

LAKSON MONEY MARKET FUND  
Annual Report 2013



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

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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 (from February 15, 2013)  
Mr. Sher Afgan Malik  
Mr. Daniel Scott Smaller  
Mr. Zahid Zakiuddin  
Mr. Muhammad Abdul Qadir (upto February 15,2013)

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

Mr. Amir Mobin

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

### Auditors

KPMG Taseer Hadi & Co.  
Chartered Accountants  
Sheikh Sultan Trust Building No.2,  
Beaumont Road,  
Karachi - 75530, Pakistan

### Bankers to the Fund

Allied Bank Limited  
Askari Bank Limited  
Bank Al-Falah Limited  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
National Bank of Pakistan  
Standard Chartered Bank (Pakistan) 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 Services Ltd.  
Elixir Securities (Pvt.) Limited  
Metro Securities Pvt. Limited  
Pearl Securities Pvt. Limited  
Topline Securities (Pvt.) Limited  
Vector Capital (Pvt.) Limited

**Rating by PACRA**

AA(f) : Fund Stability Rating  
AM3 + : Management Company Quality Rating



## **REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2013**

The Board of Directors of Lakson Investments Limited, the Management Company of the Lakson Money Market Fund ('LMMF'), is pleased to present its annual report together with the audited financial statements for the year ended June 30, 2013.

### **Fund Objective**

The objective of the Fund is to provide stable and competitive returns with low volatility that are in line with the money markets and consistent with capital preservation. Accordingly, the Fund consists of a liquid portfolio of low risk, short-term investments.

### **Fund Profile**

LMMF is an open end money market fund which invests in Government Securities, Certificate of Investments, Clean Placements, Term Deposit Receipts and other short term instruments. The weighted average maturity of the portfolio is kept below 3 months. LMMF invests in only those securities that have been assigned at least a "AA" rating by a rating agency in Pakistan and are of less than 6 months maturity. An in-depth credit analysis is conducted before taking any exposure to any counter party to mitigate the credit risk. Short maturity of the portfolio protects the Unit Holders against interest rate movements while enhancing the liquidity of the Fund. LMMF is allowed to borrow up to 15% of Net Assets to meet redemptions; however, LMMF did not utilize this facility during the year under review.

### **Funds Performance**

The net assets of the LMMF as at June 30, 2013 stood at PKR 10,423.441 million compared to PKR 6,876.251 million at June 30, 2012 registering an increase of 51.59%.

The net income for the year ended June 30, 2013 was PKR 716.165 million which mainly comprised of mark-up income from bank deposits, treasury bills, placements, and term deposit receipts amounting to PKR 835.609 million and capital gain - net amounting to PKR 7.733 million. The net unrealized appreciation was mainly due to the valuation of treasury bills amounted to PKR 0.294 million.

The detailed fund performance and significant matters relating to the industry are disclosed in the Fund Manager Report which is a part of this Annual Report.

### **Earning 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 in its meeting held on July 08, 2013, declared a final payout of PKR 0.7026 per unit amounting to PKR 72.722 million distributed as bonus units for the year ended June 30, 2013. This was in addition to the interim payouts of PKR 7.7256 per unit. The total distribution for the year ended June 30, 2013 was PKR 8.4282 per unit (8.4282% of face value of PKR 100/-).

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

The Pakistan Credit Rating Agency Limited ('PACRA') has maintained the asset manager rating of the Management Company at AM3+. PACRA has maintained the Fund Stability Rating of LMMF at "AA (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 five meetings were held. Attendance of the Directors in these meetings is as follows:

S.No.	Name	Designation	Meetings		
			Eligible to Attend	Attended	Leave Granted
1	Mr. Iqbal Ali Lakhani	Chairman	05	04	01
2	Mr. Babar Ali Lakhani	Chief Executive	05	05	-
3	Mr. A. Aziz H. Ebrahim	Director	05	04	01
4	Mr. Mahomed J. Jaffer	Director	05	04	01
5	Mr. Amin Mohammed Lakhani	Director	02	02	-
6	Mr. Sher Afgan Malik	Director	05	04	01
7	Mr. Daniel Scott Smaller	Director	05	02	03
8	Mr. Zahid Zakiuddin	Director	05	04	01
9	Mr. M. A. Qadir	Former Director	03	01	02

During the year, Mr. Amin Mohammed Lakhani was appointed as a Director to fill the casual vacancy arising due to the resignation of Mr. M.A. Qadir with effect from February 15, 2013. The Securities & Exchange Commission of Pakistan pursuant to the requirement of the Non-Banking Finance Companies & Notified Entities Regulations, 2008, accorded its approval for the appointment of Mr. Amin Mohammed Lakhani on March 22, 2013.

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	04	04	-
2	Mr. A. Aziz H. Ebrahim	Member	04	03	01
3	Mr. Iqbal Ali Lakhani	Member	04	03	01
4	Mr. Sher Afgan Malik	Member	04	04	-

13. During the year, one Director has completed all five parts of the "Corporate Governance Leadership Skills" program offered by the Pakistan Institute of corporate Governance and was duly certified.

14. The pattern of unit holding is given in note No. 22.1 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	Bonus
			(Number of Units)		
1	Mr. Iqbal Ali Lakhani	Chairman	2,497,444	1,204,058	39,354
2	Mrs. Ronak Iqbal Lakhani	Spouse of Chairman	18,043,321	2,207,711	70,183
3	Mr. Babar Ali Lakhani	Chief Executive	457,724	13,014	2,395
4	Mrs. Zil Lakhani	Spouse of Chief Executive	114,496	62,217	6,582
5	Mr. Hasan Ali Lakhani	Minor Child of Chief Executive	3,367	-	237
6	Mr. Mahomed J. Jaffer	Director	-	-	353
7	Mr. Amin Mohammed Lakhani	Director	12,287,687	-	100,584
8	Mrs. Saira Amin Lakhani	Spouse of Director	11,932,510	-	-
9	Syed Kashif Mustafa	Executive	5,938	-	41
10	Mrs. Tazeen Fatima	Spouse of Executive	8,977	3,692	127
11	Syed Hassan Askary	Executive	-	459	39
12	Mr. Mustafa Osman Pasha	Executive	9,991	-	63
13	Syed Imran Raza Kazmi	Executive	2,385	1,046	40

#### External Auditor

The Fund's external auditors M/s. KPMG Taseer Hadi & Co., Chartered Accountants have expressed their willingness to continue as the Fund's auditors for the ensuing year ending June 30, 2014. On the recommendation of the Audit Committee, the Board of Directors of the Management Company has reappointed M/s. KPMG Taseer Hadi & Co., Chartered Accountants, as the Fund's auditors for the year ending June 30, 2014.

#### Economic Review

The year under review (FY13) started with many challenges in the form of power and gas shortages, weak external account, fiscal imbalances and a poor law and order situation. These challenges prevailed throughout the year but the general elections in May '13 brought a positive change in sentiments and a considerable improvement in expected economic conditions. A smooth political



transition and a pro-business mandate helped in the re-rating of capital markets. The newly elected government is working on tackling the country's long standing energy problems through various measures that include the elimination of circular debt, tariff rationalization, and promotion of investment for energy generation and modernization. The Federal Budget for FY14 is an important step in the right direction as it initiates the structural reforms process through reduction in subsidies, increased regulations to broaden tax base and minimize tax evasion, and possible privatization of inefficient State Owned Enterprises.

Pakistan's real GDP growth for FY13 stood at 3.6% against the target of 4.3%. Pakistan's economy has grown at an average rate of 2.9% per annum in last five years compared to 6.4% growth recorded by the developing countries. The power shortages are expected to have reduced the GDP growth by 2.0% per annum. The Agriculture sector recorded a growth of 3.3% in FY13 compared to 3.5% in FY12. The decline in growth was mainly due to lower rice and cotton production. Heavy rains in Sindh and Punjab province damaged the crops which affected the performance of Agriculture and other related sectors. The Services sector recorded a growth of 3.7% in FY13 compared to 5.3% in FY12. The Services sector remained subdued due to a decline in growth rates of transport, storage and communication, general government services and other private services. The share of Services sector in the economy has gone up to 57.7% of GDP in FY13 compared to 53.5% in FY12.

A stronger performance by Large Scale Manufacturing ("LSM"), mining & quarrying and construction (with a combined share of 77% in the Industrial sector) helped the Industrial sector to post a growth of 3.5% in FY13, compared to 2.7% last year. The LSM grew by 4.3% during FY13 compared to 1.2% in FY12. The recovery in LSM is broad-based and can be traced to improved producer margins on account of lower financing costs and falling raw material prices, a better sugarcane crop, capacity enhancements, continued strength in construction activities, higher external demand for cotton yarn and better gas availability for the fertilizer industry.

The headline inflation, as measured by the Consumer Price Index ("CPI"), averaged 7.36% in FY13 compared to 11.01% in FY12; a YoY decline of 365 bps. The inflation clocked in single digits after five consecutive years of double-digit inflation. An important reason for the decline in inflation has been the stability in food prices over the last twelve months. Food inflation was recorded at 7.4% in FY13 compared to 11.0% in the preceding year. The energy prices also contributed to the decline in inflation as the electricity tariffs remained constant during the year while natural gas tariffs for the households were halved in July 2012 and were not revised upwards thereafter. The fuel prices fluctuated but hovered within a certain band in FY13. The reduction in inflationary pressures, together with some support on the external account from the much-delayed Coalition Support Fund ("CSF") payments, allowed the State Bank of Pakistan ("SBP") to cut interest rates. During FY13 the SBP cut the discount rate by 300bps from 12.00% to 9.00%. The SBP in its monetary policy statements frequently cited softening inflation numbers coupled with a slowdown in private credit off-take, as the prime reasons behind the monetary easing.

The current account which recorded a surplus of USD 234 million in the 1HFY13 swelled to a deficit of USD 2.32 billion in FY13. On a year on year basis the current deficit declined by 50.2% to USD 2.32 billion in FY13 from USD 4.66 billion in FY12. The improvement in FY13's current account deficit was largely driven by an inflow of USD 1.80 billion from the CSF and a narrowing trade deficit. The trade deficit in goods declined by 4.2% to USD 15.00 billion in FY13 from USD 15.65 billion in FY12. The exports registered a growth of 0.2% to USD 24.75 billion, while the imports declined by 1.6% to USD 39.80 billion. The trade deficit in services declined by 63% in FY13 to USD 1.22 billion from USD 3.30 billion in FY12 mainly due to the payments received under the CSF. The remittances also played an important role in providing respite to the current account, increasing by 5.6% to USD 13.92 billion during the year. An improvement was also witnessed in the financial account, whereby the Foreign Direct Investment ("FDI") witnessed a growth of 76.2% YoY to USD 1.45 billion. Pakistan's overall external deficit stood at USD 2.02 billion compared to a deficit of USD 3.28 billion in FY12.

A weak external account along with IMF repayments resulted in a decline of USD 4.27 billion in the liquid foreign exchange reserves of the country during FY13. At the end of FY13, the foreign exchange reserves stood at USD 11.02 billion which include USD 6.00 billion reserves held by the SBP and USD 5.02 billion reserves held by the banks. Pakistan made a repayment of USD 2.90 billion to IMF in FY13 while in FY14 a repayment of USD 3.24 billion is due. As a result of declining foreign exchange reserves and weak external account Pak Rupee depreciated by 5.01% against US Dollar in FY13. The government has reached a staff level agreement with the IMF to enter into an Extended Fund Facility ("EFF") amounting to USD 5.3 billion that may be extended to USD 6.6 billion.

The fiscal deficit for FY13 stood at 8.8% of GDP compared to a deficit of 6.6% of GDP in FY12. The higher fiscal deficit is primarily a result of poor tax collection which declined by 5.5% to PKR 1,940 billion, against the preceding year's record collection of PKR 2,053 billion. The tax to GDP ratio declined from 10.1% in FY12 to 8.8% in FY13, which is one of the lowest in the region. The government relied heavily on the commercial banks to finance the fiscal deficit and borrowed PKR 961 billion from the commercial banks while the total borrowing for the budgetary support stood at PKR 1,446 billion.

#### **Mutual Funds Industry Review**

The assets under management of the mutual funds industry declined by 4.4% during FY13 compared to a growth of 14.3% in the deposits of commercial banks and a growth of 15.9% in the money supply.

The assets under management of the industry stood at PKR 362 billion at the end of the year compared to PKR 379 billion at the start of the year. An increase in the capital gains tax on the investments made by the commercial banks in mutual funds caused a decline in the assets under management of the industry.

The assets under management in the Money Market and Income funds declined by 16.35 and 21.3% respectively. A 300bps cut in the discount rate by the SBP and the redemptions by the commercial banks due to higher capital gains tax caused a decline in the assets under management of the Money Market and Income Funds. The highest growth of 32.89% (PKR 19.8 billion) was witnessed in the equity funds as the stock market performed exceptionally well in FY13 and the KSE-100 Index posted a return of 52.20%. In the Federal Budget for FY14 the government has imposed a Federal Excise Duty of 16% on the asset management services.

#### **Future Outlook**

Pakistan faces a challenging economic outlook, compounded by an uncertain global and regional environment. A determined effort is required to improve medium-term growth and move towards sustainable fiscal and external positions. This requires a strong political consensus, in the federal government as well as in the provincial governments, on a medium-term program of fiscal consolidation anchored on an efficient and equitable tax system. In the FY14 budget the government has taken many steps to address the economic issues and has shown the resolve to complement this with additional steps to achieve a sustainable economic growth.

The government is working to resolve the country's long standing energy problems through different measures however the energy sector reforms must be complemented by significant structural reforms in the areas of trade, public sector enterprises, and the business climate to encourage higher investment.

A broad-based domestic and international support will be crucial for the successful implementation of the government's planned policies and reforms.

Entry into the IMF program bodes well for the economy as it will help in stabilizing the external account and improving the confidence of other donor agencies. Going forward we expect the SBP to tighten the monetary policy as the inflation is expected to resurge owing to Rupee depreciation and supply disruptions caused by the flash floods in the country.

#### **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**

**Babar Ali Lakhani**  
Chief Executive Officer

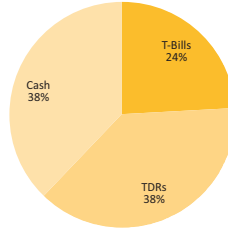
**Dated: August 30, 2013**

**REPORT OF THE FUND MANAGER  
FOR THE YEAR ENDED JUNE 30, 2013**

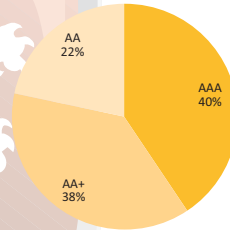
**Fund Facts**

Fund Type	Open-End
Category	Money Market Fund
Net Assets (PKR Mil.)	10,423
NAV (30.06.2013)	100.7055
Pricing Mechanism	Previous Day
Trustee	CDC Pakistan Limited
Auditor	KPMG Taseer Hadi & Co.
Management Fee	1.25%
Front End Load	None
Back End Load	None
Launch Date	November 13, 2009
Benchmark	Average of returns earned by Money Market Funds in the industry.
Dealing Days	Mon - Fri
Cut-Off Time	04:00 PM
Fund Rating	'AA(f)' by PACRA
Asset Manager Rating	AM3+

**Asset Allocation**



**Credit Split**



Morningstar	LMMF	Benchmark
FY13	8.76%	9.14%
June-13	8.10%	8.97%
2 Months	7.97%	8.55%
3 Months	7.96%	8.46%
6 Months	7.84%	8.20%
12 Months	8.76%	9.14%
CY13 - YTD	7.84%	8.20%

Simple Annualized	LMMF	Benchmark
FY13	8.76%	9.14%
June-13	7.82%	8.62%
2 Months	7.72%	8.26%
3 Months	7.74%	8.20%
6 Months	7.69%	8.03%
12 Months	8.76%	9.14%
CY13 - YTD	7.69%	8.03%

**Investment Committee**

- Babar Ali Lakhani Chairman
- Muhammad Umair Chauhan
- Mustafa O. Pasha
- Syed Imran Raza Kazmi
- Maryam Hidayatallah

**Investment Objective**

The investment objective of the Lakson Money Market Fund ("LMMF") is to provide stable and competitive returns in line with the money markets, exhibiting low volatility consistent with capital preservation by constructing a liquid portfolio of low risk short term investments.

The LMMF achieved its investment objective by constructing a liquid portfolio of short term instruments mainly comprising of risk free T-Bills. The LMMF provided a positive return to its investors in every single day during FY13. The LMMF exhibits very low volatility as its standard deviation, a measure of the volatility of returns, of monthly annualized returns was only 1.43% during the period under review.

**Investment Strategy**

The LMMF's Investment Committee focused on maintaining a low risk and liquid portfolio in accordance with its Investment Objective. Exposure of the LMMF in T-Bills, TDRs, and other money market placements was managed based on the relative yield analysis of these instruments and our yield curve

expectations. The LMMF maintained an average exposure of 72% in risk free T-Bills as the T-Bills offered better risk adjusted yields. High exposure in the T-Bills enabled the LMMF to remain liquid and meet all its obligations in a timely manner. During the period under review, the LMMF switched between different maturities of T-Bills depending upon the market dynamics and interest rate outlook. During the 1HFY13 when the State Bank of Pakistan ("SBP") was easing its monetary policy the LMMF kept the Weighted Average Maturity ("WAM") of its portfolio high and maintained higher exposure in T-Bills however in the 2HFY13 the LMMF reduced its WAM. The average WAM of the LMMF portfolio in the 1HFY13 was 68 days while in the 2HFY13 the WAM equaled 34 days. As of June 30, 2013 the WAM of the LMMF portfolio stood at 9 days. Since T-Bills are marketable instruments, they introduce volatility and in order to mitigate this, the LMMF maintains exposure in TDRs, keeping in view the investor profile of the LMMF. Exposure in TDRs was taken on quarter ends as the commercial banks usually offer better rates on the quarter ends. The LMMF maintained all its exposure in instruments having a minimum rating of 'AA'.

### Fixed Income Market Review

The headline inflation, as measured by the Consumer Price Index ("CPI"), averaged 7.36% in FY13 compared to 11.01% in FY12; a YoY decline of 365 bps. The reduction in inflationary pressures, together with some support on the external account from the much-delayed Coalition Support Fund ("CSF") payments, allowed the State Bank of Pakistan ("SBP") to cut the interest rates. During FY13 the SBP cut the discount rate by 300bps from 12.00% to 9.00%. The Money Supply ("M2") grew by 15.93% during FY13 compared to 14.14% in FY12. This significant acceleration in M2 growth was driven by a 20.81% increase in the Net Domestic Assets ("NDA") in the monetary system. The government had to rely on the banking system to finance the fiscal deficit in the absence of any major foreign flows. The government borrowed PKR 1,447 billion for the budgetary support in FY13 which was 20.7% higher than the borrowing of PKR 1,198 billion in FY12. The credit to the private sector witnessed a contraction of PKR 19 billion in FY13 despite the declining interest rates and the focus of the SBP to increase investment and improve private sector credit. The Net Foreign Assets ("NFA") of the banking system posted a decline of 49.3% or PKR 262 billion during FY13 compared to a contraction of PKR 248 billion in FY12. Deposits of the scheduled banks increased to PKR 7,316 billion at the end of FY13, recording a growth of 14.3% compared to a 14.4% growth witnessed in FY12.

A substantial increase in government borrowing and risk averse behavior of the commercial banks crowded-out the private sector credit. The government targeted to raise PKR 5.1 trillion during FY13 through 26 Treasury Bills auctions and it was successful in raising PKR 5.6 trillion as the banks preferred risk-free government securities over private sector lending due to the fear of non-performing loans. The cut-off yields on the 3, 6 and 12 month Treasury Bills declined by 296, 297, and 297bps respectively during the year. This decline in cut-off yields was due to a 300bps cut in the discount rate by the SBP. The government also raised PKR 273 billion through 12 auctions of Pakistan Investment Bonds ("PIBs") against a target of PKR 390 billion. The cut-off yields on 3, 5 and 10 year PIBs declined by 306, 297 and 233bps respectively. The SBP also conducted two Ijarah Sukuk auctions during the year with a target of PKR 88 billion, down from four auctions in FY12 with a target of PKR 150 billion. A decline in auctions of Ijarah Sukuk was due to the lack of suitable assets to back the Ijarah auctions.

A 300 bps cut in the discount rate by the SBP during FY13 caused the yields on all instruments to decline. The market yields on 3, 6, and 12-month Treasury Bills declined by 298, 303, and 303bps respectively while the yields on 3, 5 and 10-year PIBs declined by 319bps, 292bps and 235bps respectively. The decline in the yields of longer tenure PIBs was lower as the market participants believed that the interest rates have bottomed out and a reversal in the monetary policy is expected in the 1HFY14. The KIBOR which is a benchmark lending rate for the corporate lending declined by 291bps and 297bps on the 3 and 6 month tenures respectively during FY13. Money market liquidity remained extremely tight during FY13 as the SBP injected an average of PKR 394 billion into the system through its weekly open market operations. The corporate debt market remained relatively active in FY13 as the prices of TFCs recovered due to declining interest rates and improvement in corporate profitability. Majority of the activity was seen in the TFCs of commercial banks where the credit spread declined to 75 - 100 bps. During FY13 some new debt instruments were also issued by institutions like Bank Alfalah Limited and Karachi Electric Supply Corporation. Power generation companies like

Hub Power Company and Kot Addu Power Company issued short-term Sukuks to meet their working capital requirements.

### **Fund Performance**

The LMMF yielded 8.76% in FY13 compared to 11.19% in FY12. Lower yield in FY13 was a result of 300bps cut in the discount rate by the SBP. The Benchmark of the LMMF, average return of money market funds, yielded 9.14% in FY13. The LMMF underperformed the Benchmark by 38bps. The LMMF grew by 52% in FY13 to PKR 10.42 billion from PKR 6.88 billion at the start of the year. The standard deviation of monthly returns of the LMMF was just 1.43% in FY13 despite the fact that majority of the portfolio of the LMMF is comprised of tradable instruments that are affected by the movement in interest rates and in FY13 the discount rate was cut by 300bps. As of June 30, 2013, the WAM of the LMMF portfolio was 9 days. The WAM of the LMMF portfolio moved in line with the interest rate trends. The NAV of the LMMF didn't decline on any single day during FY13.

### **Future Outlook**

The LMMF will continue to maintain a higher exposure in T-Bills to maintain high liquidity in accordance with its investment objective. The LMMF may switch between different maturities depending upon the liquidity conditions of the market and interest rates outlook. The SBP cut the discount rate by 300bps during FY13 and we feel that the interest rates have bottomed out and going forward the SBP will have to increase the discount rate in the wake of higher inflation and weak external account position.

### **Circumstances Materially Affecting Interests of Unit Holders**

During the period under review, the Fund Stability Rating of 'AA' was maintained for the LMMF by PACRA, which denotes a fund consistently outperforming its peers with strong capacity to respond to future opportunities or stress situations. PACRA maintained the Asset manager Rating of Lakson Investments at 'AM3+' during FY13.

Any change in interest rates would affect the market values of tradable instruments present in the LMMF'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 LMMF.

As of June 30, 2013 judgment of the Sind High Court is awaited on the petition regarding exemption of the mutual funds from the WWF. The Unit Holders of the LMMF will have a downside protection in case the judgment comes against the mutual funds industry as the LMMF is one of the funds already providing for this liability. As of June 30, 2013 the LMMF has maintained provisions against Workers' Welfare Fund's liability to the tune of PKR 38.48 million. If the same were not made the NAV per unit of the LMMF would be higher by PKR 0.3718. If the LMMF would not have made the WWF provisions during FY13, the return of the LMMF for FY13 would be higher by 0.14%.

In the Federal Budget for FY14 the government has imposed 16% Federal Excise Duty ("FED") on the asset management services. The management Company has started applying this FED on the management fee charged by it.

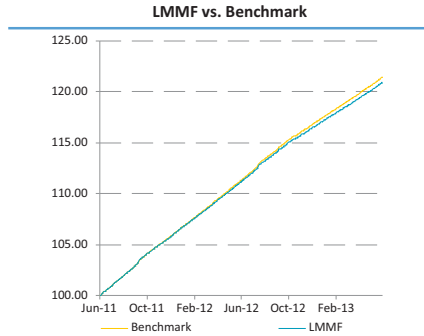
### **Other Disclosures**

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, 2013 the LMMF does not employ leverage.

Performance Table	FY13	FY12
Net Assets - Beginning (PKR Mil.)	6,876	4,155
Net Assets - Ending (PKR Mil.)	10,423	6,876
Highest Offer Price (PKR)	100.9823	101.1143
Lowest Offer Price (PKR)	100.0202	100.0264
Highest Redemption Price (PKR)	100.9823	101.1143
Lowest Redemption Price (PKR)	100.0202	100.0264
Beginning NAV - Ex-Div. (PKR)	100.0001	100.0001
Interim Distributions (PKR)	7.7256	9.8150
Final Distribution (PKR)	0.7026	0.8702
Ending NAV - Ex-Div. (PKR)	100.0029	100.0001
Return	8.76%	11.19%
Net Income (PKR Mil.)	716.17	610.21
WAM (Days)	9	33



Distributions	FY13	FY12	Distributions	FY13	FY12
	PKR per Unit			PKR per Unit	
1st Interim Distribution	0.8030	0.9112	7th Interim Distribution	0.7428	0.9335
NAV before Distribution	100.8040	100.9115	NAV before Distribution	100.7769	100.9851
NAV after Distribution	100.0010	100.0003	NAV after Distribution	100.0341	100.0516
Distribution Date	30-Jul-12	01-Aug-11	Distribution Date	29-Jan-13	31-Jan-12
2nd Interim Distribution	0.8731	0.9391	8th Interim Distribution	0.6291	0.7503
NAV before Distribution	101.0086	100.9758	NAV before Distribution	100.6292	100.7504
NAV after Distribution	100.1355	100.0367	NAV after Distribution	100.0001	100.0001
Distribution Date	30-Aug-12	29-Aug-11	Distribution Date	28-Feb-13	27-Feb-12
3rd Interim Distribution	0.6993	0.9619	9th Interim Distribution	0.5453	0.8350
NAV before Distribution	100.7865	100.9968	NAV before Distribution	100.5454	100.8351
NAV after Distribution	100.0872	100.0349	NAV after Distribution	100.0001	100.0001
Distribution Date	26-Sep-12	28-Sep-11	Distribution Date	27-Mar-13	29-Mar-12
4th Interim Distribution	0.6676	0.9043	10th Interim Distribution	0.6886	0.7990
NAV before Distribution	100.7865	101.1469	NAV before Distribution	100.7227	100.7991
NAV after Distribution	100.1358	100.2426	NAV after Distribution	100.0341	100.0001
Distribution Date	24-Oct-12	28-Oct-11	Distribution Date	29-Apr-13	27-Apr-12
5th Interim Distribution	0.7960	0.9340	11th Interim Distribution	0.6267	0.9115
NAV before Distribution	100.9081	101.0794	NAV before Distribution	100.6268	100.9116
NAV after Distribution	100.1121	100.1454	NAV after Distribution	100.0001	100.0001
Distribution Date	28-Nov-12	28-Nov-11	Distribution Date	28-May-13	30-May-12
6th Interim Distribution	0.6541	0.9352	Final Distribution	0.7026	0.8702
NAV before Distribution	100.7060	100.9780	NAV before Distribution	100.7055	100.8703
NAV after Distribution	100.0519	100.0428	NAV after Distribution	100.0029	100.0001
Distribution Date	27-Dec-12	30-Dec-11	Distribution Date	08-Jul-13	04-Jul-12

**Breakdown of Unit Holding by Size**

Units Range	No. of Clients	Units Held
1-500	20	2,114
501-1,000	5	4,048
1,001 - 5,000	28	72,355
5,001 - 10,000	10	74,268
10,001 - 100,000	29	995,461
100,001 - 400,000	11	2,805,036
400,001 - 800,000	6	3,323,882
800,001 - 1,000,000	1	960,032
1,000,001 - 2,000,000	8	12,398,965
2,000,001 - 5,000,000	5	14,612,611
5,000,001 - 10,000,000	2	14,669,466
10,000,001-15,000,000	3	35,542,625
15,000,001 to Above	1	18,043,321
<b>Total</b>	<b>129</b>	<b>103,504,186</b>



**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office**  
CDC House, 99-B, Block 'B'  
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Karachi - 74400, Pakistan.  
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Fax: (92-21) 34326020 - 23  
URL: www.cdc-pakistan.com  
Email: info@cdcpak.com



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**LAKSON MONEY MARKET 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 Money Market 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, 2013 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: October 14, 2013





**STATEMENT OF COMPLIANCE  
WITH THE CODE OF CORPORATE GOVERNANCE  
FOR THE YEAR ENDED JUNE 30, 2013**

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 Money Market 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 meets 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 NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. A casual vacancy occurring on the Board of the Management Company on February 15, 2013 was filled up by the directors on the same date. Further, the Board was re-elected on March 29, 2013 in the Fourth Annual General Meeting of the Management Company after the completion of term.
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. The CEO of the Company was reappointed for a term of three years with the approval of the Board. Further their remunerations are being borne by the Management Company.
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. During the year one Director has completed all five parts of the program offered by Pakistan Institute of Corporate Governance and was duly certified. Further, based on the criteria stipulated in the Code, a few of our Directors on the Board are exempt from the requirement to have certification under a directors' training program offered by any local or foreign institutions that meet the criteria specified by the Securities & Exchange Commission of Pakistan.
10. The existing Chief Financial Officer and Company Secretary continue to serve as per his respective terms of employment duly approved by the Board of Directors. 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. Anjum Asim Shahid 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 30, 2013**

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



KPMG Taseer Hadi & Co.,  
Chartered Accountants  
Sheikh Sultan Trust Building No. 2  
Beaumont Road  
Karachi, 75530 Pakistan

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**Review Report to the Unit Holders on Statement of Compliance with Best Practices of Code of Corporate Governance**

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Lakson Investments Limited ("the Management Company") for and on behalf of Lakson Money Market Fund ("the Fund") to comply with the Listing Regulations No. 35 of Lahore Stock Exchange, where the Fund is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Management Company of the Fund. 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 Fund's compliance with the provisions of the Code of Corporate Governance and report if it does not. 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 part of our audit of 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's 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.

Further sub-regulation (x) of Listing Regulations 35 notified by the Lahore Stock Exchange Limited requires the Management Company to place before the Board of Directors for their consideration and approval, 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 recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of the above requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were under taken 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 status of the Fund's statement of compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Fund for the year ended 30 June 2013.

Date: 30 August 2013

Karachi

  
KPMG Taseer Hadi & Co.  
Chartered Accountants



**KPMG Taseer Hadi & Co.**  
Chartered Accountants  
Sheikh Sultan Trust Building No. 2  
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### **Independent Auditors' Report to the Unit Holders**

#### *Report on the Financial Statements*

We have audited the accompanying financial statements of **Lakson Money Market Fund** ("the Fund") which comprise the statement of assets and liabilities as at 30 June 2013 and the related income statement, statement of comprehensive income, distribution statement, statement of movement in Unit Holders' Fund, cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

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

The Management Company of the Fund is responsible for the preparation of the financial statements in accordance with approved accounting standards as applicable in Pakistan, and for such internal control as the management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' 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 our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider 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.

#### *Opinion*

In our opinion, the financial statements give a true and fair view of the state of the Fund's affairs as at 30 June 2013 and of its financial performance, cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.



KPMG Taseer Hadi & Co.

*Report on Other Legal and Regulatory Requirements*

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation Rules, 2003) and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Date: 30 August 2013

Karachi

KPMG Taseer Hadi & Co.  
Chartered Accountants  
Aryn Pirani

**Statement of Assets and Liabilities  
As at June 30, 2013**

Assets	Note	2013	2012
		(Rupees)	
Bank balances	4	7,899,404,000	2,785,197,197
Investments	5	2,528,804,562	4,114,247,842
Mark-up receivable	6	50,311,976	12,970,889
Deferred formation cost	7	547,903	947,077
Prepayments		100,000	-
<b>Total assets</b>		<b>10,479,168,441</b>	<b>6,913,363,005</b>
<b>Liabilities</b>			
Remuneration payable to the Management Company	8	10,097,283	8,126,902
Remuneration payable to the Trustee	9	556,440	523,481
Annual fee payable to Securities and Exchange Commission of Pakistan	10	6,261,586	4,266,875
Payable against redemption of units		-	95,012
Accrued expenses and other liabilities	11	38,811,856	24,099,780
<b>Total liabilities</b>		<b>55,727,165</b>	<b>37,112,050</b>
<b>Net assets</b>		<b>10,423,441,276</b>	<b>6,876,250,955</b>
<b>Unit holders' funds (as per the statement attached)</b>		<b>10,423,441,276</b>	<b>6,876,250,955</b>
<b>Contingencies and Commitments</b>	12		
		(Number of units)	
<b>Number of units in issue</b>	13	<b>103,504,186</b>	<b>68,169,26</b>
		(Rupees)	
<b>Net assets value per unit</b>		<b>100.7055</b>	<b>100.8703</b>

The annexed notes from 1 to 23 form an integral part of these financial statements.

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

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

\_\_\_\_\_  
Director

## Income Statement

### For the year ended June 30, 2013

Income	Note	2013	2012
			(Rupees)
Mark-up income	14	835,608,727	703,883,244
Gain on sale of held for trading investments - net		7,733,333	2,222,851
Unrealised appreciation / (diminution) in the fair value of held for trading investments - net	5.1	<u>293,994</u>	<u>(559,225)</u>
		<b>843,636,054</b>	<b>705,546,870</b>
<b>Expenses</b>			
Remuneration to the Management Company	8.1	<b>104,359,767</b>	71,114,580
Sindh sales tax on remuneration of Management Company	8.2	<b>16,770,836</b>	11,378,333
Federal Excise Duty on Remuneration of Management Company	8.3	<b>457,954</b>	-
Remuneration to the Trustee	9	<b>7,338,022</b>	5,575,625
Annual fee to the Securities and Exchange Commission of Pakistan	10	<b>6,261,586</b>	4,266,875
Auditors' remuneration	15	<b>321,475</b>	305,960
Fees and subscription		<b>240,000</b>	217,534
Printing charges		<b>89,050</b>	62,770
Brokerage expenses		<b>480,505</b>	86,900
Amortization of deferred formation cost	7	<b>399,174</b>	399,174
Bank charges		<b>179,785</b>	138,347
		<b>136,898,154</b>	93,546,098
<b>Net income from operating activities</b>		<b>706,737,900</b>	612,000,772
Element of income and capital gains in prices of units sold less those in units redeemed - net		<b>24,043,065</b>	10,664,499
Provision for Workers' Welfare Fund	11.1	<u>(14,615,619)</u>	<u>(12,453,305)</u>
<b>Net income for the year before taxation</b>		<b>716,165,346</b>	610,211,966
Taxation	17	-	-
<b>Net income for the year after taxation</b>		<u><b>716,165,346</b></u>	<u>610,211,966</u>

The annexed notes from 1 to 23 form an integral part of these financial statements.

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

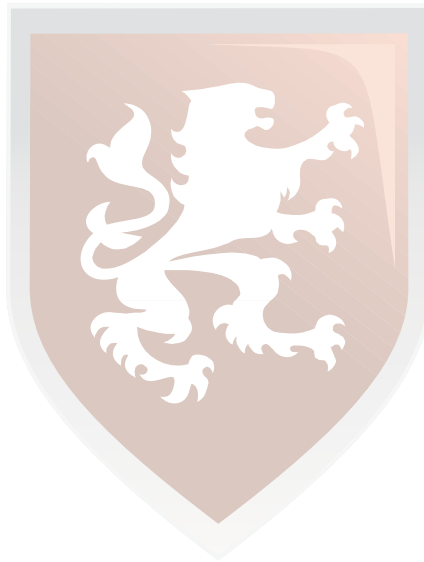
\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

**Statement of Comprehensive Income  
For the year ended June 30, 2013**

	2013	2012
	(Rupees)	
Net income for the year	716,165,346	610,211,966
Other comprehensive income for the year	-	-
<b>Total comprehensive income for the year</b>	<u><u>716,165,346</u></u>	<u><u>610,211,966</u></u>

The annexed notes from 1 to 23 form an integral part of these financial statements.



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

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

\_\_\_\_\_  
Director



**Distribution Statement**  
**For the year ended June 30, 2013**

	Note	2013	2012
			(Rupees)
Undistributed income at beginning of the year - realised		<b>59,884,100</b>	42,617,483
Accumulated loss at beginning of the year - unrealised		<b>(559,225)</b>	(1,091,670)
<b>Undistributed income at beginning of the year</b>		<b>59,324,875</b>	41,525,813
Final distribution at the rate of Re. 0.8702 (2011: Rs. 1.0096) per unit approved on 4 July 2012 (2011: 4 July 2011)			
- Cash distribution		<b>(4,762,229)</b>	(9,420,516)
- Issue of bonus units		<b>(54,558,662)</b>	(32,104,321)
		<b>(59,320,891)</b>	(41,524,837)
Net income for the year		<b>716,165,346</b>	610,211,966
Interim distributions during the period	16		
- Cash distribution		<b>(2,559,352)</b>	(125,538,664)
- Issue of bonus units		<b>(640,587,244)</b>	(425,349,403)
		<b>73,018,750</b>	59,323,899
		<b>73,022,734</b>	59,324,875
Undistributed income at end of the year - realised		<b>72,728,740</b>	59,884,100
Undistributed income / (accumulated loss) at end of the year - unrealised		<b>293,994</b>	(559,225)
<b>Undistributed income at end of the year</b>		<b>73,022,734</b>	59,324,875

The annexed notes from 1 to 23 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 June 30, 2013**

	Note	2013	2012
		(Rupees)	
<b>Net assets at beginning of the year</b>		<b>6,876,250,955</b>	4,154,524,739
Cash received on issue of 138,904,644 units (2012: 66,574,992 units)		<b>13,961,829,784</b>	6,690,126,633
Cash paid on redemption of 110,517,614 units (2012: 44,108,103 units)		<b>(11,099,440,163)</b>	(4,432,988,704)
		<b>2,862,389,621</b>	2,257,137,929
Element of income and capital gains in prices of units sold less those in units redeemed - net		<b>(24,043,065)</b>	(10,664,499)
Final distribution at the rate of Re. 0.8702 (2011: Rs. 1.0096) per unit approved on 4 July 2012 (2011: 4 July 2011)			
- Cash distribution		<b>(4,762,229)</b>	(9,420,516)
- Issue of bonus units		<b>(54,558,662)</b>	(32,104,321)
		<b>(59,320,891)</b>	(41,524,837)
Issue of 545,586 (2012: 321,043) bonus units as final distribution		<b>54,558,662</b>	32,104,321
<b>Net income for the year</b>		<b>716,165,346</b>	610,211,966
Interim distributions during the year	16		
- Cash distribution		<b>(2,559,352)</b>	(125,538,664)
- Issue of bonus units		<b>(640,587,244)</b>	(425,349,403)
<b>Net income for the year less distribution</b>		<b>73,018,750</b>	59,323,899
Issue of 6,402,309 (2012: 4,251,340) bonus units as interim distribution	16	<b>640,587,244</b>	425,349,403
<b>Net assets as at end of the year</b>		<b>10,423,441,276</b>	6,876,250,955
Net assets value per unit at beginning of the year		<b>100.8703</b>	101.0097
Net assets value per unit at end of the year		<b>100.7055</b>	100.8703

The annexed notes from 1 to 23 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 June 30, 2013

	2013	2012
	(Rupees)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the year	716,165,346	610,211,966
<b>Adjustments for:</b>		
Amortisation of formation cost	399,174	399,174
Unrealised (appreciation) / diminution in the fair value of held for trading investments - net	(293,994)	559,225
Element of income and capital gains in prices of units sold less those in units redeemed - net	(24,043,065)	(10,664,499)
	692,227,461	600,505,866
<b>Decrease / (increase) in assets</b>		
Investments	1,585,737,274	(410,383,002)
Placements	-	60,000,000
Mark-up receivable	(37,341,087)	(10,010,694)
Prepayment	(100,000)	-
	1,548,296,187	(360,393,696)
<b>Increase / (decrease) in liabilities</b>		
Remuneration payable to the Management Company	1,970,381	3,739,428
Remuneration payable to the Trustee	32,959	155,270
Annual fee payable to Securities and Exchange Commission of Pakistan	1,994,711	1,510,010
Payable against redemption of units	(95,012)	95,012
Accrued expenses and other liabilities	14,712,076	12,312,837
	18,615,115	17,812,557
<b>Net cash flows from operating activities</b>	2,259,138,763	257,924,727
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from issuance of units	13,961,829,784	6,690,126,633
Payment against redemption of units	(11,099,440,163)	(4,432,988,704)
Cash dividend paid	(7,321,581)	(134,959,180)
<b>Net cash flows from financing activities</b>	2,855,068,040	2,122,178,749
<b>Net increase in cash and cash equivalents</b>	5,114,206,803	2,380,103,476
Cash and cash equivalents at beginning of the year	2,785,197,197	405,093,721
<b>Cash and cash equivalents at end of the year</b>	7,899,404,000	2,785,197,197

The annexed notes from 1 to 23 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 June 30, 2013

### 1. LEGAL STATUS AND NATURE OF BUSINESS

The Lakson Money Market Fund (the "Fund") was established under the Trust Deed executed on 2 September 2009 between the Lakson Investments Limited as its Management Company and the Central Depository Company of Pakistan Limited (CDC) as its Trustee. The Fund has been registered as a Notified Entity on 18 September 2009 by the Securities and Exchange Commission of Pakistan (SECP) in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations). The Management Company of the Fund has been licensed by SECP to undertake Asset Management and Investment Advisory Services as a Non-Banking Finance Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The registered office of the Management Company is located at 14 - Ali Block, New Garden Town, Lahore.

The Fund is an open end mutual fund and is listed on 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 "Money Market Scheme" as per the Circular 07 of 2009 issued by Securities and Exchange Commission of Pakistan (SECP) and Fund primarily invests in Government Securities, Certificates of Investment, Certificates of Deposits, Term Deposit Receipts, Commercial Papers, Reverse Repo, 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.

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

#### 2.2 Basis of measurement

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

#### 2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the Fund's functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded off to the nearest rupees.

## 2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires 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 note 3.1 and 20 to these financial statements.

Element of income and capital gains in prices of units sold less those in units redeemed - net

For details please refer note 3.9 to these financial statements.

Provision for taxation

For details please refer note 3.7 and 17 to these financial statements.

Workers welfare fund liability

For details please refer note 11.1 to these financial statements.

Other assets

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

## 2.5 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2013:

- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognised immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognised in profit or loss is calculated based on the rate used to discount the defined benefit obligation. The amendments have no impact on financial statements of the Fund.
- IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards

IFRS 10 - Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective 1 January 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no impact on financial statements of the Fund.

- IAS 28 Investments in Associates and Joint Ventures (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendments have no impact on financial statements of the Fund.
- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) - (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement.
- Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) - (effective for annual periods beginning on or after 1 January 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement. This amendment is not likely to have any impact on Fund's financial statements.
- Annual Improvements 2009-2011 (effective for annual periods beginning on or after 1 January 2013). The new cycle of improvements contains amendments to the following four standards, with consequential amendments to other standards and interpretations.
- IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period - which is the preceding period - is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the 'third statement of financial position', when required, is only required if the effect of restatement is material to statement of financial position.
- IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of 'property, plant and equipment' in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories. The amendment has no impact on Fund's financial statements.
- IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12.
- IAS 34 Interim Financial Reporting is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments. IAS 34 now requires the disclosure of a measure of total assets and

liabilities for a particular reportable segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.

- IFRIC 20 - Stripping cost in the production phase of a surface mining (effective for annual periods beginning on or after 1 January 2013). The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met. The amendments have no impact on financial statements of the Fund.
- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.
- IAS 39 Financial Instruments: Recognition and Measurement- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39) (effective for annual periods beginning on or after 1 January 2014). The narrow-scope amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one). The amendments have no impact on financial statements of the Fund.
- Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 "Impairment of Assets" addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendments have no impact on financial statements of the Fund.

## **2.6 Changes in accounting policies**

There were no changes in accounting policies of the Fund during the year.

## **3. SIGNIFICANT ACCOUNTING POLICIES**

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

### **3.1 Investments**

**3.1.1** 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 off to the income statement.

**3.1.2** The Fund classifies its investments in the following categories:

Held for trading

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.

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

Available for sale

Investments which do not fall under the above category 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 period end / 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 statement.

### 3.1.3 Basis of valuation of investments

Fair value of the investments in Federal Government securities comprising Market Treasury Bills is determined by reference to the quotations obtained from the PKRV rate sheet on the Reuters page.

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

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

### 3.2 Securities under resale / repurchase agreements

Transactions of purchase under resale (reverse-repo) of authorized investments 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.

Transactions of sale under repurchase (repo) of authorized investments are entered into at contracted rates for specified periods of time. Securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognised in the statement of assets and liabilities and are measured in accordance with accounting policies for investment securities. The counterparty liabilities for amounts received under these transactions are recorded as liabilities. The difference between sale and repurchase price is treated as borrowing charges and accrued over the life of the repo agreement.

### 3.3 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 14 November 2009.

### 3.4 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.



**3.5 Issue and redemption of units**

Units issued are recorded at the offer price, determined by the Fund, applicable for the day on which fund(s) have been realised in the bank account. The offer price represents the net asset value per unit as of the close of the previous business day plus the allowable sales load (if any).

Units redeemed are recorded at the redemption price, applicable to the units for which the Fund receives redemption applications during business hours of that day. The redemption price represents the net asset value per unit as of the close of the previous business day plus the allowable purchase load (if any). Redemption of units is recorded on acceptance of application for redemption.

**3.6 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 with the number of units in issue at the year end.

**3.7 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 17), accrual of the tax liability has not been made.

**3.8 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 financial assets held for trading are included in the income statement in the period in which they arise.
- Income on Government securities, reverse repurchase arrangements, certificates of investment, certificates of deposits, term deposit receipts, commercial paper, placements and bank deposits are recognised in the income statement at rate of return implicit in the instrument on a time proportionate basis.

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

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 and capital gains included in prices of units sold less those in units redeemed" is created.

The "element of income and capital gains included in prices of units sold less those in units redeemed" account is credited 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 included in prices of units sold 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) in prices of units sold less those in units redeemed" during an accounting year is recognised in the income statement.

### **3.10 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.

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

Financial assets and financial liabilities are only offset and 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.

### **3.12 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.

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.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of estimated cash flows discounted at the original effective interest rate.

### **3.13 Provision**

Provisions are recognised when the Fund has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and reliable estimate of the amount can be made. Provision are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

### **3.14 Cash and cash equivalents**

Cash and cash equivalents comprise of bank balances including term deposits with banks (with maturity period of less than three months from the date of deposit) that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

### **3.15 Dividend (including bonus units)**

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

### **3.16 Other assets**

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

		2013	2012
		(Rupees)	
<b>4.</b>	<b>BANK BALANCES</b>		
	<b>local currency</b>		
	- In profit and loss sharing accounts	4.1 <b>3,949,404,000</b>	40,197,197
	- Term deposits receipts	4.2 <b>3,950,000,000</b>	2,745,000,000
		<u><b>7,899,404,000</b></u>	<u><b>2,785,197,197</b></u>

**4.1** These represents profit and loss account maintained with banks carrying mark-up rates ranging from 6% to 9.25% (2012: 6% to 11.25%) per annum.

**4.2** These represents term deposits receipts with banks carrying mark-up rates ranging from 9.90% to 9.92% (2012: 12.10% to 12.25%) per annum maturing from 4 July 2013 to 9 July 2013.

		2013	2012
		(Rupees)	
<b>5.</b>	<b>INVESTMENTS</b>		
	<b>Held for trading</b>		
	Government securities	5.1 <u><b>2,528,804,562</b></u>	<u><b>4,114,247,842</b></u>

**5.1 Government securities**

		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	Cost as at 30 June 2013	Market value as at 30 June 2013	Unrealized appreciation / (diminution)	Market value as percentage of net assets of the Fund	Market value as percentage of total investment	
3 Months Market Treasury Bills (face value of Rs. 100,000 each)	5.1.1	36,850	219,232	242,262	13,820	1,373,676,509	1,373,815,796	139,287	13.18	54.33	
6 Months Market Treasury Bills (face value of Rs. 100,000 each)	5.1.2	4,875	347,283	350,810	1,348	133,094,332	133,076,582	(17,750)	1.28	5.26	
12 Months Market Treasury Bills (face value of Rs. 100,000 each)	5.1.3	-	62,820	52,540	10,280	1,021,739,727	1,021,912,184	172,457	9.80	40.41	
						<b>30 June 2013</b>	<b>2,528,510,568</b>	<b>2,528,804,562</b>	<b>293,994</b>	<b>24.26</b>	<b>100.00</b>
						<b>30 June 2012</b>	<b>4,114,807,067</b>	<b>4,114,247,842</b>	<b>(559,225)</b>	<b>59.83</b>	<b>100.00</b>

**5.1.1** This represents investments in 3 months Government Market Treasury Bills carrying a effective mark-up rate ranging from 9.15% to 9.62% (2012: 11.83% to 11.92%) having maturity on 25 July 2013. The face value of Market Treasury Bills as at 30 June 2013 amounted to Rs 1,382 million. As at 30 June 2013, an unamortised discount amounting to Rs. 8.323 million (2012: Rs. 53.933 million).

**5.1.2** This represents investments in 6 months Government Market Treasury Bills carrying a effective mark-up rate of 9% (2012: 11.6%) having maturity on 22 August 2013. The face value of Market Treasury Bills as at 30 June 2013 amounted to Rs 134.8 million. As at 30 June 2013, an unamortised discount amounting to Rs. 1.706 million (2012: Rs. 3.759 million).

**5.1.3** This represents investments in 12 months Government Market Treasury Bills carrying a effective mark-up rate ranging from 9.08% to 9.59% (2012: Nil) having maturity on 25 July 2013. The face value of Market Treasury Bills as at 30 June 2013 amounted to Rs 1,028 million. As at 30 June 2013, an unamortised discount amounting to Rs. 6.26 million (2012: Nil).

	Note	2013 (Rupees)	2012
<b>6. MARK-UP RECEIVABLE</b>			
Considered good			
Mark-up receivable on:		<b>7,778,551</b>	1,372,837
- profit and loss sharing accounts		<b>42,533,425</b>	11,598,052
- term deposits receipts with banks		<b>50,311,976</b>	12,970,889

**7. DEFERRED FORMATION COST**

Opening balances	7.1	<b>947,077</b>	1,346,251
Amortisation charged during the year		<b>(399,174)</b>	(399,174)
Closing balances		<b>547,903</b>	947,077

- 7.1** This represents expenses incurred on the formation of the Fund. The Regulation 60 (2) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 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 an Assets Management Company (AMC) 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 14 November 2009, i.e. after the close of initial period of the Fund.

**8. REMUNERATION PAYABLE TO THE MANAGEMENT COMPANY**

	Note	2013 (Rupees)	2012
Remuneration payable	8.1	<b>8,246,601</b>	7,005,950
Sindh Sales Tax on Management remuneration	8.2	<b>1,392,728</b>	1,120,952
Federal Excise Duty on Management remuneration	8.3	<b>457,954</b>	-
		<b>10,097,283</b>	8,126,902

- 8.1** The Management Company is entitled to remuneration for services rendered to the Fund under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, of an amount not exceeding 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 Management Fee is charged at the rate of 1.25% of the average daily net assets of the Fund.

- 8.2** The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 16% on the remuneration of the Management Company and sales through Sindh Sales Tax on Services Act, 2011, effective from 1 July 2011. This amount is payable to the Management Company who then pays it to the Government of Sindh.

- 8.3** As per the requirement of the Finance Act 2013, the Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective from 13 June 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax as explained in note 8.2, further levy of FED may result in double taxation, which doesn't appear to be the spirit of the law. The matter has been taken up collectively by the Mutual Fund Association of Pakistan where various options

are being considered. As a matter of abundant caution, remuneration of the Management Company charged to the Fund during the year includes the imposed tax. This amount is payable to the Management Company who then pays it to the Federal Board of Revenue.

**9. 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. Effective from 01 April 2013 the Trustee has revised the trustee fee as under.

**Net assets ranging from Rs. 1 million to Rs. 1 billion**

0.15% per annum of the daily average net assets of the Fund.

**Net assets ranging between Rs 1 billion to Rs 10 billion**

Rs 1.5 million plus 0.075% per annum of the daily average net assets of the Fund exceeding Rs 1 billion.

**Exceeding Rs 10 Billion**

Rs 8.25million plus 0.06% per annum of the daily average net assets of the Fund exceeding Rs 10 billion.

Upto 31 March 2013 the Trustee was entitled to a monthly remuneration for services rendered to the Fund under the provision of previous Trust Deed are as under:

**Net assets ranging from Rs. 1 million to Rs. 1 billion**

Rs 0.6 million or 0.17% per annum of the daily average net assets of the Fund, which ever is higher.

**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.

**10. 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. Currently, 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.

	Note	2013	2012
		(Rupees)	
<b>11. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Auditors' remuneration		215,250	190,000
Payable to Workers' Welfare Fund	11.1	38,482,065	23,866,445
Brokerage payable		69,541	13,335
Other liabilities		45,000	30,000
		<u>38,811,856</u>	<u>24,099,780</u>

**11.1** The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it is alleged that all Collective Investment Schemes (CISs) / mutual funds 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 Honourable High Court of Sindh, challenging the applicability of WWF to the CISs, which is pending for adjudication.

Subsequent to the year end 30 June 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. This clarification was forwarded by Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) vide its letter dated 06 October 2010 to its members for necessary action. Based on this clarification, the FBR also withdrew notice of demand which it had earlier issued to one of the mutual funds for collection of WWF. However, the FBR vide its letter dated 04 January 2011 has cancelled its earlier letter dated 06 October 2010 ab initio and issued show cause notices to certain mutual funds for collecting WWF. In respect of such show cause notices, certain mutual funds have been granted stay by Honourable High Court of Sindh on the basis of the pending constitutional petition in the said court as referred above.

Subsequent to the year end 30 June 2011, the Honourable 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.

During the current period a larger bench of the Honourable High Court of Sindh has passed an order declaring that the amendments introduced in the Workers' Welfare Fund Ordinance, 1971 through Finance Act, 2006 and 2008 respectively do not suffer from any constitutional or legal infirmity. The Legal counsel appointed by Mutual Fund Association of Pakistan is of the opinion that the constitution petitions filed by the Mutual Funds to challenge Workers Welfare Fund have not been affected by the judgment passed by the larger bench of Sindh High Court and the stay granted to Mutual Funds in separate constitutional petitions remains intact.

In view of above stated facts and considering the vagaries of litigation, the Management Company as a matter of abundant caution has decided to continue to maintain the provision for WWF amounting to Rs. 38.482 million upto 30 June 2013. If the same had not been so recorded, the net assets value per unit of the scheme would have been higher by Rs. 0.37.

**12. CONTINGENCIES AND COMMITMENTS**

The Fund had no contingency or commitment at year end.

**13. NUMBER OF UNITS IN ISSUE**

	2013	2012
	(Numbers)	
Units in issue at beginning of the year	68,169,261	41,129,989
Units issued during the year	138,904,644	66,574,992
Bonus units issued	6,947,895	4,572,383
Units redeemed during the year	(110,517,614)	(44,108,103)
Units in issue at the end of the year	<u>103,504,186</u>	<u>68,169,261</u>

Face value of the unit is Rs. 100 each.

**14. MARK-UP INCOME**

**Mark-up / return on:**

	(Rupees)	
- government securities	623,853,835	570,692,598
- placements	14,883,586	13,336,748
- profit and loss sharing account	51,804,915	7,550,709
- term deposits receipts with banks	145,066,391	112,303,189
	<u>835,608,727</u>	<u>703,883,244</u>

15. AUDITORS' REMUNERATION	2013	2012
	(Rupees)	
Annual audit fee	157,500	150,000
Fee for review of half yearly financial statements	78,750	75,000
Fee for review of statement of compliance with the best practices of Code of Corporate Governance	26,250	25,000
Other certifications	15,750	30,000
Out of pocket expenses	43,225	25,960
	<u>321,475</u>	<u>305,960</u>

**16. INTERIM DISTRIBUTIONS DURING THE YEAR**

----- For the year ended 30 June 2013 -----

Date of distributions	Distribution per unit	No. of Bonus Units Issued	Bonus ----- (Rupees) -----	Cash
30 July 2012	0.8030	492,849	49,285,361	399,330
30 August 2012	0.8731	747,295	74,830,783	434,190
26 September 2012	0.6993	597,301	59,782,222	347,760
24 October 2012	0.6676	573,586	57,436,492	331,996
28 November 2012	0.7960	656,846	65,758,217	395,848
27 December 2012	0.6541	568,140	56,843,460	650,228
29 January 2013	0.7428	623,769	62,398,217	-
28 February 2013	0.6291	531,896	53,189,696	-
27 March 2013	0.5453	467,213	46,721,388	-
29 April 2013	0.6886	595,185	59,518,435	-
28 May 2013	0.6267	548,229	54,822,973	-
	<u>7.7256</u>	<u>6,402,309</u>	<u>640,587,244</u>	<u>2,559,352</u>

----- For the year ended 30 June 2012 -----

Date of distributions	Distribution per unit	No. of Bonus Units Issued	Bonus ----- (Rupees) -----	Cash
30 July 2011	0.9112	343,479	34,347,995	9,954,851
29 August 2011	0.9391	351,201	35,133,028	10,259,659
29 September 2011	0.9619	372,437	37,256,724	10,508,749
28 October 2011	0.9043	367,052	36,794,250	9,879,469
28 November 2011	0.9340	422,781	42,339,552	9,730,549
29 December 2011	0.9352	417,314	41,749,218	11,888,162
31 January 2012	0.9335	405,222	40,543,130	14,185,659
27 February 2012	0.7503	326,835	32,683,477	11,401,713
29 March 2012	0.8350	365,659	36,565,937	12,771,996
29 April 2012	0.7990	387,996	38,799,632	12,380,617
29 May 2012	0.9115	491,364	49,136,460	12,577,240
	<u>9.8150</u>	<u>4,251,340</u>	<u>425,349,403</u>	<u>125,538,664</u>

**17. 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 unrealized 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, no provision for taxation has been made in these financial statements (refer note 21).

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

The related parties comprise of Lakson Investments Limited being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the trustee, Siza Services (Private) Limited being holding company of the Management Company, associated companies of the Management Company, Key Management personnel and other funds being managed by the Management Company, staff retirement benefits of related parties and other entities having more than 10% holding in the units of the Fund as at 30 June 2013.

Remuneration to the Management Company and the Trustee is determined in accordance with the provisions of Non-Banking Finance Companies and Notified Entities Regulations, 2008, and the Trust Deed respectively as disclosed in note 8 and 9 of these financial statements. Purchase and redemptions of the Fund's unit by the related parties / connected persons are recorded at the applicable net asset value per unit. Other transactions are in accordance with the agreed terms.

Transactions and balances with related parties are as follows:

	2013	2012
	(Rupees)	
<b>18.1 Balance as at year end</b>		
<b>Lakson Investments Limited - Management Company</b>		
Remuneration payable (including the Sindh Sales Tax and Federal Excise Duty)	<u>10,097,283</u>	<u>8,126,902</u>
Units held as at the year-ended 2,115,305 (2012: 1,319,168) units	<u>213,022,798</u>	<u>133,064,826</u>
<b>Central Depository Company of Pakistan Limited - Trustee of the Fund</b>		
Remuneration payable	<u>556,440</u>	<u>523,481</u>
<b>Directors of the Management Company</b>		
<b>Mr. Babar Ali Lakhani * - Chief Executive Officer</b>		
Units held as at the year-ended *608,181 (2012: 98,611) units	<u>61,247,206</u>	<u>9,946,887</u>

\*11,876 (2012: 66,143) units held in joint account with spouse Ms. Zil Lakhani.

\*Includes 3,919 (2012: 315) units held by minor son Mr. Hassan Ali Lakhani.



	2013	2012
	(Rupees)	
<b>Mr. Iqbal Ali Lakhani</b>		
Units held as at the year-ended 2,510,570 (2012: 1,177,830) units	<u>252,828,160</u>	<u>118,808,059</u>
<b>Mrs. Ronak Iqbal Lakhani (Spouse of Director Mr. Iqbal Ali Lakhani)</b>		
Units held as at the year-ended 18,043,321 (2012: 2,137,528) units	<u>1,817,061,698</u>	<u>215,613,057</u>
<b>Mr. Mahomed J. Jaffer</b>		
Units held as at the year-ended 4,309 (2012: 3,956) units	<u>433,944</u>	<u>398,994</u>
<b>Mr. Amin Mohammed Lakhani</b>		
Units held as at the year-ended 13,513,680 (2012: 1,125,409) units	<u>1,360,901,853</u>	<u>113,520,321</u>
<b>Mrs. Saira Amin Lakhani (Spouse of Director Mr. Amin Mohammed Lakhani)</b>		
Units held as at the year-ended 11,932,510 (2012: Nil) units	<u>1,201,669,358</u>	<u>-</u>
<b>Key Management Personnel, Employees and Connected Persons of the Management Company</b>		
Units held as at the year-ended 27,466,971 (2012: 555,229) units	<u>2,766,075,009</u>	<u>56,006,104</u>
<b>Holding Company of the Management Company</b>		
<b>Siza Services (Private) Limited</b>		
Units held as at the year-ended 526,678 (2012: 2,781,547) units	<u>53,039,370</u>	<u>280,575,446</u>
<b>Related parties of the Management Company</b>		
<b>Siza (Private) Limited</b>		
Units held as at the year-ended 3,580,254 (2012: 18,611,051) units	<u>360,551,316</u>	<u>1,877,302,300</u>
<b>Accuray Surgical Limited - Employees Contributory Provident Fund Trust</b>		
Units held as at the year-ended Nil (2012: 87,885) units	<u>-</u>	<u>8,864,974</u>
<b>Hassanali and Gulbanoo Lakhani Foundation</b>		
Units held as at the year-ended 746,817 (2012: 132,114) units	<u>75,208,585</u>	<u>13,326,334</u>
<b>Lakson Business Solutions Limited Employees Contributory Provident Fund Trust</b>		
Units held as at the year-ended Nil (2012: 846) units	<u>-</u>	<u>85,346</u>

	2013	2012
	(Rupees)	
<b>Century Paper &amp; Board Mills Limited</b>		
<b>Employees Contributory Provident Fund Trust</b>		
Units held as at the year-ended		
Nil (2012: 106,739) units	-	10,766,748
	<u>                    </u>	<u>                    </u>
<b>Century Insurance Company Limited</b>		
Units held as at the year-ended		
2,641,450 (2012: 3,360,517) units	<b>266,008,591</b>	338,976,322
	<u>                    </u>	<u>                    </u>
<b>Premier Fashions (Private) Limited</b>		
Units held as at the year-ended		
21,420 (2012: 2,193,033) units	<b>2,157,088</b>	221,211,892
	<u>                    </u>	<u>                    </u>
<b>Century Enterprises (Private) Limited</b>		
Units held as at the year-ended		
21,613 (2012: 19,840) units	<b>2,176,564</b>	2,001,263
	<u>                    </u>	<u>                    </u>
<b>Colgate Palmolive (Pakistan) Limited</b>		
Units held as at the year-ended		
5,735,900 (2012: 2,531,959) units	<b>577,636,723</b>	255,399,418
	<u>                    </u>	<u>                    </u>
<b>Clover Pakistan Limited</b>		
Units held as at the year-ended		
3,380,127 (2012: 4,122,329) units	<b>340,397,370</b>	415,820,532
	<u>                    </u>	<u>                    </u>
<b>Lakson Power Limited</b>		
Units held as at the year-ended		
4,269 (2012: 4,060) units	<b>429,881</b>	409,569
	<u>                    </u>	<u>                    </u>
<b>Siza Commodities (Private) Limited</b>		
Units held as at the year-ended		
44,794 (2012: 389,212 ) units	<b>4,510,952</b>	39,259,954
	<u>                    </u>	<u>                    </u>
<b>Baluchistan Polyproducts (Private) Limited</b>		
Units held as at the year-ended		
83,575 (2012: 46,425 ) units	<b>8,416,507</b>	4,682,873
	<u>                    </u>	<u>                    </u>

**18.2 Transactions during the year**

**Lakson Investments Limited -  
Management Company**

Remuneration to the Management Company (including the Sindh Salex Tax and Federal Excise Duty)	<b>121,588,557</b>	82,492,913
	<u>                    </u>	<u>                    </u>
Issue of units: 692,327 (2012: 184,338) units	<b>69,500,000</b>	18,500,000
	<u>                    </u>	<u>                    </u>
Issue of bonus units: 143,552 (2012: 133,245) units	<b>14,361,626</b>	13,330,746
	<u>                    </u>	<u>                    </u>
Redemption of units: 39,742 (2012: 277,985) units	<b>4,000,000</b>	28,000,000
	<u>                    </u>	<u>                    </u>

	2013	2012
	(Rupees)	
<b>Central Depository Company of Pakistan Limited - Trustee of the Fund</b>		
Remuneration to the Trustee	<u>7,338,022</u>	<u>5,575,625</u>
<b>Directors of the Management Company</b>		
<b>Mr. Babar Ali Lakhani - Chief Executive Officer</b>		
Issue of units: 575,587 (2012: 67,529) units	<u>57,797,194</u>	<u>6,120,507</u>
Issue of bonus units: 9,215 (2012: 7,710) units	<u>921,807</u>	<u>771,274</u>
Redemption of units: 75,232 (2012: 37,493) units	<u>7,555,037</u>	<u>3,759,881</u>
<b>Mr. Iqbal Ali Lakhani</b>		
Issue of units: 2,497,444 (2012: 4,963) units	<u>251,000,000</u>	<u>500,000</u>
Issue of bonus units: 39,354 (2012: 194,196) units	<u>3,937,576</u>	<u>19,426,560</u>
Redemption of units: 1,204,058 (2012: 1,993,660) units	<u>120,927,273</u>	<u>200,000,000</u>
<b>Mrs. Ronak Iqbal Lakhani (Spouse of Director Mr. Iqbal Ali Lakhani)</b>		
Issue of units: 18,043,321 (2012: 1,993,660) units	<u>1,815,000,000</u>	<u>200,000,000</u>
Issue of bonus units: 70,183 (2012: 143,868) units	<u>7,022,220</u>	<u>14,395,648</u>
Redemption of units: 2,207,711 (2012: Nil) units	<u>222,442,963</u>	<u>-</u>
<b>Mr. Mahomed J. Jaffer</b>		
Issue of units: Nil (2012: 11) units	<u>-</u>	<u>1,124</u>
Issue of bonus units: 353 (2012: 403) units	<u>35,371</u>	<u>40,304</u>
<b>Mr. Amin Mohammad Lakhani</b>		
Issue of units: 12,287,687 (2012: Nil) units	<u>1,236,000,000</u>	<u>-</u>
Issue of bonus units: 100,584 (2012: Nil) units	<u>10,063,692</u>	<u>-</u>
<b>Mrs. Saira Amin Lakhani (Spouse of Director Mr. Amin Mohammed Lakhani)</b>		
Issue of units: 11,932,510 (2012: Nil) units	<u>1,200,000,000</u>	<u>-</u>
<b>Key Management Personnel, Employees and Connected Persons of the Management Company</b>		
Issue of units: 27,869,621 (2012: 523,559) units	<u>2,802,850,962</u>	<u>52,715,600</u>
Issue of bonus units: 65,076 (2012: 126,092) units	<u>6,509,422</u>	<u>12,670,908</u>
Redemption of units: 1,022,955 (2012: 942) units	<u>102,734,453</u>	<u>94,745</u>
<b>Holding Company of the Management Company</b>		
<b>Siza Services (Private) Limited</b>		
Issue of units: 1,375,379 (2012: 3,759,419) units	<u>138,200,000</u>	<u>378,615,000</u>
Issue of bonus units: 173,177 (2012: 58,602) units	<u>17,329,221</u>	<u>5,865,515</u>
Redemption of units: 3,803,425 (2012: 1,197,455) units	<u>382,620,000</u>	<u>120,505,200</u>

	2013	2012
	(Rupees)	
<b>Related parties of the Management Company</b>		
<b>Siza (Private) Limited</b>		
Issue of units: 2,381,036 (2012: 10,133,045) units	<u>239,204,769</u>	<u>1,018,039,603</u>
Issue of bonus units: 1,643,160 (2012: 2,014,640) units	<u>164,403,262</u>	<u>201,556,652</u>
Redemption of units: 19,054,993 (2012: 9,668,452) units	<u>1,913,026,413</u>	<u>976,000,000</u>
<b>Accuray Surgical Limited - Employees Contributory Provident Fund Trust</b>		
Issue of bonus units: 5,547 (2012: 8,408) units	<u>555,109</u>	<u>904,245</u>
Redemption of units: 93,432 (2012: Nil) units	<u>9,434,198</u>	<u>-</u>
<b>Hassanali and Gulbanoo Lakhani Foundation</b>		
Issue of units: 647,643 (2012: 104,786) units	<u>65,130,000</u>	<u>10,535,400</u>
Issue of bonus units: 11,901 (2012: 9,696) units	<u>1,190,718</u>	<u>971,985</u>
Redemption of units: 44,841 (2012: 46,852) units	<u>4,500,000</u>	<u>4,700,000</u>
<b>Lakson Business Solutions Limited Employees Contributory Provident Fund Trust</b>		
Issue of bonus units: 53 (2012: 86) units	<u>5,306</u>	<u>8,634</u>
Redemption of units: 899 (2012: Nil) units	<u>90,180</u>	<u>-</u>
<b>Century Paper &amp; Board Mills Limited Employees Contributory Provident Fund Trust</b>		
Issue of units: 112,592 (2012: Nil) units	<u>11,269,035</u>	<u>-</u>
Issue of bonus units: 6,689 (2012: 10,899) units	<u>669,358</u>	<u>1,090,414</u>
Redemption of units: 226,020 (2012: Nil) units	<u>22,645,568</u>	<u>-</u>
<b>Century Insurance Company Limited</b>		
Issue of units: 698,801 (2012: 2,930,022) units	<u>70,118,815</u>	<u>294,575,661</u>
Issue of bonus units: 265,103 (2012: 256,308) units	<u>26,524,928</u>	<u>25,640,860</u>
Redemption of units: 1,682,971 (2012: 1,513,982) units	<u>168,955,425</u>	<u>152,134,996</u>
<b>Premier Fashions (Private) Limited</b>		
Issue of units: 1,661,655 (2012: 2,709,204) units	<u>166,950,000</u>	<u>272,900,000</u>
Issue of bonus units: 191,639 (2012: 30,782) units	<u>19,174,869</u>	<u>3,080,553</u>
Redemption of units: 4,024,907 (2012: 556,016) units	<u>404,600,000</u>	<u>55,900,000</u>
<b>Century Enterprises (Private) Limited</b>		
Issue of bonus units: 1,773 (2012: 2,081) units	<u>177,414</u>	<u>208,239</u>
Redemption of units: Nil (2012: 1,489) units	<u>-</u>	<u>150,000</u>
<b>Sybrid (Private) Limited</b>		
Issue of units: nil (2012: 69,883) units	<u>-</u>	<u>7,000,000</u>
Issue of bonus units: nil (2012: 1,144) units	<u>-</u>	<u>114,445</u>
Redemption of units: nil (2012: 71,027) units	<u>-</u>	<u>7,124,718</u>

	2013	2012
	(Rupees)	
<b>Colgate Palmolive (Pakistan) Limited</b>		
Issue of units: 11,956,350 (2012: 5,968,430) units	<u>1,200,000,000</u>	<u>600,000,000</u>
Issue of bonus units: 446,036 (2012: 52,190) units	<u>44,624,679</u>	<u>5,218,965</u>
Redemption of units: 9,198,445 (2012: 3,488,661) units	<u>925,000,000</u>	<u>350,498,948</u>
<b>Clover Pakistan Limited</b>		
Issue of units: 3,878,485 (2012: 3,993,243) units	<u>390,000,000</u>	<u>400,000,000</u>
Issue of bonus units: 290,793 (2012: 128,512) units	<u>29,094,679</u>	<u>12,854,937</u>
Redemption of units: 4,911,480 (2012: 994,942) units	<u>494,061,072</u>	<u>100,000,000</u>
<b>Lakson Power Limited</b>		
Issue of bonus units: 358 (2012: 415) units	<u>35,819</u>	<u>41,480</u>
Redemption of units: 149 (2012: Nil) units	<u>15,000</u>	<u>-</u>
<b>Siza Commodities (Private) Limited</b>		
Issue of units: 20,988,868 (2012: 578,232) units	<u>2,113,350,000</u>	<u>58,190,000</u>
Issue of bonus units: 1,519,485 (2012: 15,874) units	<u>152,046,780</u>	<u>1,588,429</u>
Redemption of units: 22,852,771 (2012: 204,893) units	<u>2,294,621,109</u>	<u>20,600,000</u>
<b>Baluchistan Polyproducts (Private) Limited</b>		
Issue of units: 31,888 (2012: 44,750) units	<u>3,200,000</u>	<u>4,500,000</u>
Issue of bonus units: 5,262 (2012: 1,675) units	<u>526,561</u>	<u>167,512</u>

## 19. 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.

**19.1 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 bank balances and mark-up / return recoverable, 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 and 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.
- Majority of the exposure on average is maintained in risk free Government Market Treasury Bills.
- Investments are made in instruments with minimum long term credit rating of AA.

**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:

	Note	June 30, 2013		June 30, 2012	
		Statement of Assets and Liabilities	Maximum exposure	Statement of Assets and Liabilities	Maximum exposure
		----- (Rupees) -----		----- (Rupees) -----	
Bank balances including mark-up receivables	4	<b>7,949,715,976</b>	<b>7,949,715,976</b>	2,798,168,086	2,798,168,086
Investments	5	<b>2,528,804,562</b>	-	4,114,247,842	-
		<b><u>10,478,520,538</u></b>	<b><u>7,949,715,976</u></b>	<b><u>6,912,415,928</u></b>	<b><u>2,798,168,086</u></b>

Difference in the balances as per the Statement of Assets and Liabilities and maximum exposure in investments is due to the fact that investments of Rs. 2,528.805 (2012: Rs. 4,114.248) 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**

All the investments of the Fund are in unrated Government guaranteed securities while the details of the credit ratings of the bank balances including term deposit receipts are as follows:

<b>Ratings</b>	<b>2013</b>	<b>2012</b>
AAA	<b>21.75</b>	0.01
AA+	<b>49.73</b>	0.13
AA	<b>28.52</b>	99.86
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

Above rates are on the basis of available ratings assigned by PACRA and JCR-VIS on year end dates. The bank balances are unsecured.

#### 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 24.13% (2012: 59.52%) 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. The Fund's concentration of credit risk of financial assets by industrial distribution are with Central bank and Commercial banks.

#### 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 on sale.

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.

### 19.2 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 Government securities, marketable debt securities and other financial instruments having remaining maturity less than 6 months, 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. The amounts in the table are the gross nominal undiscounted cash flows.

	Carrying amount	Less than 1 month	Within 3 months	Total
(Rupees)				
<b>30 June 2013</b>				
Non-derivative liabilities				
Remuneration payable to the Management Company (including the Sindh Sales Tax and Federal Excise Duty)	10,097,283	10,097,283	-	10,097,283
Remuneration payable to the Trustee	556,440	556,440	-	556,440
Annual fee payable to Securities and Exchange Commission of Pakistan	6,261,586	-	6,261,586	6,261,586
Accrued expenses and other liabilities (excluding WWF)	329,791	329,791	-	329,791
	<u>17,245,100</u>	<u>10,983,514</u>	<u>6,261,586</u>	<u>17,245,100</u>
Unit Holders' Fund	<u>10,423,441,276</u>	<u>*10,423,441,276</u>	<u>-</u>	<u>-</u>
<b>30 June 2012</b>				
Non-derivative liabilities				
Remuneration payable to the Management Company (including the Sindh Sales Tax)	8,126,902	8,126,902	-	8,126,902
Remuneration payable to the Trustee	523,481	523,481	-	523,481
Annual fee payable to Securities and Exchange Commission of Pakistan	4,266,875	-	4,266,875	4,266,875
Payable against redemption of units	95,012	95,012	-	95,012
Accrued expenses and other liabilities (excluding WWF)	233,335	233,335	-	233,335
	<u>13,245,605</u>	<u>8,978,730</u>	<u>4,266,875</u>	<u>13,245,605</u>
Unit Holders' Fund	<u>6,876,250,955</u>	<u>*6,876,250,955</u>	<u>-</u>	<u>-</u>

Above financial liabilities do not carry any mark-up.

\* Payable on demand

**19.3 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.

The Fund is exposed to interest rate risk only.

**19.3.1 Interest rate risk**

**19.3.1.1** 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, Term Deposit Receipts with banks and bank balances in profit and loss sharing account. Currently all of the Fund's investment carry fixed interest rates. 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.

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

	2013	2012
	(Rupees)	
<b>Fixed rate instruments</b>		
Financial assets		
Investments in Government Market Treasury Bills	2,528,804,562	4,114,247,842
Bank balance	7,899,404,000	2,785,197,197
	<u>10,428,208,562</u>	<u>6,899,445,039</u>

None of the financial liabilities carry any interest rate. In addition, none of the financial assets bear variable interest rate.

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

Interest bearing Government securities are held by the Fund at fair value through profit and loss account (held for trading) exposes the Fund to the fair value risk. In case of 100 basis points decrease / increase in yield rates of the above Government Securities during the year, the net assets of the Fund would have been lower / higher by Rs. 1.8 million (2012: Rs. 4.8 million) with consequential 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.

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

30 June 2013	Mark-up/ profit rate (%)	less than one month	two to five months (Rupees)	Total
Financial assets				
Bank balances	6.00 to 9.25	7,899,404,000	-	7,899,404,000
Investments	9.00 to 9.62	2,395,727,980	133,076,582	2,528,804,562
<b>Total assets</b>		<u>10,295,131,980</u>	<u>133,076,582</u>	<u>10,428,208,562</u>
30 June 2012				
Financial assets				
Bank balances	6.00 to 11.25	2,785,197,197	-	2,785,197,197
Investments	11.63 to 11.92	1,734,738,642	2,379,509,200	4,114,247,842
<b>Total assets</b>		<u>4,519,935,839</u>	<u>2,379,509,200</u>	<u>6,899,445,039</u>

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

#### 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.

#### 19.4 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 1 July 2012 the Fund is subject to maintain minimum fund size of 100 million at all times.

**20. 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:

	Level 2 ----- (Rupees) -----	Total -----
<b>30 June 2013</b>		
Financial assets at fair value through profit and loss (held for trading)		
Government market treasury bills	<u>2,528,804,562</u>	<u>2,528,804,562</u>
<b>30 June 2012</b>		
Financial assets at fair value through profit and loss (held for trading)		
Government market treasury bills	<u>4,114,247,842</u>	<u>4,114,247,842</u>

**21. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE**

The Board of Directors of the Management Company have approved a final distribution of Re. 0.7026 (2012: Re. 0.8702) per unit for the year ended 30 June 2013, amounting to Rs. 72.72 (2012: Rs. 59.32) million in their meeting (Rs. 72.72 million of Bonus distribution) held on 8 July 2013. These financial statements do not include the effect of the above final distribution of Rs. 72.72 million that will be accounted for subsequent to the year end.

**22. 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:

21.1 Unit holding pattern of the Fund	June 30, 2013		
	No of Investors	Investment amount (Rupees)	% of total net assets
<b>Category</b>			
Individuals	65	29,845,623	0.29
Associated Companies and Directors	40	8,113,929,929	77.84
Insurance Companies	4	48,417,929	0.46
Banks and DFIs	2	1,001,642,819	9.61
NBFCs	1	213,022,809	2.04
Retirement Funds	1	1,021,302	0.02
Public Limited Companies	16	1,015,560,865	9.74
	<b>129</b>	<b>10,423,441,276</b>	<b>100.00</b>

Category	June 30, 2012		
Individuals	80	189,087,324	2.75
Associated Companies and Directors	37	4,272,966,028	62.14
Insurance Companies	4	42,165,828	0.61
Banks and DFIs	4	1,432,185,417	20.83
NBFCs	1	37,948,932	0.55
Retirement Funds	3	19,047,643	0.28
Public Limited Companies	13	882,849,783	12.84
	<b>142</b>	<b>6,876,250,955</b>	<b>100.00</b>

**22.2 List of brokers by percentage of commission paid**

Name of broker	Commission paid (Percentage %)	
	2013	2012
Alfalah Securities (Private) Limited	-	1.43
BMA Capital Management Limited	5.30	49.12
First Capital Securities Corporation Limited	1.79	2.68
Global Securities Pakistan Limited	4.71	5.67
Icon Securities (Pvt) Limited	7.91	
Invest One Markets Limited	6.45	0.75
Invest & Finance Securities Limited	32.60	8.32
JS Global Capital Limited	3.71	2.27
KASB Securities Limited	19.22	11.56
Optimus Capital Management Limited	4.22	8.83
Vector Capital (Private) Limited	14.09	9.37
	<b>100.00</b>	<b>100.00</b>

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

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

- Mr. Babar Ali Lakhani
- Mr. Muhammad Umair Chauhan
- Mr. Mustafa O. Pasha
- Mr. Syed Imran Raza Kazmi
- Miss. Maryam Hidayatallah

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

Mr. Lakhani has over 14 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. 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. He is the chairman of Tritex Cotton Mills Limited, a board member of the Mutual Fund Association of Pakistan (MUFAP), a member of the GARP (Global Association of Risk Professionals), the Society of Financial Service Professionals and the Young President's Organization (YPO). Mr. Lakhani is a member of the Alumni Trustee Committee of Brandeis University and is the school's representative in Pakistan.

Mr. Lakhani was looking after Lakson Asset Allocation Emerging Market Fund, Lakson Asset Allocation Developed Markets Fund and Lakson Asset Allocation Global Commodities Fund. Subsequently, Mr. Umair and Mr. Pasha have designated to manage the Lakson Asset Allocation Emerging Market Fund and Lakson Asset Allocation Global Commodities Fund respectively.

**Mr. Muhammad Umair Chauhan - Chief Investment Officer**

Mr. Muhammad Umair Chauhan has over 9 years of experience in the asset management industry of Pakistan. He has previously served as Vice President Investments & Research at IGI Funds Limited and was part of Investment & Research Team at Al Meezan Investment Management. In his previous assignments he managed PKR 12 billion in both equity and fixed income funds.

Mr. Umair received his MBA from the Institute of Business Administration, Karachi.

**Mr. Mustafa O. Pasha - Fund Manager**

Mr. Mustafa O. Pasha has six years experience in the asset management and investment advisory industry. He was previously associated with BMA Funds where he initially served as a fixed income analyst and later became the in house economist for the entire BMA group. Between 2009 to 2012 he supervised Rs. 7.25 billion in fixed income / money market investments across all mutual funds and institutional / HNW accounts advised by BMA. As a fund manager he was responsible for formulating the investment outlook, implementing strategy through portfolio construction, asset allocation, analyzing credit / interest rate risk and generating out performance against contracted benchmarks. At Lakson Investments Limited, he manages the domestic fixed income and money markets funds and is a member of the Investment Committee.

Mr. Pasha did his Bachelors in Economics from McGill University (Montreal, Canada) in 2006 and qualified as a CFA charter holder in 2012.

Mr. Pasha is also the Fund Manager of Lakson Income Fund and Lakson Asset Allocation Global Commodities Fund.

**Mr. Syed Imran Raza Kazmi - Assistant Fund Manager**

Mr. Imran Kazmi has over 8 years of Experience in Fixed Income Market. He was previously affiliated with Alfalah GHP Investment Management Limited as Assistant Manager – Fixed Income where he managed Income fund & Cash fund with the fund size of PKR 4.5 billion. He has also worked with IGI Finex Securities Ltd (Formerly; Finex Securities Ltd.) for 2.5 years as Money Market Dealer.

During his entire career, He attended different Seminars and workshop organized by FMA to enhance the market knowledge and to improve market skills. He is the Member of Financial Market Association of Pakistan.

Mr. Kazmi holds a MBA in Finance from PAF-Karachi Institute of Economics & Technology, Karachi.

**Miss Maryam Hidayatallah - Deputy Manager Risk and Compliance**

Miss. Maryam Hidayatallah has over 08 months of experience in the asset management industry.

Before joining Lakson Investments Limited she previously worked as Finance and Audit Executive at Ernst and Young Ford Rhodes Sidat Hyder and Company, Chartered Accountants at Karachi, Bahrain and UAE Offices in Business Risk Services and Audit and Assurance Business Services for 9 years which includes 4 years of article ship. During the given period she has conducted the audits, due diligence and risk and compliance assignments of various asset management companies, oil and gas companies, commercial banks and service sector entities.

Miss Maryam is a Certified Associate Member of Institute for Internal Controls USA, Institute of Internal Auditors and Pakistan Institute of Public Finance Accountants.

Miss Maryam's professional qualification include CA finalist from Institute of Chartered Accountants of Pakistan and MA (Economics) from University of Karachi.

**22.4 Directors meeting attendance**

Information in respect of attendance by Directors in the meeting is given below:

Name of directors	Meeting Attended	July 04, 2012	August 30, 2012	October 19, 2012	February 15, 2013	April 29, 2013
Mr. Iqbal Ali Lakhani	4	✓	✓	✓	X	✓
Mr. Babar Ali Lakhani	5	✓	✓	✓	✓	✓
Mr. Amin Mohammed Lakhani	2	-	-	-	✓	✓
Mr. A. Aziz H. Ebrahim	4	✓	✓	✓	✓	X
Mr. Mahomed J. Jaffer	4	X	✓	✓	✓	✓
Mr. Sher Afgan Malik	4	X	✓	✓	✓	✓
Mr. Muhammad Abdul Qadir *	1	✓	X	X	-	-
Mr. Daniel Scott Smaller	2	X	X	X	✓	✓
Mr. Zahid Zakiuddin	4	X	✓	✓	✓	✓
		4	6	6	7	7

\* Former Director

During the period end 30 June 2013 Mr. Amin Mohammed Lakhani was appointed as a Director to fill the casual vacancy arising due to the resignation of Mr. Muhammad Abdul Qadir with effect from 15 February 2013. The Securities & Exchange Commission of Pakistan accorded its approval for the appointment of Mr. Amin Mohammed Lakhani on 22 March 2013.

**22.5 Performance Table**

Key Financial data / performance table has been summarised on page no 53 of the annual report.

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

<b>PACRA Rating</b>	<b>Management Quality Rating</b>	<b>Stability Rating</b>
Lakson Investments Limited (Management Company)	AM3+	-
Lakson Money Market Fund	-	AA(f)

**23. GENERAL**

These financial statements were authorized for issue by Board of Directors of the Management Company on August 30,2013.



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

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

\_\_\_\_\_  
 Director

**Performance Table**

Performance Table	FY13	FY12	FY11	FY10	Distributions	FY13	FY12	FY11	FY10
						<b>PKR per Unit</b>			
Net Assets - Beginning (PKR Mil.)	6,876	4,155	3,003	872	1st Interim Distribution NAV before Distribution	0.8030	0.9112	2.4880	1.2875
Net Assets - Ending (PKR Mil.)	10,423	6,876	4,155	3,003	NAV after Distribution	100.8040	100.9115	102.6190	101.3552
Net Asset value per share	100.7055	100.8703	101.0097	102.7909	Distribution Date	100.0010	100.0003	100.1310	100.0677
Selling Price for units	100.7055	100.8703	101.0097	102.7909		30-Jul-12	01-Aug-11	04-Oct-10	05-Jan-10
Repurchase Price for units	100.7055	100.8703	101.0097	102.7909	2nd Interim Distribution NAV before Distribution	0.8731	0.9391	2.8270	2.4333
Highest Offer Price (PKR)	100.9823	101.1143	102.9162	102.7653	NAV after Distribution	101.0086	100.9758	102.8271	102.7037
Lowest Offer Price (PKR)	100.0202	100.0264	100.0325	100.0530	Distribution Date	100.1355	100.0367	100.0001	100.2704
Highest Redemption Price (PKR)	100.9823	101.1143	102.9162	102.7653		30-Aug-12	29-Aug-12	31-Dec-10	02-Apr-10
Lowest Redemption Price (PKR)	100.0202	100.0264	100.0325	100.0530	3rd Interim Distribution NAV before Distribution	0.6993	0.9619	2.9383	
Beginning NAV - Ex-Div. (PKR)	100.0001	100.0001	100.0000	100.0000	NAV after Distribution	100.7865	100.9968	102.9438	
Interim Distributions (PKR)	7.7256	9.8150	10.1776	3.7208	Distribution Date	100.0872	100.0349	100.0055	
Final Distribution (PKR)	0.7026	0.8702	1.0096	2.7909		26-Sep-12	28-Sep-11	30-Mar-11	
Ending NAV - Ex-Div. (PKR)	100.0029	100.0001	100.0001	100.0000	4th Interim Distribution NAV before Distribution	0.6676	0.9043	0.9598	
Return	8.76%	11.19%	11.69%	10.79%	NAV after Distribution	100.7865	101.1469	100.9829	
Net Income (PKR Mil.)	716	610	411	148	Distribution Date	100.1358	100.2426	100.0231	
Total Distribution (PKR Mil.)	702	592	451	67		24-Oct-12	28-Oct-11	29-Apr-11	
Accumulated Capital Growth (PKR Mil.)	73	59	42	81	5th Interim Distribution NAV before Distribution	0.7960	0.9340	0.9645	
WAM (Days)	9	33	70	70	NAV after Distribution	100.9081	101.0794	100.9646	
Average Annual return of the Fund					Distribution Date	100.1121	100.1454	100.0001	
One Year	8.76%	11.19%	11.69%	10.58%		28-Nov-12	28-Nov-11	30-May-11	
Two year	10.47%	12.09%	11.74%	-	6th Interim Distribution NAV before Distribution	0.6541	0.9352		
Three year	11.69%	12.35%	11.74%	-	NAV after Distribution	100.7060	100.9780		
Since inception	12.14%	12.35%	11.74%	10.58%	Distribution Date	100.0519	100.0428		
						27-Dec-12	30-Dec-11		
					7th Interim Distribution NAV before Distribution	0.7428	0.9335		
					NAV after Distribution	100.9081	100.9851		
					Distribution Date	100.0341	100.0516		
						29-Jan-13	31-Jan-12		
					8th Interim Distribution NAV before Distribution	0.6291	0.7503		
					NAV after Distribution	100.6292	100.7504		
					Distribution Date	100.0001	100.0001		
						28-Feb-13	27-Feb-12		
					9th Interim Distribution NAV before Distribution	0.5453	0.8350		
					NAV after Distribution	100.5454	100.8351		
					Distribution Date	100.0001	100.0001		
						27-Mar-13	29-Mar-12		
					10th Interim Distribution NAV before Distribution	0.6886	0.7990		
					NAV after Distribution	100.7227	100.7991		
					Distribution Date	100.0341	100.0001		
						29-Apr-13	27-Apr-12		
					11th Interim Distribution NAV before Distribution	0.6267	0.9115		
					NAV after Distribution	100.6268	100.9116		
					Distribution Date	100.0001	100.0001		
						29-May-13	30-May-12		
					Final Distribution	0.7026	0.8702	1.0096	2.7909
					NAV before Distribution	100.7055	100.8703	101.0097	102.7909
					NAV after Distribution	100.0029	100.0001	100.0001	100.0000
					Distribution Date	08-Jul-13	04-Jul-12	04-Jul-11	06-Jul-10

**Disclaimer**

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.





A Lakson Group Company

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