocks and kept at a manageable level of 1.5%.

### Fixed Income Market Review

During FY15 the country's macroeconomic indicators improved substantially which allowed the SBP to slash the policy rate by 300bps to 7.0% (the lowest level in 42 years). Inflation dropped significantly to 4.5% in FY15 against 8.6% last year leading to positive real interest rates. Foreign reserves increased by 32.3% to USD 18,706 mn as proceeds from privatization, creditors, international bond issuances, CSF payments and worker remittances pushed the country's import cover to over 5 months. In addition to the monetary easing, a notable development during the year came from the implementation of an interest rate corridor. The central bank moved to introduce a 'Target Rate' for the overnight money market repo rate as the new policy rate. The use of the target rate is in line with the broader policy of moving towards international best practices and aims to achieve a more effective transmission of the central bank's monetary stance. The SBP continued to actively intervene in the inter-bank market in order to inject and drain liquidity from the system. This intervention was executed through weekly Open Market Operations (OMO) in which the SBP injected PKR 24.6tn at an average rate of 8.45%.

Due to increased investor confidence in growth prospects and lower inflation, activity picked up substantially in long term bonds. This helped the government to alter the duration of its borrowing profile which had been excessively reliant on short term T-Bills in favor of PIBs. As a result yields on the 3Y, 5Y and 10Y bonds declined by 429 bps, 371 bps and 306 bps respectively during the year. Total amount accepted during FY15 was approximately PKR 1.014tn in PIBs via 15 auctions conducted by the SBP where major concentration was focused towards 3YR and 5YR tenor bonds. FY16 is expected to follow a similar trend; participation should remain skewed towards the shorter tenor on the back of expectation of stable interest rates. With private sector credit off take yet to materialize, the liquidity being generated by strong deposit growth will most likely be diverted into PIBs.

Going forward the optimistic macro scenario lends us confidence that the low interest rate environment can be sustained over FY16 provided that commodity prices remain range bound.

### Fund Performance

The LIF yielded 14.17% in FY15 compared to 8.38% in FY14. The yield increased in FY15 due to a 300bps cut in the discount rate by the SBP which allowed the Fund to generate significant capital gains on its PIB holdings. The Benchmark of the LIF, average return of income funds, yielded 12.64% in FY15. The LIF outperformed the Benchmark by 153bps. The LIF grew by 139% in FY15 to PKR 2,568 mn from PKR 1,075 mn at the start of the year. The competitive return of the Fund combined with investor interest in longer duration instruments led to the phenomenal increase in the fund size. The Fund paid out PKR 13.4601 per unit dividend in line with its policy of distributing over 90% of the annual income to unit holders.

**Future Outlook**

The LIF will look to rationalize its longer tenor exposure as market yields bottom out. Opportunities will also be explored with regards to high quality corporate debt securities which could potentially offer higher risk adjusted returns. Significant liquidity is likely to be retained in order to balance the higher WAM of the portfolio. The SBP cut the discount rate by 300bps during FY15 and we feel that the policy rate is likely to remain stable over FY16.

**Circumstances Materially Affecting Interests of Unit Holders**

During the period under review, the Fund Stability Rating of the LIF was maintained by PACRA at 'A+' which denotes a fund with stable performance generally in line with its peers with adequate capacity to respond to future opportunities or stress situations. PACRA upgraded the Asset manager Rating of Lakson Investments to 'AM2-' during FY15.

Any change in interest rates would affect the market values of tradable instruments present in the LIF's portfolio. Any change in counterparty credit ratings can materially affect the interests of unit holders. Such changes could impact the NAV and credit split of the LIF.

As of June 30, 2015 judgment of the Sindh High Court is awaited on the petition regarding exemption of the mutual funds from the WWF. The Unit Holders of the LIF will have a downside protection in case the judgment comes against the mutual funds industry as the LIF is one of the funds already providing for this liability. As of June 30, 2015 the LIF has maintained provisions against Workers' Welfare Fund's liability to the tune of PKR 11.8 mn. If the same were not made the NAV per unit of the LIF would be higher by PKR 0.46. If the LIF would not have made the WWF provisions during FY15, the return of the LIF for FY13 would be higher by 0.06%.

In the Sindh Budget for FY16 the Sindh Government has reduced Sindh Sales Tax ("SST") on services (chargeable on management fee) to 14.0%.

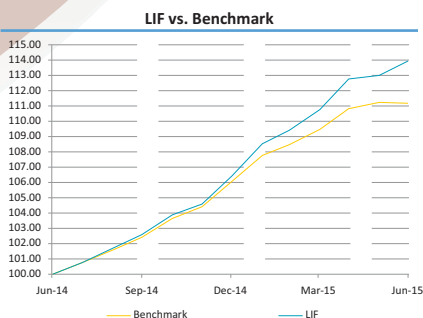
**Other Disclosures**

Lakson Investments Limited or any of its delegates did not receive any soft commission from its broker(s) or dealer(s).

There was no unit split undertaken during the year.

As of June 30, 2015 the LIF does not employ leverage.

Performance Table	FY15	FY14
Net Assets - Beginning (PKR Mil.)	1,075	1,626
Net Assets - Ending (PKR Mil.)	2,568	1,075
Highest Offer Price (PKR)	115.8602	103.5345
Lowest Offer Price (PKR)	101.6940	101.5246
Highest Redemption Price (PKR)	114.1479	102.0044
Lowest Redemption Price (PKR)	100.1911	100.0242
Beginning NAV - (PKR)	100.1715	100.1528
Interim Distributions (PKR)	13.4601	8.7339
Final Distribution (PKR)	Nil	Nil
Ending NAV - Ex-Div. (PKR)	100.8777	100.1715
Return	14.17%	8.38%
Net Income (PKR Mil.)	69.8	91.8
WAM (Days)	1,361	706



Distributions	FY15	FY14	Distributions	FY15	FY14
PKR per Unit			PKR per Unit		
1st Interim Distribution	13.4601	0.6211	7th Interim Distribution		0.8893
NAV before Distribution	114.1479	100.8483	NAV before Distribution		101.6005
NAV after Distribution	100.6878	100.2272	NAV after Distribution		100.7112
Distribution Date	25-Jun-15	31-Jul-13	Distribution Date		29-Jan-14
2nd Interim Distribution		0.4346	8th Interim Distribution		0.6001
NAV before Distribution		100.6501	NAV before Distribution		101.2054
NAV after Distribution		100.2155	NAV after Distribution		100.6053
Distribution Date		30-Aug-13	Distribution Date		26-Feb-14
3rd Interim Distribution		0.4090	9th Interim Distribution		0.6033
NAV before Distribution		100.7420	NAV before Distribution		102.0044
NAV after Distribution		100.3330	NAV after Distribution		101.4011
Distribution Date		27-Sep-13	Distribution Date		27-Mar-14
4th Interim Distribution		0.5296	10th Interim Distribution		0.6774
NAV before Distribution		100.8757	NAV before Distribution		101.8617
NAV after Distribution		100.3461	NAV after Distribution		101.1843
Distribution Date		25-Oct-13	Distribution Date		24-Apr-14
5th Interim Distribution		0.6000	11th Interim Distribution		1.0675
NAV before Distribution		100.9728	NAV before Distribution		101.7070
NAV after Distribution		100.3728	NAV after Distribution		100.6395
Distribution Date		28-Nov-13	Distribution Date		29-May-14
6th Interim Distribution		0.6548	12th Interim Distribution		1.1072
NAV before Distribution		101.0391	NAV before Distribution		101.1451
NAV after Distribution		100.3843	NAV after Distribution		100.0379
Distribution Date		27-Dec-13	Distribution Date		25-Jun-14

**Breakdown of Unit Holding by Size**

Units Range	No. of Clients	Units Held
1 - 100	3	239
101 - 500	3	982
501 - 1,000	3	2,332
1,001 - 5,000	4	8,808
5,001 - 10,000	3	24,182
10,001 - 50,000	7	166,624
50,001 - 100,000	1	92,706
100,001 - 500,000	4	1,138,265
500,001 - 1,000,000	6	4,754,398
1,000,001 - 5,000,000	6	11,336,949
5,000,001 - above	1	7,934,926
	<u>41</u>	<u>25,460,411</u>

CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED

**Head Office**

CDC House, 99-B, Block 'B'  
S.M.C.H.S. Main Shakra-e-Faisal  
Karachi - 74400, Pakistan.  
Tel: (92-21) 111-111-500  
Fax: (92-21) 34326020 - 23  
URL: www.cdcpakistan.com  
Email: info@cdcpak.com



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**LAKSON INCOME FUND**

**Report of the Trustee pursuant to Regulation 41(h) and clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We Central Depository Company of Pakistan Limited, being the Trustee of Lakson Income Fund (the Fund) are of the opinion that Lakson Investments Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2015 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

  
**Muhammad Hanif Jakhura**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi: September 29, 2015

**STATEMENT OF COMPLIANCE  
WITH THE CODE OF CORPORATE GOVERNANCE  
FOR THE YEAR ENDED JUNE 30, 2015**

This statement is being presented to comply with the Code of Corporate Governance ('the Code') contained in Listing Regulations of Lahore Stock Exchange where Lakson Income Fund ('the Fund') is listed. The purpose of the Code is to establish a framework of good governance, whereby a listed entity is managed in compliance with the best practices of corporate governance.

Lakson Investments Limited ('Management Company'), an un-listed public company, which manages the affairs of the Fund, has applied principles contained in the Code in the following manner.

1. The Management Company encourages representation of independent non-executive directors on its Board of Directors. At present the Board includes:

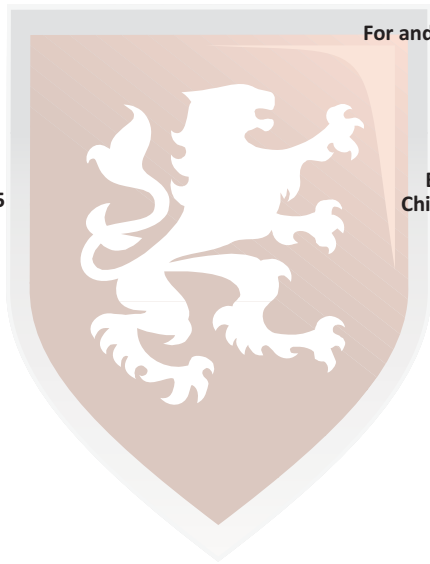
Category	Names
Independent Directors	<ol style="list-style-type: none"> <li>1. Mr. Mahomed J. Jaffer</li> <li>2. Mr. Daniel Scott Smaller</li> <li>3. Mr. Zahid Zakiuddin</li> </ol>
Executive Director	<ol style="list-style-type: none"> <li>1. Mr. Babar Ali Lakhani</li> </ol>
Non-Executive Directors	<ol style="list-style-type: none"> <li>1. Mr. Iqbal Ali Lakhani - Chairman</li> <li>2. Mr. A. Aziz H. Ebrahim</li> <li>3. Mr. Amin Mohammed Lakhani</li> <li>4. Mr. Sher Afgan Malik</li> </ol>

The Independent Directors meet the criteria of independence under clause i(b) of the Code.

2. The Directors of the Management Company have confirmed that none of them is serving as a director on more than seven listed companies, including the Management Company.
3. All the resident Directors of the Management Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBF1 or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. During the period no casual vacancy occurred on the Board of the Management Company.
5. The Management Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company along with its supporting policies and procedures.
6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer ('CEO'), other Executive and Non-Executive Directors, have been taken by the Board. Further their remunerations are being borne by the Management Company. No new appointment of the CEO and the directors were made during the year.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. In order to apprise the Directors of their duties and responsibilities and for their orientation purpose they were informed about the recent developments / changes in applicable laws and regulations affecting the mutual fund industry. The Directors are conversant of the relevant laws applicable to the Management Company, its policies and provisions of memorandum and articles of association and are aware of their duties and responsibilities. The directors of the Company having 15 years of experience on the board of a listed company are exempted from the requirement of director's training program. All the board members except three directors qualify for exemption under this provision of the CCG or having completed all parts of the program offered by the Pakistan Institute of Corporate Governance and duly certified. The Management Company, intends to complete the said requirement in full within the time specified in the Code.
10. The new appointment of Chief Financial Officer and Company Secretary was made during the year and is duly approved by the Board of Directors including her terms of employment. The Company has designated one of its employees as 'Coordinator/Head of Internal Audit' to act as coordinator between the firm providing internal audit services and the Audit Committee.
11. The Directors' Report of the Fund for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.
13. The Directors, Chief Executive Officer and Executives do not hold any interest in the units of the Fund other than those disclosed in the Annual Report.
14. The Management Company has complied with all the corporate and financial reporting requirements of the Code with respect to the Fund.
15. The Board has formed an Audit Committee. It comprises of four members, all of whom are Non-Executive Directors of the Management Company and the Chairman of the Committee is an Independent Director.
16. The meetings of the Audit Committee were held at least once every quarter and prior to approval of interim and final results of the Fund. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board of the Management Company has formed a Human Resource and Remuneration Committee. It comprises of three members, of whom two are Non-Executive Directors and the Chairman of the Committee is a Non-Executive Director.
18. The Board has outsourced the internal audit function to M/s. Grant Thornton Anjum Rahman, Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Management Company.
19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan ('ICAP'), that they or any of the partners of the firm, their spouses and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'Closed Period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of Fund's securities, was determined and intimated to directors, employees and stock exchange.
22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange.
23. We confirm that all other applicable material principles enshrined in the Code have been complied with.



**For and on behalf of the Board**

**Dated: August 20, 2015**

**Babar Ali Lakhani  
Chief Executive Officer**



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Pakistan

**REVIEW REPORT TO THE UNIT HOLDERS ON STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE**

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Lakson Investments Limited, the Management Company of LAKSON INCOME FUND ("the Fund") for the year ended June 30, 2015 to comply with the requirements of Listing Regulation No XI of the Lahore Stock Exchange where the Fund is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Management Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Management Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

The Code requires the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Fund for the year ended June 30, 2015.

KARACHI

DATED: AUGUST 20, 2015

CHARTERED ACCOUNTANTS

Engagement partner: Zulfikar Ali Causer

BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the International BDO network of independent member firms.



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Pakistan

#### INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS

We have audited the accompanying financial statements of Lakson Income Fund ("the Fund"), which comprise of the statement of assets and liabilities as at June 30, 2015 and the income statement, statement of comprehensive income, distribution statement, cash flow statement and statement of movement in unit holders' fund for the year then ended and summary of significant accounting policies and other explanatory notes.

#### Management Company's responsibility for the financial statements

Lakson Investments Limited, the Management Company of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and approved accounting standards as applicable in Pakistan. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, either due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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**BDO Ebrahim & Co. Chartered Accountants**

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.



**Opinion**

In our opinion, the financial statements give a true and fair view of the state of the Fund's affairs as at June 30, 2015 and of its financial performance, cash flows and transactions for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

**Other matters**

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Trust Deed, NBFC Rules and NBFC Regulations.

The financial statements for the year ended June 30, 2014 were audited by another firm of chartered accountants who had expressed an unqualified opinion thereon vide their report dated August 18, 2014.

KARACHI

DATED: 20 AUG 2015

CHARTERED ACCOUNTANTS

Engagement Partner: Zulfikar Ali Causer

**Statement of Assets and Liabilities  
As at 30 June 2015**

	Note	2015	2014
		(Rupees)	
<b>ASSETS</b>			
Bank balances	5	981,044,264	559,661,550
Investments	6	1,551,678,668	577,463,414
Certificate of investment	7	-	90,000,000
Mark-up receivable	8	60,534,441	24,468,660
Deferred formation cost	9	-	136,247
Deposits, prepayments and other receivables	10	861,344	518,877
<b>TOTAL ASSETS</b>		<u>2,594,118,717</u>	<u>1,252,248,748</u>
<b>LIABILITIES</b>			
Payable to the Management Company	11	12,064,956	5,143,667
Payable to the Trustee	12	245,575	147,673
Annual fee payable to Securities and Exchange Commission of Pakistan	13	1,323,036	914,236
Accrued expenses and other liabilities	14	12,095,987	170,561,564
<b>TOTAL LIABILITIES</b>		<u>25,729,554</u>	<u>176,767,140</u>
<b>NET ASSETS</b>		<u>2,568,389,163</u>	<u>1,075,481,608</u>
<b>UNIT HOLDERS' FUND (as per statement of movement in unit holders' fund)</b>			
		<u>2,568,389,163</u>	<u>1,075,481,608</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	15		
		(Number of units)	
Number of units in issue	16	<u>25,460,411</u>	<u>10,736,404</u>
		(Rupees)	
<b>Net assets value per unit</b>		<u>100.8777</u>	<u>100.1715</u>

The annexed notes from 1 to 26 form an integral part of these financial statements.

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

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

\_\_\_\_\_  
Director

**Income Statement**  
**For the year ended 30 June 2015**

	Note	2015	2014
		(Rupees)	
<b>INCOME</b>			
Mark-up income	17	<b>168,090,008</b>	119,109,916
Income from Margin Trading System		<b>2,692,980</b>	4,039,298
Gain on sale of held for trading investments - net		<b>59,132,093</b>	3,404,351
Unrealised appreciation / (diminution) in the fair value of investments classified as 'held for trading' - net	6.1, 6.2, 6.3, 6.4 & 6.5	<b>1,294,460</b>	(1,680,426)
		<b>231,209,541</b>	124,873,139
<b>EXPENSES</b>			
Remuneration to the Management Company	11.1	<b>26,460,705</b>	18,284,749
Sales tax on remuneration to the Management Company	11.2	<b>4,604,163</b>	3,393,649
Federal Excise Duty on remuneration to Management Company	11.3	<b>4,233,713</b>	2,925,560
Remuneration to the Trustee	12	<b>2,345,339</b>	1,873,651
Annual fee to the Securities and Exchange Commission of Pakistan	13	<b>1,323,035</b>	914,237
Auditors' remuneration	18	<b>259,021</b>	254,480
Fees and subscription		<b>272,991</b>	244,136
Printing charges		<b>33,649</b>	24,840
Brokerage expenses		<b>304,437</b>	115,821
Amortization of deferred formation cost	9	<b>136,247</b>	365,665
Bank and settlement charges		<b>833,646</b>	876,768
Workers' Welfare Fund	14.1	<b>1,425,413</b>	1,873,433
		<b>42,232,359</b>	31,146,989
<b>Net income from operating activities</b>		<b>188,977,182</b>	93,726,150
Element of loss and capital losses included in the prices of units issued less those in units redeemed - net		<b>(119,131,953)</b>	(1,927,940)
<b>Net income for the year</b>		<b>69,845,229</b>	91,798,210

The annexed notes from 1 to 26 form an integral part of these financial statements.

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

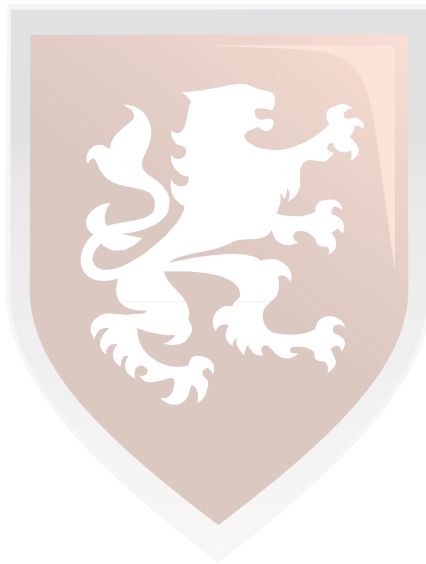
\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

**Statement of Comprehensive Income  
For the year ended 30 June 2015**

	2015	2014
	(Rupees)	
Net income for the year	69,845,229	91,798,210
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<u><u>69,845,229</u></u>	<u><u>91,798,210</u></u>

The annexed notes from 1 to 26 form an integral part of these financial statements.



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

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

\_\_\_\_\_  
Director

**Distribution Statement  
For the year ended 30 June 2015**

Note	2015	2014 (Rupees)
Undistributed income at the beginning of the year - realised	3,521,616	15,358,601
(Accumulated loss) / Undistributed income at the beginning of the year - unrealised	<b>(1,680,426)</b>	3,169,961
<b>Undistributed income at the beginning of the year</b>	<b>1,841,190</b>	<b>18,528,562</b>
Less: Final distribution nil (2014: Re. 0.9078 per unit approved on July 08, 2013)		
Cash distribution	-	(1,777)
Issue of bonus units	-	(14,588,811)
	-	(14,590,588)
Less: Interim distributions during the year	19	
Cash distribution	<b>(49,338,324)</b>	(16,042)
Issue of bonus units	-	(93,878,952)
	<b>(49,338,324)</b>	(93,894,994)
Total comprehensive income for the year	<b>69,845,229</b>	91,798,210
Undistributed income at the end of the year	<b>22,348,095</b>	1,841,190
Undistributed income at the end of the year - realised	<b>21,053,635</b>	3,521,616
Undistributed income / (accumulated loss) at the end of the year -unrealised	<b>1,294,460</b>	(1,680,426)
<b>Total undistributed income at the end of the year</b>	<b>22,348,095</b>	<b>1,841,190</b>

The annexed notes from 1 to 26 form an integral part of these financial statements.

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

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

\_\_\_\_\_  
Director

**Statement of Movement in Unit Holders' Fund  
For the year ended 30 June 2015**

	Note	2015	2014 (Rupees)
<b>Net assets at the beginning of the year</b>		<b>1,075,481,608</b>	1,625,775,548
Cash received on issue of 56,030,413 units (2014: 10,256,253 units)		<b>5,919,092,155</b>	1,034,820,000
Cash paid on redemption of 41,306,406 units (2014: 16,672,058 units)		<b>(4,565,823,458)</b>	(1,678,822,271)
		<b>1,353,268,697</b>	(644,002,271)
Element of loss and capital losses included in prices of units issued less those of units redeemed - net		<b>119,131,953</b>	1,927,940
Less: Final distribution: nil (2014: Re. 0.9078 per unit approved on July 8, 2013)		-	(1,777)
Cash distribution		-	(14,588,811)
Issue of bonus units		-	(14,590,588)
Issue of nil (2014: 145,532) bonus units as final distribution		-	14,588,811
Total comprehensive income for the year		<b>69,845,229</b>	91,798,210
Interim distributions during the year			
Cash distribution	19	<b>(49,338,324)</b>	(16,042)
Issue of bonus units		-	(93,878,952)
Net income for the year less distribution		<b>20,506,905</b>	(2,096,784)
Issue of nil (2014: 934,207) bonus units as interim distribution	19	-	93,878,952
<b>Net assets as at end of the year</b>		<b><u>2,568,389,163</u></b>	<u>1,075,481,608</u>
<b>Net assets value per unit at beginning of the year</b>		<b><u>100.1715</u></b>	<u>101.1528</u>
<b>Net assets value per unit at end of the year</b>		<b><u>100.8777</u></b>	<u>100.1715</u>

The annexed notes from 1 to 26 form an integral part of these financial statements.

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

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

\_\_\_\_\_  
Director

**Cash Flow Statement  
For the year ended 30 June 2015**

	2015	2014
	(Rupees)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the year	69,845,229	91,798,210
<b>Adjustments for non-cash charges and other items:</b>		
Amortisation of deferred formation cost	136,247	365,665
Unrealised (appreciation) / diminution in the fair value of investments classified as 'held for trading' - net	(1,294,460)	1,680,426
Element of loss and capital losses included in prices of units issued less those of units redeemed - net	119,131,953	1,927,940
	<u>187,818,969</u>	<u>95,772,241</u>
<b>(Increase) / decrease in assets</b>		
Investments - net	(972,920,794)	219,148,631
Certificate of investment	90,000,000	(90,000,000)
Receivable against Margin Trading System	-	42,774,154
Mark-up receivable	(36,065,781)	(7,587,226)
Deposits, prepayments and other receivables	(342,467)	(68,877)
	<u>(919,329,042)</u>	<u>164,266,682</u>
<b>Increase / (decrease) in liabilities</b>		
Payable to the Management Company	6,921,289	2,361,050
Payable to the Trustee	97,902	(50,632)
Annual fee payable to Securities and Exchange Commission of Pakistan	408,800	(402,630)
Accrued expenses and other liabilities	(158,465,577)	161,826,372
	<u>(151,037,586)</u>	<u>163,734,160</u>
Net cash (used in) / generated from operating activities	<u>(882,547,659)</u>	<u>423,773,083</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash received from issue of units	5,919,092,155	1,034,820,000
Cash paid on redemption of units	(4,565,823,458)	(1,678,822,271)
Cash dividend paid	(49,338,324)	(17,819)
Net cash generated from / (used in) financing activities	<u>1,303,930,373</u>	<u>(644,020,090)</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<u>421,382,714</u>	<u>(220,247,007)</u>
Cash and cash equivalents at the beginning of the year	559,661,550	779,908,557
<b>Cash and cash equivalents at the end of the year</b>	<u>981,044,264</u>	<u>559,661,550</u>

The annexed notes from 1 to 26 form an integral part of these financial statements.

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

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

\_\_\_\_\_  
Director

## Notes to and forming part of the Financial Statements For the year ended 30 June 2015

### 1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

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

The Pakistan Credit Rating Agency Limited (PACRA) has maintained A+ (f) (Fund Stability Rating) to the Fund and 'AM2 -' (Management company quality rating) to the Management Company.

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, requirements of Trust Deed, requirements of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

In case, the requirements differ, the provisions and directive of Companies Ordinance, 1984, the requirements of Trust deed, Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, and Non-Banking Finance Companies and Notified Entities Regulations, 2008 shall prevail.

#### 2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except that investments are stated at fair values.

These financial statements have been prepared by following accrual basis of accounting except for cash flow information.

**2.3 Functional and presentation currency**

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

**2.4 Use of estimates and judgments**

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material judgment in the next year are as follows:

**Classification and valuation of investments**

For details please refer notes 4.1 and 23 to these financial statements.

**Impairment of investment**

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. This objective evidence of impairment of fixed income securities is determined in accordance with provisioning criteria for non performing exposures as per the requirements Circular No. 33 of 2012 dated October 24, 2012.

**Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - net**

For details please refer note 4.10 to these financial statements.

**Provision for taxation**

For details please refer notes 4.8 and 20 to these financial statements.

**Workers' Welfare Fund**

For details please refer note 14.1 to these financial statements.

**Other assets**

Judgment is involved in assessing the realisability of other assets balances.

**3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS**

**3.1 Standards or interpretations that are effective in current year but not relevant to the Fund.**

The Fund has adopted the following accounting standards and interpretations which became effective during the year:

**Effective date  
(annual periods  
beginning on or after)**

IFRIC 21 Levies January 01, 2014

**3.2 Amendments that are effective in current year but not relevant to the Fund**

The Fund has adopted the amendments to the following accounting standards which became effective during the year:

IFRS 2	Share-based Payment - Amendments resulting from Annual Improvements 2010-2012 Cycle (definition of 'vesting condition')	July 01, 2014
IFRS 3	Business Combinations - Amendments resulting from Annual Improvements 2010-2012 Cycle (accounting for contingent consideration) and 2011-2013 Cycle (scope exception for joint ventures)	July 01, 2014
IFRS 8	Operating Segments - Amendments resulting from Annual Improvements 2010-2012 Cycle (aggregation of segments, reconciliation of segment assets)	July 01, 2014
IFRS 10	Consolidated Financial Statements - Amendments for investment entities	January 01, 2014
IFRS 12	Disclosure of Interests in Other Entities - Amendments for investment entities	January 01, 2014
IFRS 13	Fair Value Measurement - Amendments resulting from Annual Improvements 2011-2013 Cycle (scope of the portfolio exception in paragraph 52)	July 01, 2014
IAS 16	Property, Plant and Equipment - Amendments resulting from Annual Improvements 2010-2012 Cycle (proportionate restatement of accumulated depreciation on revaluation)	July 01, 2014
IAS 19	Employee Benefits - Amended to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service	July 01, 2014
IAS 24	Related Party Disclosures - Amendments resulting from Annual Improvements 2010-2012 Cycle (management entities)	July 01, 2014
IAS 27	Separate Financial Statements - Amendments for investment entities	January 01, 2014
IAS 32	Financial Instruments - Presentation - Amendments relating to the offsetting of assets and liabilities	January 01, 2014

		<b>Effective date (annual periods beginning on or after)</b>
IAS 36	Impairment of Assets - Amendments arising from recoverable amount disclosures for non financial assets	January 01, 2014
IAS 38	Intangible Assets - Amendments resulting from Annual Improvements 2010-2012 Cycle (proportionate restatement of accumulated depreciation on revaluation)	July 01, 2014
IAS 39	Financial Instruments: Recognition and Measurement - Amendments for novations of derivatives	January 01, 2014
IAS 40	Investment Property - Amendments resulting from Annual Improvements 2011-2013 Cycle (interrelationship between IFRS 3 and IAS 40)	July 01, 2014

### **3.3 Amendments not yet effective**

The following amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

IFRS 5	Non-current Assets Held for Sale and Discontinued Operations: Amendments resulting from September 2014 Annual Improvements to IFRSs	January 01, 2016
IFRS 7	Financial Instruments: Disclosures - Amendments resulting from September 2014 Annual Improvements to IFRSs (Servicing Contracts and Applicability of the offsetting amendments in condensed interim financial statements)	January 01, 2016
IFRS 9	Financial Instruments - Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition	January 01, 2018
IFRS 10	Consolidated Financial Statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture	January 01, 2016
IFRS 10	Consolidated Financial Statements - Amendments regarding the application of the consolidation exception	January 01, 2016
IFRS 11	Joint Arrangements - Amendments regarding the accounting for acquisitions of an interest in a joint operation	January 01, 2016
IFRS 12	Disclosure of Interests in Other Entities - Amendments regarding the application of the consolidation exception	January 01, 2016

		<b>Effective date (annual periods beginning on or after)</b>
IAS 1	Presentation of Financial Statements - Amendments resulting from the disclosure initiative	January 01, 2016
IAS 16	Property, Plant and Equipment - Amendments regarding the clarification of acceptable methods of depreciation and amortisation and amendments bringing bearer plants into the scope of IAS 16	January 01, 2016
IAS 19	Employee Benefits - Amendments resulting from September 2014 Annual Improvements to IFRSs	January 01, 2016
IAS 27	Separate Financial Statements (as amended in 2011) -Amendments reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements	January 01, 2016
IAS 28	Investments in Associates and Joint Ventures - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture	January 01, 2016
IAS 28	Investments in Associates and Joint Ventures - Amendments regarding the application of the consolidation exception	January 01, 2016
IAS 34	Interim Financial Reporting - Amendments resulting from September 2014 Annual Improvements to IFRSs	January 01, 2016
IAS 38	Intangible Assets - Amendments regarding the clarification of acceptable methods of depreciation and amortisation	January 01, 2016
IAS 39	Financial Instruments: Recognition and Measurement: Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception	January 01, 2018
IAS 41	Agriculture - Amendments bringing bearer plants into the scope of IAS 16	January 01, 2016

### 3.4 Standards or interpretations not yet effective

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 9	Financial Instruments
IFRS 14	Regulatory Deferral Accounts
IFRS 15	Revenue from Contracts with Customers

The Fund expects that the adoption of the above amendments and interpretations of the standards will not have any material impact and therefore will not affect the Fund's financial statements in the period of initial application.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:

### 4.1 Investments

4.1.1 All investments are initially recognised at cost, being the fair value of the consideration given including the transaction cost associated with the investment, except in case of held for trading investments, in which case the transaction costs are charged to the income statement.

### 4.1.2 The Fund classifies its investments in the following categories:

#### a) Financial assets at fair value through profit or loss

This category has two sub-categories, namely; financial instruments classified as held for trading, and those designated at fair value through profit or loss upon initial recognition:

- i) Investments which are acquired principally for the purposes of generating profit from short term fluctuation in price or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held for trading.
- ii) Investments designated at fair value through profit or loss upon initial recognition include those group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with the documented investment strategy.

After initial recognition, above investments are remeasured at fair value determined with reference to the period-end quoted rates. Gains or losses on re-measurement of these investments are recognised in income statement.

#### b) Available for sale

Investments which do not fall under the above categories and which may be sold in response to the need for liquidity or changes in market rates are classified as available-for-sale. After initial recognition, investments classified as available-for-sale are remeasured at fair value, determined with reference to the year-end quoted rates. Gains or losses on remeasurement of these investments are recognised directly in the unit holders' funds until the investment is sold, collected or otherwise disposed-off, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in unit holders' funds is included in income.

### 4.1.3 Basis of valuation of investments

Fair value of the investments in Government Securities comprising Treasury Bills and Pakistan

Investment Bonds are determined by reference to the quotations obtained from the PKRV rate notified by the Mutual Fund Association of Pakistan (MUFAP) as of the period end.

The fair value of term finance certificates is determined on the basis of rates notified by the Mutual Funds Association of Pakistan (MUFAP) as at the period end.

All regular way purchases and sales of investments are recognised on the trade date i.e. the date the Fund commits to purchase / sell the investments.

Income accrued on market treasury bills are included in the carrying value of investments.

#### **4.2 Receivable against Margin Trading System (MTS)**

Securities purchased under Margin Trading System are entered into contracted rates for specified rates for specified period of time. Amount paid under these agreements are recognised as receivable in respect of MTS. Cash releases are adjusted against the receivable as reduction in the amount of receivable. The maximum maturity of a MTS contract is 60 days out of which 25% exposure will be automatically released at expiry of every 15th day from the date of contract.

#### **4.3 Securities under resale / repurchase agreements**

Transactions of purchase under resale (reverse-repo) of marketable and government securities are entered into at contracted rates for specified periods of time. Securities purchased with a corresponding commitment to resell at a specified future date (reverse-repos) are not recognised in the statement of assets and liabilities. Amounts paid under these agreements are included in receivable in respect of reverse repurchase transactions. The difference between purchase and resale price is treated as income from reverse repurchase transactions and accrued over the life of the reverse-repo agreement.

#### **4.4 Formation cost**

This represents expenses incurred on the formation of the Fund. As permitted in the Non-Banking Finance Companies and Notified Entities Regulations, 2008, these expenses are being amortised to the income statement over a period of five years i.e. effective from November 14, 2009.

#### **4.5 Unit holders' fund**

Unit holders' fund representing the units issued by the Fund, is carried at the redemption amount representing the investors' right to a residual interest in the Fund's assets.

#### **4.6 Issue and redemption of units**

Units are allocated at the offer price prevalent on the day on which applications for the purchase of units are received (however units are issued on realisation of cheques). The offer price represents the net assets value of units at end of the day plus the allowable sales load (if any).

Units are redeemed at the redemption price prevalent on the day on which the applications for the redemption of units are received. The redemption price represents the net assets value at end of the day.

#### **4.7 Net asset value per unit**

The net assets value per unit disclosed in the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

#### **4.8 Taxation**

The Fund is exempt from taxation on income under clause 99 of Part I to the Second

Schedule of the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its income excluding realised and unrealised capital gain for the year is distributed amongst the unit holders. Since the Board of Directors of the Management Company has declared such a dividend (refer note 20), accrual of the tax liability has not been made.

#### **4.9 Revenue recognition**

- Gains / (losses) arising on sale of investments are included in the income on the date at which the transaction takes place.
- Unrealised gains / (losses) arising on revaluation of investments classified as held for trading are included in the income statement in the period in which they arise.
- Interest income on Government Securities, reverse repurchase arrangements, margin trading system, certificates of investment, certificates of deposits, term deposit receipts, commercial paper, placements, bank deposits and investment in other debt securities are recognised in the income statement at rate of return implicit in the instrument on a time proportionate basis.

#### **4.10 Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed.**

To prevent the dilution of per unit income and distribution of income already paid out on redemption, as dividend, an equalisation account called "element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed" is created.

The "element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed" account is credited / debited with the amount representing net income and capital gains accounted for in the last announced net assets value and included in the sale proceeds of units. Upon redemption of units, the element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed account is debited with the amount representing net income and capital gains accounted for in the last announced net assets value and included in the redemption price.

The net "element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed" during an accounting year is recognised in the income statement.

#### **4.11 Financial instruments**

Financial assets and financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Fund loses control of the contractual rights that comprises that financial assets. Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently.

Subsequent to initial recognition, all financial assets and financial liabilities are measured at fair value. The particular recognition method adopted for measurement of financial liabilities investments subsequent to initial recognition is disclosed in the individual policy statement associated with each item.

#### **4.12 Offsetting of financial assets and financial liabilities**

Financial assets and financial liabilities are offset and the net amount reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amount and the Fund intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

**4.13 Impairment**

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial assets is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

Provision for diminution in the value of debt securities is made as per the requirements of Circular No. 33 of 2012 dated October 24, 2012 (which is essentially the same as contained in Circular No. 1 of 2009 previously issued by the SECP) and based on management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company pursuant to the requirements of the SECP's above referred circular.

In case of impairment of other available-for-sale investments, the cumulative loss that has been recognised directly in statement of comprehensive income is taken to the income statement.

Other individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in income statement.

**4.14 Provisions**

A provision is recognised in the balance sheet when the Fund has a present legal or constructive obligation as result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

**4.15 Cash and cash equivalents**

Cash and cash equivalent comprise of bank balances including term deposits with banks (that are readily convertible to known amount of cash) are subject to an insignificant risk of significant changes of values and have maturities of less than three months from the date of acquisition.

**4.16 Cash and bank balances**

Cash and bank balances are carried at nominal value, except the foreign currency account balances which are translated into rupees at the rates of exchange approximating those prevailing at the balance sheet date.

**4.17 Dividend (including bonus units)**

Dividend (including bonus units) declared subsequent to the balance sheet date are recorded in the period in which they are approved.

**4.18 Other assets**

Other assets are stated at cost less impairment losses, if any.

	Note	2015 (Rupees)	2014
<b>5. BANK BALANCES</b>			
<b>Local currency</b>			
In profit and loss sharing accounts	5.1	<b>981,044,264</b>	246,627,151
In current accounts		-	313,034,399
		<b><u>981,044,264</u></b>	<u>559,661,550</u>

- 5.1 These represents profit and loss account maintained with banks carrying profit rates ranging from 4.5% to 7.40% (2014: 7% to 11.83%) per annum.

6.	INVESTMENTS - financial assets at fair value through profit or loss - held for trading	Note	2015		2014	
			(Rupees)			
<b>Government Securities</b>						
	Market Treasury Bills	6.1	<b>92,161,033</b>			-
	Pakistan Investment Bonds	6.2	<b>1,247,583,655</b>			331,770,565
	Term Finance Certificates - Listed	6.3	<b>64,795,183</b>			65,834,581
	Term Finance Certificates - Unlisted	6.4	<b>105,140,277</b>			139,663,468
	Sukuk Certificates	6.5	<b>41,998,520</b>			40,194,800
			<b>1,551,678,668</b>			<b>577,463,414</b>

Note	Number of treasury bills				Balance as at June 30, 2015			Market value as a percentage of net assets of the fund	Market value as a percentage of total investments
	Number of holdings at the beginning of the year	Acquired during the year	Disposed/ matured during the year	Number of holdings at the end of the year	Carrying value	Market value	Unrealized appreciation		
Treasury Bills - 3 months (face value of Rs.100,000 each)	-	17,350	17,350	-	-	-	-	-	-
Treasury Bills - 6 months (face value of Rs. 100,000 each)	-	11,030	11,030	-	-	-	-	-	-
Treasury Bills - 12 months (face value of Rs. 100,000 each)	6.1.1	11,560	10,605	955	91,401,288	92,161,033	759,745	3.59	5.94
<b>Total as at June 30, 2015</b>					<b>91,401,288</b>	<b>92,161,033</b>	<b>759,745</b>	<b>3.59</b>	<b>5.94</b>
Total as at June 30, 2014									

- 6.1.1 This represents investments in 12 month Government Treasury Bills carrying effective yield of 8.7800% (June 30, 2014: nil) per annum and will mature on January 7, 2016. The face value of Treasury Bills as at June 30, 2015 amounted to Rs. 95.5 million (June 30, 2014: nil).

**6.2 Pakistan Investment Bond**

Note	Number of Pakistan investment bond				Balance as at June 30, 2015			Market value as a percentage of net assets of the fund	Market value as a percentage of total investments	
	Number of holdings at the beginning of the year	Acquired during the year	Disposed/ matured during the year	Number of holdings at the end of the year	Carrying value	Market value	Unrealized appreciation / (diminution)			
3 years Pakistan Investment Bonds (face value of Rs. 100,000 each)	6.2.1	2,750	12,420	13,920	1,250	129,741,807	130,545,650	803,843	5.08	8.41
5 years Pakistan Investment Bonds (face value of Rs. 100,000 each)	6.2.2	600	6,600	3,975	3,225	340,600,300	341,963,018	1,362,718	13.31	22.04
10 years Pakistan Investment Bonds (face value of Rs. 100,000 each)	6.2.3	-	22,872	15,681	7,191	775,448,992	775,074,987	(374,005)	30.18	49.95
<b>Total as at June 30, 2015</b>						<b>1,245,791,099</b>	<b>1,247,583,655</b>	<b>1,792,556</b>	<b>48.57</b>	<b>80.40</b>
Total as at June 30, 2014						<b>331,677,769</b>	<b>331,770,565</b>	<b>92,796</b>	<b>17.22</b>	<b>40.87</b>

- 6.2.1 This represents investment in 3 years Pakistan Investment Bonds carrying effective profit rate ranging from 8.75% to 11.25% (June 30, 2014: 11.25%) per annum having maturity from July 17, 2017 to March 26, 2018. The face value of Pakistan Investment Bonds as at June 30, 2015 amounted to Rs. 125 million (June 30, 2014: Rs. 275 million).

- 6.2.2 This represents investment in 5 years Pakistan Investment Bonds carrying effective profit rate ranging from 9.25% to 11.50% (June 30, 2014: 11.50%) per annum having maturity from July 18, 2018 to March 26, 2020. The face value of Pakistan Investment Bonds as at June 30, 2015 amounted to Rs. 322.5 million (June 30, 2014: Rs. 60 million).

- 6.2.3 This represents investment in 10 years Pakistan Investment Bonds carrying effective profit rate ranging from 9.75% to 12.00% (June 30, 2014: nil) per annum having maturity from

July 19, 2022 to March 26, 2025. The face value of Pakistan Investment Bonds as at June 30, 2015 amounted to Rs. 719.1 million (June 30, 2014: nil).

### 6.3 Term Finance Certificates - listed

Name of Security	Note	Number of certificates			Balance as at June 30, 2015			Market value as percentage of net assets of the Fund	Market value as percentage of total investment	Face value as percentage of size of the issue	
		Number of holdings at beginning of the year	Acquired during the year	Sold / matured during the year	Number of holdings at the end of the year	Carrying Value	Market value				Unrealized appreciation/ (diminution)
<b>Commercial Banks</b>											
Bank Alfalah Limited - V (face value of Rs. 5,000 each)	6.3.1	13,000	-	50	12,950	65,555,471	64,795,183	(760,288)	2.52	4.18	1.30
<b>Total as at June 30, 2015</b>						<b>65,555,471</b>	<b>64,795,183</b>	<b>(760,288)</b>	<b>2.52</b>	<b>4.18</b>	<b>1.30</b>
<b>Total as at June 30, 2014</b>						<b>65,992,355</b>	<b>65,834,581</b>	<b>(157,774)</b>	<b>2.63</b>	<b>4.15</b>	<b>1.30</b>

6.3.1 These represents listed term finance certificates and carry rate of mark-up equal to the base rate of 6 months Karachi Inter Bank Offer Rate (KIBOR) per annum plus margin of 1.25% receivable semi-annually in arrears with no floor or cap and will mature in February 2021. The principal repayment for all the units shall be Rs. 13,000 per six months, except in case of the last six monthly installment, where it shall be Rs. 64.805 million. These term finance certificates are unsecured. The rating of the instrument is AA-

6.3.2 The term "listed" indicated in note 6.3 refers to listing in the stock exchange, however their rates are quoted by MUFAP.

### 6.4 Term Finance Certificates - Un-listed

Name of Security	Note	Number of term finance certificates			Balance as at June 30, 2015			Market value as percentage of net assets of the Fund	Market value as percentage of total investment	Face value as percentage of size of the issue	
		Number of holdings at beginning of the year	Acquired during the year	Sold / matured during the year	Number of holdings at the end of the year	Carrying Value	Market value				Unrealized appreciation/ (diminution)
<b>Commercial Banks</b>											
Bank Al Habib Limited - IV privately placed (face value of Rs. 5,000 each)	6.4.1	4,000	-	-	4,000	22,354,273	22,449,663	95,390	0.87	1.45	0.67
Askari Bank Limited - IV privately placed (face value of Rs. 1,000,000 each)	6.4.2	68	-	12	56	58,729,284	56,424,894	(2,304,390)	2.20	3.64	6.80
<b>Technology and Communication</b>											
Pakistan Mobile Communications Limited - privately placed (face value of Rs. 100,000 each)	6.4.3	650	-	-	650	26,357,994	26,265,720	(92,274)	1.02	1.69	3.25
<b>Total as at June 30, 2015</b>						<b>107,441,551</b>	<b>105,140,277</b>	<b>(2,301,274)</b>	<b>4.10</b>	<b>6.78</b>	<b>10.72</b>
<b>Total as at June 30, 2014</b>						<b>141,473,716</b>	<b>139,663,468</b>	<b>(1,810,248)</b>	<b>5.59</b>	<b>24.19</b>	<b>10.72</b>

6.4.1 These represent unlisted term finance certificates and carry rate of mark-up of 15.00% for the first five years and 15.50% for the remaining period receivable semi-annually in arrears with no floor or cap and will mature in June 2021. The principal repayment for all the units shall be Rs. 4,000 per six months, except in case of the last two six monthly installments, in which case it shall be Rs. 9.964 million each. These term finance certificates are unsecured. The rating of the instrument is AA.

6.4.2 These represent unlisted term finance certificates and carry rate of mark-up equal to the base rate of 6 months Karachi Inter Bank Offer Rate (KIBOR) per annum (plus margin of 1.75% for the first five periods and 2.20% for the remaining period) receivable semi-annually in arrears with no floor or cap and will mature in December 2021. The principal shall be redeemed by 0.32% of the issue amount in the first 96 months and the balance shall be redeemed in four equal semi annually installments. These term finance certificates are unsecured. The rating of the instrument is AA-

6.4.3 These represent unlisted term finance certificates and carry a rate of mark-up equal to the base rate of 3 months Karachi Inter Bank Offer Rate (KIBOR) per annum plus margin of 2.65%. However, with effect from July 18, 2014 margin has been reduced to 2% receivable quarterly in arrears with no floor or cap and will mature in April 2016. The principal amount shall be redeemable at 10%, 20%, 30% and 40% in the first, second, third and fourth years of the issue respectively. These term finance certificates are secured against first pari passu

floating charge over all present and future movable fixed assets of the company excluding land, building and vehicles with 25% margin and all present and future receivable of the company including cash balances. The rating of the instrument is AA-

**6.5 Sukuk Certificates**

Name of Security	Number of sukuk certificates				Balance as at June 30, 2015			Market value as percentage of net assets of the Fund	Market value as percentage of total investment	Face value as percentage of size of the issue	
	Number of holdings at beginning of the year	Acquired during the year	Disposed / matured during the year	Number of holdings at the end of the year	Carrying Value	Market value	Unrealized appreciation				
Electricity					(Rupees)						
K-Electric - Sukuk Certificates - 5 years(Face value of Rs. 5,000 each)	6.6.1	-	8,000	-	8,000	40,194,800	41,998,520	1,803,720	1.64	2.71	0.67
<b>Total as at June 30, 2015</b>						<b>40,194,800</b>	<b>41,998,520</b>	<b>1,803,720</b>	<b>1.64</b>	<b>2.71</b>	<b>0.67</b>
<b>Total as at June 30, 2014</b>						<b>40,000,000</b>	<b>40,194,800</b>	<b>194,800</b>	<b>1.63</b>	<b>2.59</b>	<b>0.67</b>

6.5.1 These represent sukuk certificates having a face value of Rs. 5,000 each and carry a rate of profit equal to the base rate of 3 months of Karachi Inter Bank Offer Rate (KIBOR) plus margin of 2.75%. These sukuk certificates will mature on March 2019. The rating of the instrument is AA.

**7. CERTIFICATE OF INVESTMENT - unsecured**

This represents short term certificate of investment placed with Pak Brunei Investments Company Limited having carrying value of Rs. 90 million and carry profit rate of 10.25% per annum matured on September 12, 2014. This is unrated debt instrument.

	2015	2014
	(Rupees)	
<b>8. MARK-UP RECEIVABLE</b>		
Considered good		
Mark-up / return receivable on Certificate of Investment	-	2,679,041
Profit and loss sharing bank balances	<b>7,522,968</b>	621,022
Term Finance Certificates	<b>2,894,740</b>	4,028,552
Government securities - Pakistan		
Investment Bonds	<b>49,990,092</b>	16,970,138
Sukuk certificates	<b>126,641</b>	169,908
	<b>60,534,441</b>	<b>24,468,660</b>

**9. DEFERRED FORMATION COST**

Unamortised cost	9.1	<b>136,247</b>	501,912
Amortised to the income statement during the year		<b>(136,247)</b>	(365,665)
Closing balance		<b>-</b>	<b>136,247</b>

9.1 This represents expenses incurred on the formation of the Fund. Regulation 60 (2) of the NBFC Regulations requires that all expenses incurred in connection with the incorporation, establishment and registration of collective investment scheme (formation cost) shall be reimbursable by a collective investment scheme to the Management Company subject to the audit of expenses. The said formation cost shall be amortised by the collective investment scheme over a period of not less than five years or with in the maturity date of collective investment scheme. Accordingly, the said expenses are being amortised over a period of five years effective from November 14, 2009, i.e. after the close of initial period of the Fund.

**10. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**

	2015	2014
	(Rupees)	
<b>Deposits</b>		
Central Depository Company of Pakistan	100,000	100,000
National Clearing Company of Pakistan Limited	250,000	250,000
	<b>350,000</b>	<b>350,000</b>
<b>Prepayments</b>		
Credit rating fee	129,233	105,863
National Clearing Company of Pakistan Limited - annual fee	63,014	63,014
	<b>192,247</b>	<b>168,877</b>
<b>Receivables</b>		
Others	319,097	-
	<b>861,344</b>	<b>518,877</b>

**11. PAYABLE TO THE MANAGEMENT COMPANY**

Remuneration payable	11.1	3,173,208	1,376,440
Sind Sales Tax on remuneration to Management Company	11.2	1,600,281	709,472
Federal Excise Duty on remuneration to Management Company	11.3	7,291,467	3,057,755
		<b>12,064,956</b>	<b>5,143,667</b>

11.1 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 three percent per annum of the average daily net assets of the Fund during first five years of the Fund's existence and thereafter an amount equal to two percent per annum of such assets of the Fund. Currently, the remuneration of the management company has been charged at the rate of 1.5% of the average daily net assets of the Fund. The remuneration is paid to the Management Company monthly in arrears.

11.2 Provincial Government of Sindh has levied Sindh Sales Tax on the remuneration of the management company through Sindh Sales Tax on Services Act, 2011 with effect from July 01, 2011. This amount is paid / payable to the Management Company who then pays it to the Government of Sindh.

11.3 The Finance Act, 2013 has enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from June 13, 2013. As the asset management services rendered by the Management Company of the Fund are already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund, the Management Company is of the view that further levy of FED is not justified.

On September 4, 2013, a constitutional Petition has been filed in Honorable Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustee, challenging the levy of FED. In this respect, the Honorable SHC has issued a stay order against recovery proceedings. The hearing of the petition is in progress.

In view of the pending decision and as a matter of abundant caution, the Management Company of the Fund has made a provision for FED in the books of account of the Fund with effect from June 13, 2013, aggregating to Rs. 7.291 million (June 30, 2014: Rs. 3.058 million).

**12. REMUNERATION PAYABLE TO THE TRUSTEE**

The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provision of Trust Deed.

**Net assets up to Rs. 1 billion**

0.17% per annum of the daily average net assets of the Fund.

**Net assets ranging between Rs. 1 billion to Rs. 5 billion**

Rs. 1.70 million plus 0.085% per annum of the daily average net assets of the Fund exceeding Rs. 1 billion.

**Exceeding Rs. 5 Billion**

Rs. 5.1 million plus 0.07% per annum of the daily average net assets of the Fund exceeding Rs. 5 billion.

**13. ANNUAL FEE PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**

This represents annual fee payable to Securities and Exchange Commission of Pakistan (SECP) in accordance with Regulation 62 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, whereby the Fund is required to pay annual fee to SECP at the rate of 0.075% of the average daily net assets of the Fund.

**14. ACCRUED EXPENSES AND OTHER LIABILITIES**

	Note	2015	2014
		(Rupees)	
Auditors' remuneration		154,351	152,880
Payable to Workers' Welfare Fund	14.1	11,784,214	10,358,801
Receipt against issuance of units		-	160,000,000
Brokerage payable		109,139	800
NCCPL payable		20,000	20,000
Printing and stationery payable		20,000	20,800
Others		8,283	8,283
		<u>12,095,987</u>	<u>170,561,564</u>

14.1 The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honorable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending for adjudication.

During the year 2011, a single bench of the Lahore High Court (LHC) in a constitutional petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, has declared the said amendments as unlawful and unconstitutional and struck them down. However, in the month of March 2013, a larger

bench of the Sindh High Court (SHC) in various constitutional petitions declared that amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, do not suffer from any constitutional or legal infirmity and overruled a single-member LHC bench judgment issued in August 2011. However, the Honorable Peshawar High Court on May 29, 2014 on a petition filed by certain aggrieved parties (other than the mutual funds) have adjudicated that the amendments introduced in the Workers Welfare Fund Ordinance, 1971 through the Finance Acts of 1996 and 2009 lacks the essential mandate to be introduced and passed through the money bill under the Constitution of Pakistan and hence have been declared as ultra vires the Constitution.

However, as per the advice of legal counsel of MUFAP, the stay granted to CIS (as mentioned in the first paragraph) remains intact and the constitution petitions filed by the CIS to challenge the Workers' Welfare Fund contribution have not been affected by the SHC judgment.

As the matter relating to levy of WWF is currently pending in the Court, the Management Company, as a matter of prudence and abundant caution, has decided to make provision for WWF amounting to Rs. 11.784 million up to June 30, 2015.

Had the above recognition not been made, the net assets value per unit of the Fund would be higher by Re. 0.46 / 0.46% (2014: Re. 0.96 / 0.96%).

**15. CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments as at June 30, 2015.

	2015	2014
	(Units)	
<b>16. NUMBER OF UNITS IN ISSUE</b>		
Total units in issue at beginning of the year	10,736,404	16,072,470
Sales during the year	56,030,413	10,256,253
Bonus units issued during the year	-	1,079,739
Redemption during the year	(41,306,406)	(16,672,058)
Total units in issue at the end of the year	<u>25,460,411</u>	<u>10,736,404</u>

Face value of the unit is Rs. 100 each.

	2015	2014
	(Rupees)	
<b>17. MARK-UP INCOME</b>		

**Mark-up / return on financial assets comprises of:**

Placements	2,916,582	3,539,606
Certificate of investments	1,845,000	3,709,972
Term deposits receipts with banks	2,712,329	5,174,795
Profit and loss sharing account	22,016,752	14,671,428
Market treasury bills	35,942,617	44,038,210
Pakistan investment bonds	76,935,445	12,084,574
Term finance certificates	20,841,458	29,474,653
Sukuk certificates	4,879,825	5,522,152
Pre-IPO investment in the sukuk certificate of K-Electric	-	322,882
Sukuk certificates	-	571,644
	<u>168,090,008</u>	<u>119,109,916</u>

	2015	2014
	(Rupees)	
<b>18. AUDITORS' REMUNERATION</b>		
Annual audit fee	105,000	105,000
Fee for review of half yearly financial statements	78,750	78,750
Fee for review of statement of compliance with the best practices of Code of Corporate Governance	26,250	26,250
Other services	15,750	15,750
Out of pocket expenses	33,271	28,730
	<u>259,021</u>	<u>254,480</u>

**19. INTERIM DISTRIBUTIONS DURING THE YEAR**

----- For the year ended June 30, 2015 -----				
Date of distributions	Distribution per unit	No. of Bonus Units Issued	Bonus ----- (Rupees) -----	Cash -----
June 25, 2015	13.4601	-	-	49,338,324
	<u>13.4601</u>	<u>-</u>	<u>-</u>	<u>49,338,324</u>

----- For the year ended June 30, 2014 -----				
Date of distributions	Distribution per unit	No. of Bonus Units Issued	Bonus ----- (Rupees) -----	Cash -----
July 29, 2013	0.6211	115,456	11,571,846	1,216
August 28, 2013	0.4346	79,257	7,942,797	850
September 25, 2013	0.4090	48,195	4,835,531	801
October 23, 2013	0.5296	60,051	6,025,930	1,037
November 26, 2013	0.6000	63,131	6,336,628	1,175
December 25, 2013	0.6548	66,819	6,707,579	1,282
January 28, 2014	0.8893	83,632	8,422,716	1,741
February 25, 2014	0.6001	55,501	5,583,651	1,175
March 25, 2014	0.6033	55,123	5,589,527	1,181
April 23, 2014	0.6774	62,857	6,360,204	1,326
May 27, 2014	1.6075	124,313	12,510,813	2,090
June 25, 2014	1.1072	119,872	11,991,730	2,168
	<u>8.7339</u>	<u>934,207</u>	<u>93,878,952</u>	<u>16,042</u>

**20. TAXATION**

The Fund's income is exempt from income tax as per clause (99) of part I of the Second Schedule of 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. Since the management has distributed the income earned by the Fund during the year to the unit holders in the manner explained above and therefore no provision for taxation has been made in these financial statements.

**21. TRANSACTIONS AND BALANCES WITH RELATED PARTIES / CONNECTED PERSONS**

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

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:

	Note	2015 (Rupees)	2014
<b>21.1 Balance as at year end</b>			
<b>Lakson Investments Limited - Management Company</b>			
Remuneration payable	11.1	<u>3,173,208</u>	<u>1,376,440</u>
Sindh Sales Tax and Federal Excise Duty on Remuneration to Management Company	11.2 & 11.3	<u>8,891,748</u>	<u>3,767,227</u>
<b>Central Depository Company of Pakistan Limited - Trustee</b>			
Remuneration payable		<u>245,575</u>	<u>147,673</u>
Security deposit		<u>100,000</u>	<u>100,000</u>

**21.2 Unit Holders' Fund**

		Number of Units				Rupees					
		Year ended June 30, 2015		Year ended June 30, 2014		Year ended June 30, 2015		Year ended June 30, 2014			
		Number of Units as at July 01, 2014	Units issued during the year	Bonus units issued during the year	Units redeemed during the year	Number of units as at June 30, 2015	Balance as at July 01, 2014	Units issued during the year	Bonus units issued during the year	Units redeemed during the year	Balance as at June 30, 2015
Lakson Investments Limited - Management Company		1,060,048	3,738,659	-	3,618,437	1,180,270	106,186,598	406,856,640	-	406,261,807	119,062,844
Directors, Chief Executive and their spouse and minors		20,262	3,072,871	-	19,322	3,073,811	2,029,675	333,237,458	-	2,093,191	310,078,532
<b>Associated companies / undertakings of the Management Company</b>											
Siza (Private) Limited		402,543	1,216,303	-	1,171,406	447,440	40,323,236	131,620,984	-	131,520,169	45,136,729
Century Insurance Company Limited		1,540,276	1,232,085	-	2,028,462	743,899	154,291,757	125,000,000	-	217,852,809	75,042,849
Siza Services (Private) Limited		-	2,855,767	-	2,518,268	337,499	300,334,423	34,046,163	-	270,819,410	34,046,163
Premier Fashions (Private) Limited		-	2,607,257	-	1,729,494	877,763	-	279,528,918	-	193,786,411	88,546,737
Siza Commodities (Private) Limited		-	4,131,835	-	2,567,328	1,574,507	-	433,966,666	-	284,261,763	158,832,684
Colgate Palmolive Pakistan Limited		-	15,117,552	-	7,182,626	7,934,926	-	1,600,000,000	-	806,432,910	800,457,052
Hasanali & Gulbano Lakhani Foundation		-	1,168,113	-	111,554	1,056,559	-	118,111,666	-	12,524,748	106,583,244
Others - Connected person due to holding more than 10% outstanding units		2,160,001	5,803,874	-	4,899,142	3,064,733	206,451,544	609,548,295	-	550,053,654	309,163,185
		*1,499,634					160,139,469				

\* Holding reduced to below 10% due to divestment of Unit holder (s) / investment from other Unit holders

**21.2 Unit Holders' Fund**

		Number of Units				Rupees				
		Year ended June 30, 2014								
		Units issued during the year	Bonus units issued during the year	Units redeemed during the year	Number of units as at June 30, 2014	Balance as at July 01, 2013	Units issued during the year	Bonus units issued during the year	Units redeemed during the year	Balance as at June 30, 2014

Lakson Investments Limited - Management Company  
Directors, Chief Executive and their spouse and minors

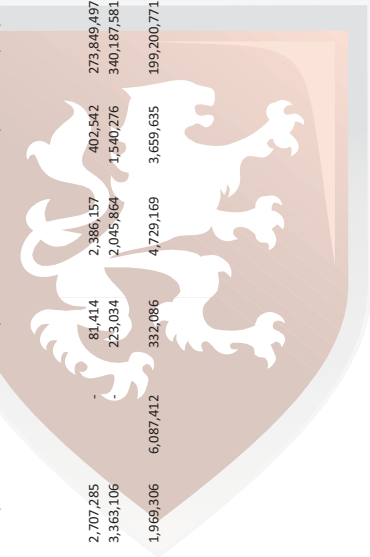
Associated companies / undertakings of the Management Company

Siza (Private) Limited

Century Insurance Company Limited

Others - Connected Person due to holding more than 10% outstanding units

850,614	124,051	85,383	-	1,060,048	86,042,025	12,500,000	8,582,564	-	-	106,186,598
18,510	-	1,748	-	20,262	1,872,373	-	175,645	-	-	2,029,675
2,707,285	-	81,414	2,386,157	402,542	273,849,497	-	8,170,836	240,000,000	-	40,323,236
3,363,106	-	223,034	2,045,864	1,540,276	340,187,581	-	22,411,856	206,241,391	-	154,291,757
1,969,306	6,087,412	332,096	4,729,169	3,659,635	199,200,771	617,210,254	33,360,223	447,133,603	-	366,591,013



		2015	2014
	Note	(Rupees)	
<b>21.3</b>	<b>Transactions during the year</b>		
	<b>Lakson Investments Limited - Management Company of the Fund</b>		
	Remuneration to the Management Company	<u>26,460,705</u>	<u>18,284,749</u>
	Sindh Sales Tax and Federal Excise Duty on remuneration to Management Company	11.1 <u>8,837,876</u>	<u>6,319,209</u>
	<b>Central Depository Company of Pakistan Limited- Trustee of the Fund</b>		
	Remuneration to the Trustee	12 <u>2,345,339</u>	<u>1,873,651</u>
	Settlement charges	<u>47,066</u>	<u>77,035</u>
	<b>Directors, Chief Executives and their spouse and minors</b>		
	Dividend Paid	<u>33,237,458</u>	<u>-</u>

**22. FINANCIAL RISK MANAGEMENT**

**Introduction and overview**

The Fund has exposure to following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk
- Operational Risk

This disclosure presents information about the Fund's exposure to each of the above risks, the Fund's objectives, policies and processes for measuring and managing risk, and the Fund's management of capital.

**Risk management framework**

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up based on limits established by the Management Company, Fund's constitutive documents and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund.

**22.1 Credit risk**

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. At the year-end it arises principally from debt securities held, bank balances and mark-up / return receivable, etc.

**Management of credit risk**

The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed, the requirements of NBFC rules and regulations and guidelines given by SECP from time to time.

Credit risk is managed and controlled by the management company of the Fund in the following manner:

- Where the investment committee makes an investment decision, the credit rating and credit worthiness of the issuer is taken into account along with the financial background so as to minimise the risk of default.
- Analysing credit ratings and obtaining adequate collaterals wherever appropriate / relevant.
- The risk of counterparty exposure due to failed trades causing a loss to the Fund is mitigated by a periodic review of the credit ratings and financial statements on a regular basis.
- Cash is held only with reputable banks with minimum long term credit rating of A+.

**Exposure to credit risk**

In summary, compared to the maximum amount included in Statement of Assets and Liabilities, the maximum exposure to credit risk at year end was as follows:

	June 30, 2015		June 30, 2014	
	Statement of Assets and Liabilities	Maximum exposure	Statement of Assets and Liabilities	Maximum exposure
	Note	(Rupees)	(Rupees)	(Rupees)
Bank balances including profit receivables	5	988,567,232	560,282,572	560,282,572
Investments including profit receivables	6	1,604,690,141	598,632,011	249,891,309
Certificates of investment	7	-	92,679,041	92,679,041
Deposit		350,000	350,000	350,000
		<u>2,593,607,373</u>	<u>1,251,943,624</u>	<u>903,202,922</u>

Difference in the balances as per the Statement of Assets and Liabilities and maximum exposure in investments is due to the fact that investments [including mark-up thereon of Rs. 49.990 million (2014: 16.970 million)] of Rs. 1,389.735 million (2014: 348.740 million) relates to investments in Government Securities which are not considered to carry credit risk.

**Past due / impaired assets**

None of the financial assets of the Fund are past due or impaired as at year end.

**Credit ratings and Collaterals**

Credit risk arising on debt securities is mitigated by investing primarily in investment-grade rated instruments. In case of debt securities the minimum rating of the instrument has to be A- while the entity's rating has to be BBB+. Further credit risk arising from bank balances is mitigated through deposits held with banks which are rated BBB+ or above. The Fund is required to follow the guidelines / restrictions imposed in its offering document and the SECP in respect of the minimum ratings prior to any investment.

Details of the credit ratings of investments in debt securities (other than Government securities) and bank balances including term deposits receipts as at year end are as follows:

Ratings	June 30, 2015		June 30, 2014	
	Debt securities (including profit due) % of balance (Instrument rating)	Bank balances (including profit due) % of balance (Entity's rating)	Debt securities (including profit due) % of balance (Instrument rating)	Bank balances (including profit due) % of balance (Entity's rating)
AAA	-	0.16	-	84.62
AA+	-	0.93	27.05	3.68
AA	10.45	0.97	6.53	0.17
AA-	69.96	0.01	54.63	11.51
A+	19.60	97.92	11.78	-
A	-	0.01	-	0.01
Total	100.00	100.00	100.00	100.00

Above ratings are assigned by PACRA and JCR-VIS (as of June 30, 2014). The investments in debt securities and bank balances are unsecured except for those mentioned in note 6.4.3 and 6.6.1 of these financial statements.

**Concentration of credit risk**

Concentration of credit risk exists when changes in economic or industry factors affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. Around 53.58% (2014: 27.86%) of the Fund's financial assets are in Government securities which are not exposed to the credit risk, while the remaining portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

Details of Fund's concentration of credit risk of financial instruments by industrial distribution are as follows:

	June 30, 2015		June 30, 2014	
	(Rupees)	(%)	(Rupees)	(%)
Commercial banks	1,134,608,215	94.25	722,762,067	80.02
Technology and communication	26,789,153	2.23	47,047,106	5.21
Financial services	-	-	92,679,041	10.26
Electricity	42,125,161	3.50	40,364,708	4.47
Central Depository Company	100,000	0.01	100,000	0.01
National Clearing Company of Pakistan Limited	250,000	0.02	250,000	0.03
	1,203,872,529	100	903,202,922	100

### **Settlement risk**

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

For the vast majority of transactions the Fund mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

## **22.2 Liquidity risk**

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Fund.

The Fund is exposed to cash redemptions of its units on a regular basis. Units are redeemable at the holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive document and guidelines laid down by Securities and Exchange Commission of Pakistan (SECP).

### **Management of liquidity risk**

The Fund's policy is to manage this risk by investing majority of its assets in investments that are traded in an active market and can be readily disposed. The Fund invests primarily in marketable debt securities and other financial instruments, which under normal market conditions are readily convertible to cash. As a result, the Fund may be able to liquidate quickly its investments in these instruments at an amount close to their fair value to meet its liquidity requirement.

The Fund has the ability to borrow, with prior approval of trustee, for meeting redemption requests. The maximum amount available to the Fund from borrowings is limited to the extent of 15% of total assets at the time of borrowing with repayment within 90 days of such borrowings. No such borrowings were made during the year.

In order to manage the Fund's overall liquidity, the Fund also has the option to withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. However, during the year no such option was exercised or considered necessary.

### **Maturity analysis for financial liabilities**

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date and represents the undiscounted cash flows.

	June 30, 2015		
	Less than 3 months	3 to 12 months	Total
<b>Non-derivative liabilities</b>			
Payable to the Management Company	12,064,956	-	12,064,956
Remuneration payable to the Trustee	245,575	-	245,575
Annual fee payable to the Securities and Exchange Commission of Pakistan	-	1,323,036	1,323,036
Accrued expenses and other liabilities	311,773	-	311,773
	<u>12,622,304</u>	<u>1,323,036</u>	<u>13,945,340</u>
Unit holders' fund	<u>2,568,389,163</u>		<u>2,568,389,163</u>

	June 30, 2014		
	Less than 3 months	3 to 12 months	Total
<b>Non-derivative liabilities</b>			
Payable to the Management Company	5,143,667	-	5,143,667
Remuneration payable to the Trustee	147,673	-	147,673
Annual fee payable to the Securities and Exchange Commission of Pakistan	-	914,236	914,236
Accrued expenses and other liabilities	160,202,763	-	160,202,763
	<u>165,494,103</u>	<u>914,236</u>	<u>166,408,339</u>
Unit holders' fund	<u>1,075,481,608</u>		<u>1,075,481,608</u>

\* Payable on demand.

Above financial liabilities do not carry any mark-up.

### 22.3 Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) will effect the Fund's income or the fair value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

#### Management of market risks

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan. The maximum risk resulting from financial instruments equals their fair values.

Market risk comprise of three types of risk: interest rate risk, currency risk and other price risk.

**22.3.1 Interest rate risk**

22.3.1.1 Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Currently the Funds interest rate exposure arises on investment in Government securities, debt securities, term deposit receipts with banks and bank balances in profit and loss sharing account. Currently majority of the Fund's investment carry fixed interest rates, except for certain debt securities. The Management Company monitors the interest rate environment on a regular basis and may change the mix of its portfolio to enhance the earning potential of the Fund subject to the above defined guidelines. Other risk management procedures are the same as those mentioned in the credit risk management.

22.3.1.2 Details of the interest rate profile of the Fund's interest bearing financial assets were as follows:

Fixed rate instruments	Note	2015 (Rupees)	2014
<b>Financial assets</b>			
Investments in Government Market			
Treasury Bills	6.1	92,161,033	-
Investments in Government Pakistan			
Investment Bonds	6.2	1,247,583,655	331,770,565
Bank balances	5.1	981,044,264	246,627,151
Investment in Term Finance Certificates	6.4.1	22,449,663	22,362,273
Certificates of investment	7	-	90,000,000
		<u>2,343,238,615</u>	<u>690,759,989</u>
<b>Variable rate instruments</b>			
<b>Financial assets</b>			
Investment in Term Finance			
Certificates	6.3 & 6.4	147,485,797	183,135,776
Investment in Sukuk certificates	6.6	41,998,520	40,194,800
		<u>189,484,317</u>	<u>223,330,576</u>

None of the financial liabilities carry any interest rate.

**Fair value sensitivity analysis for fixed rate instruments**

Interest bearing Government securities and Term finance certificate of Rs. 2,343.239 million are held by the Fund at fair value through profit and loss account (held for trading) and exposes the Fund to the fair value risk. In case of 100 basis points increase / decrease in yield rates of the above Government Securities during the year, the net assets of the Fund would have been lower / higher by Rs. 13.622 (2014: Rs. 6.027) million with corresponding effect on net income for the year.

Other balances are not carried at fair value through profit and loss. Therefore a change in interest rate during the year would not effect the income statement and unit holder's fund.

**Cash flow sensitivity analysis for variable rate instruments**

A change of 100 basis points in interest rates at the year end, unit holder fund would have increased / (decreased) by Rs. 1.895 (2014: Rs. 2.233) million. The analysis assumes that all other variables remain constant.

22.3.1.3 A summary of the Fund's interest rate gap position, categorised by the earlier of contractual re-pricing or maturity date is as follows:

	mark-up/ profit (%)	Less than one month	One to three months	More than three months and upto an exceed one year	More than one year	Total
<b>30 June 2015</b>						
----- (Rupees) -----						
<b>Financial assets</b>						
Bank balances	4.5 to 7.4	981,044,264	-	-	-	981,044,264
Investments	8.75 to 15.00	-	-	92,161,033	1,459,517,635	1,551,678,668
Total assets		<u>981,044,264</u>	<u>-</u>	<u>92,161,033</u>	<u>1,459,517,635</u>	<u>2,532,722,932</u>
<b>June 30, 2014</b>						
<b>Financial assets</b>						
Bank balances	7 to 11.83	246,627,151	-	-	-	246,627,151
Investments	11.25 to 15.00	-	-	-	577,463,414	577,463,414
Certificate of Investment	10.25	-	90,000,000	-	-	90,000,000
Total assets		<u>246,627,151</u>	<u>90,000,000</u>	<u>-</u>	<u>577,463,414</u>	<u>914,090,565</u>

None of the Fund's financial liability is exposed to interest rate risk.

### 22.3.2 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund, at present, is not exposed to currency risk as all transactions are carried out in Pak Rupees.

### 22.3.3 Other price risk

Other price risk is the risk that the fair value of financial instrument will fluctuate as a result of change in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or factors affecting all instruments traded in the market. The Fund is expecting minimal price fluctuation on its investment in debt securities (i.e. government securities and listed term finance certificates) for change in factors other than those arising from interest rate or currency risk.

### 22.4 Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Fund's operations either internally within the Fund or externally at the Fund's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risks arise from all of the Fund's activities.

The Fund's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the Board of Directors of the Management Company. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;

- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

**22.5 Unit Holders' Fund risk management**

Management's objective when managing unit holders' funds is to safeguard the Fund's ability to continue as a going concern so that it can continue to provide optimum returns to its unit holders' and to ensure reasonable safety of unit holders' funds.

The Fund manages its investment portfolio and other assets by monitoring return on net assets and makes adjustments to it in the light of changes in markets' conditions. The capital structure depends on the issuance and redemption of units and with effect from July 1, 2013 the Fund is subject to maintain minimum fund size of 100 million at all times.

**22.6 Financial instruments by category**

	----- As at June 30, 2015 -----			
	Loans and receivables	Financial assets at fair value through profit or loss	Available for sale	Total
	----- Rupees -----			
<b>Assets</b>				
Bank balances	981,044,264	-	-	981,044,264
Investments	-	1,551,678,668	-	1,551,678,668
Mark-up receivable	60,534,441	-	-	60,534,441
Deposits, prepayments and other receivables	-	669,097	-	669,097
	<u>1,041,578,705</u>	<u>1,552,347,765</u>	-	<u>2,593,926,470</u>
	----- As at June 30, 2015 -----			
	Liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Total	
	----- Rupees -----			
<b>Liabilities</b>				
Payable to the Management Company	-	12,064,956	12,064,956	
Payable to the Trustee	-	245,575	245,575	
Annual fee payable to the Securities and Exchange Commission of Pakistan	-	1,323,036	1,323,036	
Accrued expenses and other liabilities	-	311,773	311,773	
	-	<u>13,945,340</u>	<u>13,945,340</u>	

	----- As at June 30, 2014 -----			
	Loans and receivables	Financial assets at fair value through profit or loss	Available for sale	Total
	----- Rupees -----			
<b>Assets</b>				
Bank balances	-	559,661,550	-	559,661,550
Investments	577,463,414	-	-	577,463,414
Certificate of investment	90,000,000	-	-	90,000,000
Mark-up receivable	-	24,468,660	-	24,468,660
Deposits, prepayments and other receivables	-	350,000	-	350,000
	<u>667,463,414</u>	<u>584,480,210</u>	<u>-</u>	<u>1,251,943,624</u>

	----- As at June 30, 2014 -----		
	Liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Total
	----- Rupees -----		
<b>Liabilities</b>			
Payable to the Management Company	-	5,143,667	5,143,667
Payable to the Trustee	-	147,673	147,673
Annual fee payable to the Securities and Exchange Commission of Pakistan	-	914,236	914,236
Accrued expenses and other liabilities	-	160,202,763	160,202,763
	<u>-</u>	<u>166,408,339</u>	<u>166,408,339</u>

**23. FAIR VALUE OF FINANCIAL INSTRUMENTS**

The Fund's accounting policy on fair value measurements of the investments is discussed in note 3.1 to these financial statements.

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using 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 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

----- June 30, 2015 -----			
Level 1	Level 2	Level 3	Total
----- (Rupees) -----			
<b>Financial assets at fair value through profit and loss (held for trading)</b>			
Government securities	- 1,339,744,688	-	1,339,744,688
Debt securities	- 211,933,980	-	211,933,980
	<u>- 1,551,678,668</u>	<u>-</u>	<u>1,551,678,668</u>

----- June 30, 2014 -----			
Level 1	Level 2	Level 3	Total
----- (Rupees) -----			
<b>Financial assets at fair value through profit and loss (held for trading)</b>			
Government securities	- 331,770,565	-	331,770,565
Debt securities	- 245,692,849	-	245,692,849
Certificate of Investment	-	90,000,000	90,000,000
	<u>- 577,463,414</u>	<u>90,000,000</u>	<u>667,463,414</u>

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in level 3 of the fair value hierarchy.

	2015	2014
	(Rupees)	
Opening balance	90,000,000	150,000,000
Purchase during the year (at cost)	-	90,000,000
Matured / redemption during the year	(90,000,000)	(150,000,000)
Closing balance	<u>-</u>	<u>90,000,000</u>

## 24. SUPPLEMENTARY NON FINANCIAL INFORMATION

The information regarding unit holding pattern, top brokers, members of the Investment Committee, Fund manager, meetings of the Board of Directors of the management company and rating of the Fund and the management company are as follows:

### 24.1 Unit holding pattern of the Fund

----- June 30, 2015 -----			
Category	No. of Investors	Investment amount	% of total net assets
----- (Rupees) -----			
Individuals	20	19,465,170	0.76
Associated Companies and Directors	9	1,618,724,936	63.02
Insurance Companies	2	125,062,658	4.87
NBFCs	2	194,722,989	7.58
Retirement Funds	5	84,586,518	3.29
Public Limited Companies	3	525,826,892	20.47
	<u>41</u>	<u>2,568,389,163</u>	<u>100.00</u>

----- June 30, 2014 -----			
No. of Investors	Investment amount (Rupees)	% of total net assets	
Individuals	9	2,511,145	0.23
Associated Companies and Directors	7	302,830,857	28.16
Insurance Companies	2	122,421,384	11.38
Banks and DFIs	1	50,042,973	4.65
Retirement Funds	5	74,089,862	6.89
Public Limited Companies	5	523,585,388	48.68
	<u>29</u>	<u>1,075,481,608</u>	<u>100.00</u>

**24.2 Top ten brokers by percentage of commission paid**

Name of broker	(Percentage %)	
	2015	2014
Al-Habib Capital Markets (Private) Limited	2.21	2.58
C&M Management (Private) Limited	1.79	-
Elixir Securities Pakistan Limited	-	2.93
Global Securities Pakistan Limited	0.35	7.41
Icon Securities (Private) Limited	-	3.80
Invest One Markets Limited	1.73	23.45
Invest & Finance Securities Limited	29.53	19.96
Invest Capital Markets Limited	34.88	-
ICON Securities (Private) Limited	14.49	-
Optimus Markets (Private) Limited	-	6.36
JS Global Capital Limited	3.19	5.67
KASB Securities Limited	2.87	22.54
Vector Capital (Private) Limited	8.98	5.28
	<u>100.00</u>	<u>100.00</u>

**24.3 Particulars of the Investment Committee and Fund manager**

Following are the members of the investment committee of the Fund:

- Mr. Babar Ali Lakhani (Chairman Investment Committee)
- Mr. Mustafa O. Pasha (Fund Manager)
- Syed Saifullah Kazmi
- Mr. Farhan Bashir
- Ms. Maryam Hidayatallah

**Mr. Babar Ali Lakhani - Chief Executive Officer**

Mr. Lakhani has over 15 years of investment and portfolio management experience in domestic and international equity and fixed income markets. Mr. Lakhani most recently served as the Chief Investment Officer of Century Insurance, a Public Limited Company listed on the Karachi and Lahore Stock Exchanges of Pakistan. He was an Investment Associate at High Street Advisors and a Research Analyst at Credit Suisse Equity Group (formerly Credit Suisse First Boston). Mr. Lakhani brings extensive investment experience, globally practiced portfolio management discipline, and a comprehensive understanding of the global asset management industry to Lakson Investments Limited.

Mr. Lakhani received his BA in Finance from Bentley College, and his MBA from Brandeis University.

Mr. Lakhani is a member of the Global Association of Risk Professionals (GARP), the Society of Financial Service Professionals and the Young Presidents' Organization (YPO). Mr. Lakhani is a member of the Alumni Trustee Committee of Brandeis University and is the school's representative in Pakistan.

**Mr. Mustafa O. Pasha, CFA – Head of Fixed Income**

Mr. Pasha has over seven years of experience in the asset management and investment advisory industry. He did his Bachelors in Economics from McGill University (Montreal, Canada) in 2006 and obtained his CFA charter in 2012.

At Lakson Investments Limited he is responsible for driving out performance of all fixed income portfolios against their respective benchmarks by formulating the investment outlook and implementing strategy through asset allocation. As a member of the Investment Committee he is a key member of the team that develops and executes the investment strategy for both fixed income and equity portfolios.

He was previously associated with BMA where he initially served as a fixed income analyst and later became the in house economist for the entire BMA group. Between 2009 - 2012 he supervised fixed income / money market investments across all mutual funds and institutional / HNW accounts advised by BMA. He is currently managing the following funds.

1. Lakson Money Market Fund
2. Lakson Income Fund
3. Lakson Asset Allocation Developed Markets Fund

**Syed Saifullah Kazmi – Head of Equities**

Mr. Saifullah has over eight years of experience and currently holds positions of Head of Equities Investments in Lakson Investments Limited. He is a qualified Finance major from Kingston University. He has experience in Emerging and Frontier Financial Markets, with focus in Pakistan, Strong Fixed Income background, with investment strategy and trading experience in instruments including, Government Securities, Corporate Bonds, Banking Products and Islamic Sukkuks.

**Mr. Farhan Bashir Khan - Head of Research**

Mr. Farhan Bashir has over eight years of experience and currently holds the position of Head of Research at Lakson Investments Limited. He has completed his MBA in Finance from Bahria University. He has experience in Finance and Research Analysis. His experience includes working in NIB Bank Limited and IGI Financial Services Limited.

**Ms. Maryam Hidayatallah - Deputy Manager Risk and Compliance**

Ms. Hidayatallah is heading Risk Management and Compliance division at Lakson Investments Limited, since 2012, undertaking organizational risk assessment, internal control process management and regulatory affairs compliance. She has prior experience of 9 years including four years articleship at Ernst and Young Global Limited within Bahrain, UAE and Pakistan as Engagement Auditor and Senior Audit Executive in Business Risk Services and Audit and Assurance Business Services.

She is currently undertaking CA Final from Institute of Chartered Accountants of Pakistan and is a post graduate in MA (Economics) from University of Karachi. Her professional memberships include CICA (Certified Associate Member of Institute for Internal Controls USA), Associate member of Institute of Internal Auditors and Associate member of Pakistan Institute of Public Finance Accountants.

**24.4 Directors meeting attendance**

2015

Name of directors	Meeting Attended	August 18, 2014	October 22, 2014	February 16, 2015	April 20, 2015
Mr. Iqbal Ali Lakhani	4	✓	✓	✓	✓
Mr. Babar Ali Lakhani	4	✓	✓	✓	✓
Mr. A. Aziz H. Ebrahim	4	✓	✓	✓	✓
Mr. Mahomed J. Jaffer	4	✓	✓	✓	✓
Mr. Sher Afgan Malik	2	✓	✓	X	X
Mr. Daniel Scott Smaller	3	X	✓	✓	✓
Mr. Zahid Zakiuddin	4	✓	✓	✓	✓
Mr. Amin Mohammed Lakhani	3	✓	✓	✓	X
		7	8	7	6

**24.5 Rating of the Fund and the management company**

PACRA Rating	Management Quality Rating	Stability Rating
Lakson Investments Limited (Management Company)	AM2-	-
Lakson Income Fund	-	A+ (f)

**25. DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue by Board of Directors of the Management Company on August 20, 2015.

**26. GENERAL**

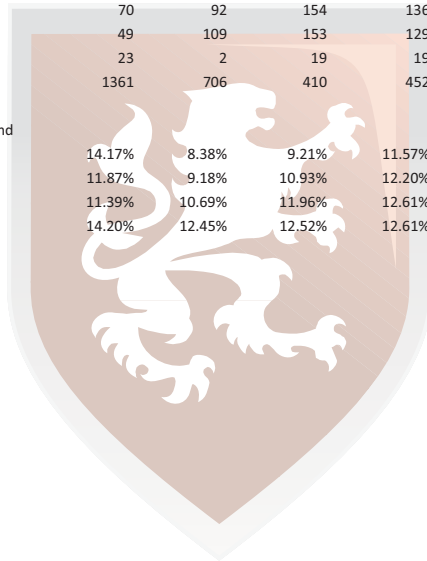
Figures have been rounded off to the nearest rupee.

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

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

\_\_\_\_\_  
Director

Performance Table	FY15	FY14	FY13	FY12	FY11	FY10
Net Assets - Beginning (PKR Mil.)	1,075	1,626	1,414	1,006	451	302
Net Assets - Ending (PKR Mil.)	2,568	1,075	1,626	1,414	1,006	451
Net Asset value per share	100.8777	100.1715	101.1528	101.3505	101.1605	103.3062
Selling Price for units	102.3909	101.6740	102.6701	102.8708	102.6780	104.8558
Repurchase Price for units	100.8777	100.1715	101.1528	101.3505	101.1605	103.3062
Highest Offer Price (PKR)	115.8602	103.5345	102.9285	103.1214	104.6153	105.7819
Lowest Offer Price (PKR)	101.6940	101.5246	101.8786	101.7560	101.6567	101.5254
Highest Redemption Price (PKR)	114.1479	102.0044	101.4073	101.5974	103.0692	104.2186
Lowest Redemption Price (PKR)	100.1911	100.0242	100.3730	100.2522	100.1543	100.0250
Beginning NAV - Ex-Div. (PKR)	100.2138	100.2450	100.4114	100.1626	100.3130	100.0000
Interim Distributions (PKR)	13.4601	8.7339	8.141	9.8767	11.1839	3.6148
Final Distribution (PKR)	-	-	0.9078	0.9391	0.9979	2.9932
Ending NAV - Ex-Div. (PKR)	100.6878	100.0379	100.2450	100.4114	100.1626	100.3130
Return	14.17%	8.38%	9.21%	11.57%	11.50%	11.42%
Net Income (PKR Mil.)	70	92	154	136	99	27
Total Distribution	49	109	153	129	102	12
Accumulated Capital Growth	23	2	19	19	12	15
WAM (Days)	1361	706	410	452	232	229
Average Annual return of the Fund						
One Year	14.17%	8.38%	9.21%	11.57%	11.50%	11.19%
Two Year	11.87%	9.18%	10.93%	12.20%	11.87%	-
Three year	11.39%	10.69%	11.96%	12.61%	-	-
Since inception	14.20%	12.45%	12.52%	12.61%	11.87%	11.19%



Distributions	FY15	FY14	FY13	FY12	FY11	FY10
1st Interim Distribution	13.4601	0.6211	0.8020	0.8598	2.4702	3.6148
NAV before Distribution	114.1479	100.8483	101.2785	101.0231	102.8451	104.2186
NAV after Distribution	100.6878	100.2272	100.4765	100.1633	100.3749	100.6038
Distribution Date	25-Jun-15	31-Jul-13	30-Jul-12	01-Aug-11	4-Oct-10	2-Apr-10
2nd Interim Distribution		0.4346	0.8529	0.9563	2.9152	
NAV before Distribution		100.6501	101.4073	101.2159	103.068	
NAV after Distribution		100.2155	100.5544	100.2596	100.1528	
Distribution Date		30-Aug-13	31-Aug-12	29-Aug-11	31-Dec-10	
3rd Interim Distribution		0.409	0.7863	0.9471	2.8893	
NAV before Distribution		100.742	101.1528	101.2614	103.0692	
NAV after Distribution		100.333	100.3665	100.3143	100.1799	
Distribution Date		27-Sep-13	26-Sep-12	28-Sep-11	30-Mar-11	
4th Interim Distribution		0.5296	0.7687	1.0151	0.9481	
NAV before Distribution		100.8757	101.1528	101.5974	101.1442	
NAV after Distribution		100.3461	100.4953	100.5823	100.1961	
Distribution Date		25-Oct-13	24-Oct-12	28-Oct-11	29-Apr-11	
5th Interim Distribution		0.6000	0.8767	0.9459	0.9632	
NAV before Distribution		100.9728	101.1986	101.4258	101.1273	
NAV after Distribution		100.3728	100.3219	100.4799	100.1641	
Distribution Date		28-Nov-13	28-Nov-12	28-Nov-11	30-May-11	
6th Interim Distribution		0.6548	0.7121	0.9403		
NAV before Distribution		101.0391	101.1128	101.2696		
NAV after Distribution		100.3843	100.4007	100.3293		
Distribution Date		27-Dec-13	27-Dec-12	30-Dec-11		
7th Interim Distribution		0.8893	0.7813	0.9115		
NAV before Distribution		101.6005	101.1274	101.2411		
NAV after Distribution		100.7112	100.3461	100.3296		
Distribution Date		29-Jan-14	29-Jan-13	31-Jan-12		
8th Interim Distribution		0.6001	0.6347	0.7405		
NAV before Distribution		101.2054	100.9680	101.0058		
NAV after Distribution		100.6053	100.3333	100.2653		
Distribution Date		26-Feb-14	28-Feb-13	27-Feb-12		
9th Interim Distribution		0.6033	0.5741	0.8401		
NAV before Distribution		102.0044	100.9368	101.1024		
NAV after Distribution		101.4011	100.3627	100.2623		
Distribution Date		27-Mar-14	27-Mar-13	29-Mar-12		
10th Interim Distribution		0.6774	0.7141	0.8178		
NAV before Distribution		101.8617	101.0602	101.0764		
NAV after Distribution		101.1843	100.3461	100.2586		
Distribution Date		24-Apr-14	29-Apr-13	27-Apr-12		
11th Interim Distribution		1.0675	0.6381	0.9023		
NAV before Distribution		101.707	101.1125	101.2068		
NAV after Distribution		100.6395	100.4744	100.3045		
Distribution Date		29-May-14	29-May-13	30-May-12		
12th Interim Distribution		1.1072				
NAV before Distribution		101.1451				
NAV after Distribution		100.0379				
Distribution Date		25-Jun-14				
Final Distribution	Nil	Nil	0.9078	0.9391	0.9979	2.9932
NAV before Distribution	Nil	Nil	101.1528	101.3505	101.1605	103.3062
NAV after Distribution	Nil	Nil	100.2450	100.4114	100.1626	100.313
Distribution Date	N/A	N/A	08-Jul-13	05-Jul-12	4-Jul-11	6-Jul-10



A Lakson Group Company

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