

LAKSON EQUITY FUND
Annual Report 2015



LAKSON INVESTMENTS
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Vision

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



Mission

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

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

Fund's Information

Management Company

Lakson Investments Limited
Head Office
Lakson Square, Building No.2,
Sarwar Shaheed Road,
Karachi-74200, Pakistan.
Phone: (9221) 3569.8000
Fax: (9221) 3568.1653
Web site: www.li.com.pk
E-mail: info@li.com.pk

Board of Directors of the Management Company

Mr. Iqbal Ali Lakhani - Chairman
Mr. Babar Ali Lakhani - Chief Executive Officer
Mr. A. Aziz H. Ebrahim
Mr. Mahomed J. Jaffer
Mr. Amin Mohammed Lakhani
Mr. Sher Afgan Malik
Mr. Daniel Scott Smaller
Mr. Zahid Zakiuddin

Chief Financial Officer & Company Secretary of the Management Company

Ms. Sana Quadri

Audit Committee

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

Human Resource and Remuneration Committee

Mr. Iqbal Ali Lakhani - Chairman
Mr. Babar Ali Lakhani
Mr. Daniel Scott Smaller

Trustee

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block-B, S.M.C.H.S,
Main 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
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

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

Rating by PACRA

1 Year : 3-Star (Average)
3 Year : 3-Star (Average)
5 Year : 2-Star (Below average)
AM2- : Asset Manager Rating



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

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

Fund Objective

The objective of the Fund is to provide long term capital appreciation by investing mainly in equity and related listed securities. Investments will be made in companies of substance, financial strength and demonstrably superior management skills with some exposure given to smaller capitalized value stocks.

Fund Profile

LEF is an actively managed open end equity fund. LEF maintain an average exposure of 70% of Net Assets in listed equity securities. The asset allocation to different sectors and stocks is made on the basis of relative attractiveness of each sector and individual stocks in that particular sector. The allocations may change from time to time keeping in view the market conditions, opportunities, political and economic factors. LEF is allowed to borrow up to 15% of Net Assets to meet redemptions however LEF did not utilize this facility during the period under review.

Fund Performance

The LEF provided a return of 23.93% during FY15 compared to 5.67% appreciation in the KSE-30 Index and 16.01% appreciation in the KSE-100 Index. The LEF outperformed the KSE-30 Index and KSE-100 Index by 18.26% and 7.93%, respectively.

LEF maintained an aggressive stance in FY15, which allowed the capture of increasing yields. The equity markets out performed expectations, attaining new highs in 2HFY15. Improving macro indicators, falling interest rates amidst declining commodity prices, bolstered earnings growth in key sectors.

Earnings Per Unit (EPU)

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

Income Distribution

The Board of Directors of the Management Company during the year declared the interim payout of PKR 26.2618 per unit (26.2618 % face value of PKR 100/-) amounting to PKR 508.705 million distribution in cash for the year ended June 30, 2015

Fund and Asset Manager Rating

The Pakistan Credit Rating Company Limited (PACRA) has assigned asset management quality rating of 'AM2-' to the Management Company of the Fund dated April 22, 2015.

On August 13, 2015, PACRA has assigned following rankings to the Fund based on the performance review for the period ended June 30, 2015 (trailing 12 months for 1 Year ranking, trailing 36 months for 3 Year ranking, and trailing 60 months for 5 Year ranking.)

- 1 Year : 3-Star (Average)
- 3 Year : 3-Star (Average)
- 5 Year : 2-Star (Below average)

Corporate Governance

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

1. The financial statements prepared by the Management Company present fairly the state of affairs of the Fund, the results of its operations, cash flows and movement in unit holders' fund.

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

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

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

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

13. During the year, one meeting of the Human Resource and Remuneration Committee comprising of Mr. Iqbal Ali Lakhani - Chairman, Mr. Babar Ali Lakhani - Member and Mr. Daniel Scott Smaller - Member was held, all the three members of the Committee attended the meeting.

S.No.	Name	Designation	Investment	Redemption
			(Number of Units)	
1	Mr. Iqbal Ali Lakhani	Chairman	4,349,563.5736	-
2	Mrs. Ronaq Ali Lakhani	Spouse of Chairman	890,099.6541	-
3	Mr. Daniel Scott Smaller	Director	4,228.2662	-
4	Mr. Babar Ali Lakhani	Chief Executive Officer	91,136.3385	-
5	Mr. Hasan Ali Lakhani	Minor Child of Chief Executive Officer	17,002.5629	-
6	Mr. Mustafa Osman Pasha	Executive	1,428.0259	-
7	Mr. Imran Raza Kazmi	Executive	807.6876	-
8	Mr. Syed Saifullah Kazmi	Executive	2,861.3661	-

14. The pattern of unit holding is given in note No. 19.1 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

External Auditor

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

Economic Review FY2015

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

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

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

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

Future Outlook

After a strong performance in FY15, the market is expected to continue with its upward trajectory in FY16. Monetary relaxation and lower commodity costs will fuel growth. In addition, expansion plans from foreign interests will bolster GDP, promoting greater interest in the market. Upcoming MSCI is expected to consider Pakistan for emerging market status in FY16.

Acknowledgment

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

For and on behalf of the Board

Dated: August 20, 2015

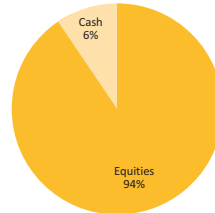
Babar Ali Lakhani
Chief Executive Officer

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

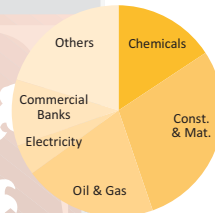
Fund Facts

Fund Type	Open-End
Category	Equity Fund
Net Assets (PKR Mil.)	3,178
NAV (30.06.2015)	104.3209
Pricing Mechanism	Forward Day
Trustee	Central Depository Company of Pakistan Limited
Auditor	KMPG Taseer Hadi & Co.
Management Fee	2.00%
Front End Load	3.00%
Back End Load	None
Launch Date	November 13, 2009
Benchmark	KSE-30 Index
Dealing Days	Mon-Fri
Cut-Off Time	04:00 PM
Asset Manager Rating	AM2- by PACRA (22.04.2015)

Asset Allocation



Sectorwise Exposure



Fund Performance

	LEF	KSE-30
FY15	23.93%	5.67%
June-15	4.55%	2.84%
2 Months	27.05%	-0.46%
3 Months	9.55%	17.43%
6 Months	3.20%	4.18%
12 Months	23.93%	5.67%
CY15 - YTD	2.40%	3.86%
3 Years	129.31%	80.95%
5 Years	202.67%	125.52%
Since Inception	201.10%	125.61%

Investment Committee

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

Investment Objective

The investment objective of the Lakson Equity Fund ("LEF") is to provide long term capital appreciation by investing mainly in equity and related listed securities. Investments will be made in companies of substance, financial strength and demonstrably superior management skills with some exposure given to smaller capitalized value stocks.

The LEF achieved its investment objective by building a diverse portfolio comprising of fundamentally strong stocks that offered high growth potential in the form of capital appreciation and/or high dividend yields. The LEF did not take exposure in any speculative stocks and only stocks with the potential to perform in the present, challenging economic environment were selected.

Investment Strategy

The LEF invests in fundamentally sound stocks based on the recommendations of its team of equity analysts and market dynamics. The asset allocation to different sectors and different stocks in the same sector remained dynamic, keeping in view the market conditions, opportunities and the relative attractiveness of each sector and individual stocks. The asset allocation pattern of the LEF changed from time to time keeping in view the market conditions, opportunities, political and economic factors. The LEF aims to build a diverse portfolio ranging across companies deemed the most attractive among peers. Companies with high earnings potential despite a weak economic outlook were sought, resulting in a portfolio that was heavily invested with stocks offering high dividend yields and lower price to earnings multiples relative to the market. The LEF adopted a combination of top-down and bottom-up methodologies to invest in fundamentally sound stocks.

Market Review

FY15 was an eventful year for KSE 100 as the index reached its historic high of 34,826 points in February 2015 on the back of better than expected economic growth and a significant cut in the discount rate. KSE100 gained the status of the 3rd best performing market in Asia Pacific in FY15 as investors turned toward equity market in search of higher yields on account of declining PIB and t-bills yields. KSE 100 closed at a level of 34,399, an increase of 16% in FY15 and KSE 30 closed at 21,573 points an increase of 5.64% in the same period. Average volume of KSE 100 stood at 140Mn in FY15 down from 145Mn in FY14 and average volume of KSE 30 was 73Mn in FY15 down from 78Mn in FY14. FIPI clocked in a Net Buy figure of USD 47Mn for the period, down from USD 262mn YoY.

Sector-wise performance analysis of KSE30 shows that Automobile sector was the best performing sector (up a massive 140%) owing to improvement in PKR/JPY parity, greater off take and highest ever unit prices. The next best performing sector was Electricity with a return of 72% as investors flocked to lock in dividend yields. Cements gained momentum in 2HFY15, gaining 66% as robust earnings and all time high margins attracted inflows. Other strong performing sectors included Chemicals and Foods with returns of 59% and 47%, respectively. As expected, Oil & Gas was the worst-performing sector with a loss in value of 16.3%, as international commodity prices nose dived to new lows. Telecommunication sector witnessed downturn of 10.4% as PTC, the sector heavy weight, remained mired in negative news.

Going forward into the New Year, the market is expected to surpass expectations, as the impact of budget becomes clearer and the benefit of a cut in discount rate starts to reflect in companies' bottom-line. In addition, declining key commodity prices are expected to stay depressed for the foreseeable future, which will further bolster earnings growth. The budgetary focus on infrastructure development and strengthening consumption will create local demand, hedging against volatility arising from international markets. Other favorable news such as satisfactory review by IMF of Pakistan's Extended Fund facility (EFF), upgrade of Pakistan's credit rating by Moody's and the impending China Pak Economic Corridor commitment of USD 45Bn, will also provide a much needed impetus to the equity market.

The risk to this thesis arises on the expected imposition of one time super tax, change in tax treatment for other income of banks, gas tariff hike and reverberations from the political stage. These risks, however, have been accounted for in the market and the effect will only provide accumulating opportunities for investors.

Fund Performance

The LEF provided a return of 23.93% during FY15 compared to 5.67% appreciation in the KSE-30 Index and 16.01% appreciation in the KSE-100 Index. The LEF outperformed the KSE-30 Index and KSE-100 Index by 18.26% and 7.93%, respectively.

LEF maintained an aggressive stance in FY15, which allowed the capture of increasing yields. The equity markets out performed expectations, attaining new highs in 2HFY15. Improving macro indicators, falling interest rates amidst declining commodity prices, bolstered earnings growth in key sectors.

Performance Table	FY15	FY14
Net Assets - Beginning (PKR Mil.)	960	121
Net Assets - Ending (PKR Mil.)	3,178	960
Highest Offer Price (PKR)	142.6266	157.9072
Lowest Offer Price (PKR)	103.3220	107.1618
Highest Redemption Price (PKR)	138.4724	153.3079
Lowest Redemption Price (PKR)	100.3126	104.0405
Beginning NAV - (PKR)	105.4434	141.4609
Interim Distributions (PKR)	26.2618	46.2157
Final Distribution (PKR)	-	-
Ending NAV - (PKR)	104.3209	105.4434
Return	23.93%	32.15%
Net Income / (Loss) (PKR Mil.)	591.00	312.00

Distributions	FY15	FY14
Interim Distribution	26.2618	46.2157
Final Distribution	-	-
NAV before Distribution	130.2017	150.5043
NAV after Distribution	103.9399	104.2886
Distribution Date	25-Jun-15	25-Jun-14

LEF vs. Benchmark



Future Outlook

After a strong performance in FY15, the market is expected to continue with its upward trajectory in FY16. Monetary relaxation and lower commodity costs will fuel growth. In addition, expansion plans from foreign interests will bolster GDP, promoting greater interest in the market. Upcoming MSICI is expected to consider Pakistan for emerging market status in FY16

Circumstances Materially Affecting Interests of Unit Holders

PACRA upgraded the Asset manager Rating of Lakson Investments to 'AM2-' during FY15.

As of June 30, 2015 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 LEF will have a downside protection in case the judgment comes against the mutual funds industry as the LEF is one of the funds already providing for this liability. As of June 30, 2015 the LEF has maintained provisions against Workers' Welfare Fund's liability to the tune of PKR 19.86 million. If the same were not made the NAV per unit of the LEF would be higher by PKR 0.6521. If the LEF would not have made the WWF provisions during the period, the return of the LEF for FY15 would be higher by 0.74%.

Other Disclosures

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

There was no unit split undertaken during the year.

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

Breakdown of Unit Holding by Size

Units Range	No. of Clients	Units Held
1 - 100	5	254
101 - 500	4	988
501 - 1,000	4	3,123
1,001 - 5,000	14	40,695
5,001 - 10,000	3	23,494
10,001 - 50,000	4	79,588
50,001 - 100,000	2	174,209
100,001 - 500,000	2	470,490
500,001 - 1,000,000	5	3,776,779
1,000,001 - 5,000,000	8	19,542,715
5,000,001 - above	1	6,347,272
	52	30,459,607

CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED

Head Office

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



TRUSTEE REPORT TO THE UNIT HOLDERS

LAKSON EQUITY 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 Equity Fund (the Fund) are of the opinion that Lakson Investments Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2015 in accordance with the provisions of the following:

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


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

Karachi: September 29, 2015

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

This statement is being presented to comply with the Code of Corporate Governance ('the Code') contained in Listing Regulations of Lahore Stock Exchange where Lakson Equity 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:

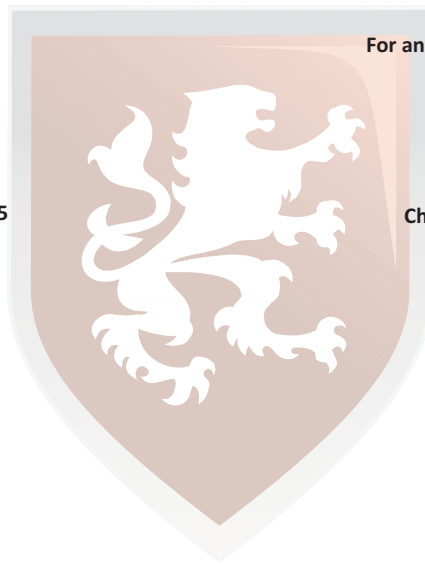
Category	Names
Independent Directors	<ol style="list-style-type: none">1. Mr. Mahomed J. Jaffer2. Mr. Daniel Scott Smaller3. Mr. Zahid Zakiuddin
Executive Director	<ol style="list-style-type: none">1. Mr. Babar Ali Lakhani
Non-Executive Directors	<ol style="list-style-type: none">1. Mr. Iqbal Ali Lakhani - Chairman2. Mr. A. Aziz H. Ebrahim3. Mr. Amin Mohammed Lakhani4. Mr. Sher Afgan Malik

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

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

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

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



For and on behalf of the Board

Dated: August 20, 2015

**Babar Ali Lakhani
Chief Executive Officer**



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

Telephone + 92 (21) 3568 5847
Fax + 92 (21) 3568 5095
Internet www.kpmg.com.pk

Review report to the Unit holders of Lakson Equity Fund on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of the Management Company of **Lakson Equity Fund** ("the Fund") for the year ended 30 June 2015 to comply with the requirements contained in the Listing Regulations 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 and to highlight any non compliance with the requirements of the Code. A review is limited primarily to inquiries of the Fund personnel and review of various documents prepared by the Fund to comply with the Code.

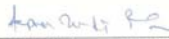
As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks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

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

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

Date: 20 August 2015

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants



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Chartered Accountants
Sheikh Sultan Trust Building No. 2
Beaumont Road
Karachi, 75530 Pakistan

Telephone + 92 (21) 3568 5847
Fax + 92 (21) 3568 5095
Internet www.kpmg.com.pk

Independent Auditors' Report to the Unit Holders

Report on the Financial Statements

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

Management's responsibility for the financial statements

Management Company of the Fund is responsible for the preparation and fair presentation of the financial statements in accordance with the 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 about 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 2015, 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.

The financial statements of the Fund for the year ended 30 June 2014 were audited by another firm of Chartered Accountants who vide their report dated 18 August 2014 had expressed an unmodified opinion thereon.

Date: 20 August 2015

Karachi



KPMG Taseer Hadi & Co.
Chartered
Accountssssants
Ayn Pirani

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

	Note	2015 (Rupees)	2014
Assets			
Bank balances	4	183,326,672	130,138,359
Investments	5	3,114,774,372	881,315,654
Dividend and profit receivable	6	3,903,703	2,347,545
Advances and deposits	7	2,650,000	7,775,000
Deferred formation cost	8	-	100,601
Total assets		<u>3,304,654,747</u>	<u>1,021,677,159</u>
Liabilities			
Payable to the Management Company	9	16,362,249	5,000,138
Remuneration payable to the Trustee	10	339,251	146,135
Annual fee payable to Securities and Exchange Commission of Pakistan	11	1,877,050	414,595
Accrued expenses and other liabilities	12	25,533,304	8,632,041
Payable against purchase of marketable securities		82,968,637	47,753,137
Total liabilities		<u>127,080,491</u>	<u>61,946,046</u>
Contingencies and commitments	13		
Net assets		<u>3,177,574,256</u>	<u>959,731,113</u>
Unit holders' fund (as per the statement attached)		<u>3,177,574,256</u>	<u>959,731,113</u>
		(Number of units)	
Number of units in issue (face value: Rs 100 per unit)		<u>30,459,607</u>	<u>9,101,853</u>
		(Rupees)	
Net assets value per unit		<u>104.3209</u>	<u>105.4434</u>

The annexed notes from 1 to 20 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, 2015

	Note	2015 (Rupees)	2014
Income			
Gain on sale of held for trading investments - net		304,412,083	60,901,896
Unrealised (loss) / gain on revaluation of held for trading investments - net	5.2	<u>(32,581,095)</u>	<u>22,237,691</u>
		271,830,988	83,139,587
Dividend income on held for trading investment		56,552,432	16,914,170
Return / markup on:			
- bank balances		13,197,984	3,263,626
- Government securities (held for trading)		16,162,201	3,793,403
		29,360,185	7,057,029
Element of income and capital gains in prices of units sold less those in units redeemed - net		<u>324,407,011</u>	<u>234,204,399</u>
		682,150,616	341,315,185
Expenses			
Remuneration of the Management Company	9.1	43,437,196	13,092,469
Sindh Sales Tax on remuneration of the Management Company		7,558,072	2,429,962
Federal Excise Duty on remuneration of the Management Company	9.3	6,949,951	2,094,795
Remuneration of the Trustee	10	2,967,737	1,113,043
Annual fee to the Securities and Exchange Commission of Pakistan	11	1,877,050	414,595
Auditors' remuneration	15	265,740	249,350
Fees and subscription		180,360	130,000
Printing charges		31,700	19,120
Brokerage expenses		14,745,549	2,068,135
Provision for workers' welfare fund	12.1	12,056,600	6,381,111
Amortisation of deferred formation cost		100,601	270,000
Settlement charges		1,167,636	348,708
Bank and other charges		39,025	29,512
		91,377,217	28,640,800
Net income for the year before taxation		590,773,399	312,674,385
Taxation	16	-	-
Net income for the year after taxation		590,773,399	312,674,385

The annexed notes from 1 to 20 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, 2015**

	2015	2014
	(Rupees)	
Net income for the year	590,773,399	312,674,385
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u><u>590,773,399</u></u>	<u><u>312,674,385</u></u>

The annexed notes from 1 to 20 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, 2015**

	2015	2014
	(Rupees)	
- Realised income at beginning of the year	27,308,168	23,605,585
- Unrealised income at beginning of the year	22,237,691	11,736,933
Undistributed income at beginning of the year	49,545,859	35,342,518
Final distribution : 2014 : Nil (2013 : Rs.26.3075) per unit		
- Issue of bonus units	-	(22,425,296)
Interim distribution during the year		
- Cash dividend Rs. 26.2618 per unit approved on June 25, 2015	(508,705,710)	-
- Issue of bonus units Rs. 46.2157 per unit approved on June 25, 2014	-	(276,045,748)
	(459,159,851)	(263,128,526)
Net income for the year after taxation	590,773,399	312,674,385
Undistributed income at end of the year	131,613,548	49,545,859
Represented by:		
- Realised income at end of the year	164,194,643	27,308,168
- Unrealised (loss) / income at end of the year	(32,581,095)	22,237,691
Undistributed income at end of the year	131,613,548	49,545,859

The annexed notes from 1 to 20 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, 2015**

	2015	2014 (Rupees)
Net assets as at beginning of the year	959,731,113	120,585,498
Amount received on issuance of 35,278,423* (2014: 6,391,713) units	4,209,423,171	904,614,467
Amount paid on redemption of 13,920,669 (2014: 983,974) units	(1,749,240,706)	(143,938,838)
	2,460,182,465	760,675,629
Element of (income) and capital (gains) included in prices of units issued less those in units redeemed - net	(324,407,011)	(234,204,399)
Final distribution : 2014 : Nil (2013: Rs. 26.3075) per unit approved on June 25, 2014	-	(22,425,296)
- Issue of bonus units	-	(22,425,296)
Issue of Nil (2013: 194,743) bonus units as final distribution	-	22,425,296
Total comprehensive income for the year (net income for the year after taxation)	590,773,399	312,674,385
Interim distribution during the year		
- Cash distribution Rs. 26.2618 per unit approved on June 25, 2015	(508,705,710)	-
- Issue of bonus units Rs. 46.2157 per unit approved on June 25, 2014	-	(276,045,748)
	82,067,689	36,628,637
Issue of Nil (2014: 2,646,941) bonus units as interim distribution	-	276,045,748
Net assets as at end of the year	3,177,574,256	959,731,113
Net assets value per unit at beginning of the year	105.4434	141.4609
Net assets value per unit at end of the year	104.3209	105.4434

* This includes 3,764,902 units issued during the year against the reinvestment of interim cash dividend.

The annexed notes from 1 to 20 form an integral part of these financial statements.

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

Chief Executive Officer

Director

Statement of Cash Flow

For the year ended June 30, 2015

	2015	2014
	(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year	590,773,399	312,674,385
Adjustments for:		
Gain on sale of held for trading investments - net	(304,412,083)	(60,901,896)
Amortisation of deferred formation cost	100,601	270,000
Unrealised loss / (gain) on revaluation of held for trading investments - net	32,581,095	(22,237,691)
Element of (income) and capital (gains) in prices of units sold less those in units redeemed - net	(324,407,011)	(234,204,399)
	(5,363,999)	(4,399,601)
Decrease / (increase) in assets		
Investments	(1,961,627,730)	(705,358,074)
Dividend and profit receivable	(1,556,158)	(2,161,693)
Receivable against sale of marketable securities	-	341,737
Advances and deposits	5,125,000	(5,125,000)
	(1,958,058,888)	(712,303,030)
Increase / (decrease) in liabilities		
Payable to the Management Company	11,362,111	4,543,710
Remuneration payable to the Trustee	193,116	103,741
Annual fee payable to Securities and Exchange Commission of Pakistan	1,462,455	253,311
Payable against purchase of marketable securities	35,215,500	47,753,137
Accrued expenses and other liabilities	16,901,263	6,920,416
Payable against redemption of units	-	(489,588)
	65,134,445	59,084,727
Net cash flows from operating activities	(1,898,288,442)	(657,617,904)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of units	4,209,423,171	904,614,467
Payments on redemption of units	(1,749,240,706)	(143,938,838)
Distribution to unit holder's in cash	(508,705,710)	-
Net cash flows from financing activities	1,951,476,755	760,675,629
Net increase in cash and cash equivalents during the year	53,188,313	103,057,725
Cash and cash equivalents at beginning of the year	130,138,359	27,080,634
Cash and cash equivalents at end of the year	183,326,672	130,138,359

The annexed notes from 1 to 20 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, 2015

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 The Lakson Equity 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 September 18, 2009 by the Securities and Exchange Commission of Pakistan (SECP) in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations).

1.2 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.

1.3 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 "Equity Scheme" as per the Circular 07 of 2009 issued by Securities and Exchange Commission of Pakistan (SECP) and it primarily invests in listed equity securities and other avenues of investment, which include cash or near cash instruments, cash in bank accounts (excluding TDR) and treasury bills not exceeding 90 days maturity and any other investment authorised by SECP.

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

1.4 The Pakistan Credit Rating Company Limited (PACRA) has assigned asset management quality rating of 'AM2-' to the Management Company of the Fund dated April 22, 2015.

On August 13, 2015, PACRA has assigned following rankings to the Fund based on the performance review for the period ended June 30, 2015 (trailing 12 months for 1 Year ranking, trailing 36 months for 3 Year ranking, and trailing 60 months for 5 Year ranking.)

1 Year : 3-Star (Average)
3 Year : 3-Star (Average)
5 Year : 2-Star (Below average)

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, Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case the requirements differ, the requirements of the Rules, the Regulations and the directives issued by the SECP shall prevail.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

In preparing these financial statements, management has made judgements and assumptions that affects the application of the Fund's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following note:

- Note 3.1.2 - Classification of investments

b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the financial statements for the year ending 30 June 2016 is included in the following notes:

- Note 3.1.3 Valuation of investments
- Notes 3.11 and 3.15 - Impairment of financial instruments and other assets
- Notes 12.1, 12.2 and 12.3 - Recognition of provision for Workers' Welfare Fund, Sindh sales tax on Federal Excise duty and Federal Excise duty
- Notes 3.6 and 16 - Taxation
- Note 3.8 - Element of income / loss

2.5 Standards, interpretations and amendments to published approved accounting standard 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 July 01, 2015:

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after January 01, 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Fund's financial statements.
- IFRS 10 'Consolidated Financial Statements' – (effective for annual periods beginning on or after January 01, 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements'. IFRS 10 introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27

which is now called ‘Separate Financial Statements’ and will deal with only separate financial statements. Certain further amendments have been made to IFRS 10, IFRS 12 and IAS 28 clarifying the requirements relating to accounting for investment entities and would be effective for annual periods beginning on or after January 01, 2016. The amendments are not likely to have an impact on Fund’s financial statements.

- IFRS 11 ‘Joint Arrangements’ (effective for annual periods beginning on or after January 01, 2015) replaces IAS 31 ‘Interests in Joint Ventures’. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31 and are now called joint operations.

Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named ‘Investment in Associates and Joint Ventures’. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after January 01, 2016. The adoption of this standard is not likely to have an impact on Fund’s financial statements.

- IFRS 12 ‘Disclosure of Interests in Other Entities’ (effective for annual periods beginning on or after January 01, 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, into one place. The adoption of this standard is not likely to have an impact on Fund’s financial statements.
- IFRS 13 ‘Fair Value Measurement’ effective for annual periods beginning on or after January 01, 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The adoption of this standard is not likely to have an impact on Fund’s financial statements.
- Amendments to IAS 27 ‘Separate Financial Statements’ (effective for annual periods beginning on or after January 01, 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The adoption of the amended standard is not likely to have an impact on Fund’s financial statements.
- Agriculture: Bearer Plants [Amendments to IAS 16 and IAS 41] (effective for annual periods beginning on or after January 01, 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The adoption of the amended standard is not likely to have an impact on Fund’s financial statements.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) [effective for annual periods beginning on or after January 01, 2016]. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The adoption of these amendments is not likely to have an impact on Fund’s financial statements.

- Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after January 01, 2016). The new cycle of improvements contain amendments to the following standards:
- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.
- IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.
- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.
- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.
- The above improvements are not likely to have an impact on the financial statements of the Fund.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies has been consistently applied to all the periods presented in the preparation of these financial statements and 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 as at fair value through profit or loss account (as 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.

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.

Fair value of the investments in listed equity securities are determined on the basis of quoted market prices available at the Karachi Stock Exchange.

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.

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

3.1.4 Trade date accounting

All regular way purchases and sales of investments are recognised on the trade date, i.e. the date on which commitment to purchase / sale is made by the Fund. Regular way purchases or sales of investment require delivery of securities within two days after transaction date as required by stock exchange regulations.

3.2 Formation cost

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

3.3 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.

3.4 Issue and redemption of units

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

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

3.5 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.

3.6 Taxation

The Fund is exempt from taxation under clause 99 of the Part I of the 2nd Schedule of the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

3.7 Revenue recognition

- Dividend income is recognised when the right to receive dividend is established.
- Gains / (losses) arising on sale of investments is accounted for in the income statement in the period in which it arises.
- Profit on bank balances are recognised at effective profit rates based on a time proportion basis.

- 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 it arise.
- Income from investments in treasury bills are recognised at the rate of return implicit in the instrument on a time proportionate basis.

3.8 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 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.

3.9 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.

3.10 Offsetting of financial assets and financial liabilities

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

3.11 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 the income statement.

3.12 Provisions

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.

3.13 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.

3.14 Dividend distribution

Dividend distributions (including the bonus units) are recorded in the period in which the distributions are approved. As per regulation 63 of the Non Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders.

3.15 Other assets

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

	Note	2015	2014
		(Rupees)	
4. BANK BALANCES			
- Local Currency			
In profit and loss sharing accounts	4.1	<u>183,326,672</u>	<u>130,128,359</u>
4.1		These accounts carry profit at the rates of 4.5% to 7.05% (2014: 7% to 11.83%) per annum.	
5. INVESTMENTS			
At fair value through profit or loss			
- held for trading			
Listed equity securities	5.1	3,114,774,372	792,211,694
Government securities	5.2	-	89,103,960
		<u>3,114,774,372</u>	<u>881,315,654</u>

**5.1 Shares of listed company
At fair value through profit or loss - held for trading**

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

Name of investee company	Year ended June 30, 2015							Market value as percentage of net assets	
	Number of Shares		Holding as at July 01, 2014	Disposed during the year	Holding as at June 30, 2015	Rupees			Market value as percentage of total investments
	Purchased during the year	Bonus / right shares received during the year				Carrying value before revaluation as of June 30, 2015	Market value as of June 30, 2015 (revised carrying value)		
Commercial Banks									
MCB Bank Limited	1,254,534	-	1,644,000	781,834	472,700	122,196,860	117,759,024	(4,437,836)	3.71
Bank Alfalah Limited	2,013,700	-	1,855,300	3,657,700	132,400	14,938,610	13,232,056	(1,706,554)	0.42
Allied Bank Limited	1,855,300	-	390,900	1,722,900	701,550	120,772,991	119,908,926	(364,065)	3.77
United Bank Limited (5.1.1)	3,909,900	-	513,000	997,900	308,326	64,015,836	66,336,339	2,320,503	2.09
Bank Al-Habib Limited	31,000	-	100,000	544,000	3,103,500	-	-	-	-
Habib Bank Limited	1,279,326	-	2,181,500	1,077,000	-	-	-	-	-
Faysal Bank Limited	922,000	-	-	3,103,500	-	321,424,297	317,236,345	(4,187,952)	10.18
Chemicals									
Sitara Chemical Industries Limited	-	-	107,700	107,700	110,800	-	-	-	-
Achroma Pakistan Limited	215,650	-	104,850	104,850	-	63,977,341	50,612,332	(13,365,009)	1.62
Fertilizers									
Engro Corporation Limited	1,780,500	-	372,000	1,409,300	754,400	207,707,809	223,905,920	16,198,111	7.19
Fatima Fertilizer Company Limited	8,321,900	-	225,000	8,546,900	2,413,800	195,866,350	214,079,922	18,213,592	6.74
Engro Fertilizers Limited	4,296,600	-	-	1,882,800	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	3,357,200	-	-	3,357,200	-	-	-	-	-
Fauji Fertilizer Company	216,000	-	-	216,000	-	403,574,139	437,985,842	34,411,703	14.06
Pharma & Bio Tech									
Perezoni Laboratories Limited	151,100	-	108,100	259,200	235,600	71,519,105	75,554,564	4,035,459	2.43
The Searl Company Limited	235,600	-	-	-	-	71,519,105	75,554,564	4,035,459	2.43
Glass and Ceramics									
Ghani Glass Limited	664,100	-	-	664,100	-	-	-	-	-
Tariq Glass Industries Limited	795,847	-	-	795,847	-	-	-	-	-
Textile Composite									
Nishat (Chunian) Limited	3,314,900	-	1,719,900	1,595,000	123,000	70,720,902	63,171,927	(7,548,975)	2.03
Kohinoor Textile Mills Limited	197,500	-	74,500	74,500	504,000	8,238,733	7,990,080	(248,653)	0.25
Nishat Mills Limited	565,100	-	61,100	61,100	-	59,153,536	57,571,920	(1,581,616)	1.85
Cement									
Fauji Cement Company Limited	12,296,400	-	2,608,400	9,688,000	3,888,380	93,126,555	90,954,908	(2,171,647)	2.92
Lucky Cement Company Limited	953,080	-	564,700	388,380	670,300	282,511,679	298,429,414	10,917,735	9.23
D.G Khan Cement Company Limited	800,300	-	2,783,500	903,500	7,783,500	84,875,629	95,698,731	10,823,102	3.07
Maple Leaf Cement Factory Limited	1,668,600	-	1,377,600	1,377,600	656,000	126,598,749	131,101,600	4,502,851	4.21
Fecto Cement Company Limited	264,000	-	12,000	276,000	1,930,400	153,433,689	168,002,712	14,569,023	5.39
Cherat Cement Company Limited	2,431,400	-	501,000	501,000	1,417,500	120,177,775	120,898,575	720,800	3.88
Pioneer Cement Company Limited	1,417,500	-	-	-	-	860,724,096	900,085,940	39,361,904	28.32

5.1.1 These include 70,000, 230,000 and 275,000 shares of Oil and Gas Development Company Limited, Pakistan Petroleum Limited and United Bank Limited having market value amounting to Rs. 12.547 million, Rs. 37.780 million and Rs. 47.003 million respectively pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades.

5.1.2 Finance Act, 2014 had introduced tax on bonus shares issued by the Companies. Most Equity Funds including the Fund have challenged the applicability of withholding tax provision on bonus shares before Honourable High Court of Sindh ("the Court") on various legal grounds and have sought relief from the Court. The Court in its order dated November 25, 2014, have granted interim relief by passing the restraining order whereby the defendants, (issuers of the bonus shares) have been refrained from deducting and / or transferring 5% withholding tax on Bonus shares issued by them. In the Fund's case, during the year, the Fund received 20,200 bonus shares from Mari Petroleum Company Limited (Mari), out of which tax in the shape of 1,010 shares had been withheld by CDC. Market value of these 1,010 shares as at June 30, 2015 amounted to Rs. 0.473 million and are included in the Fund's investments in these financial statements.

5.2 Held for trading investments - Government Securities

	Number of holdings at beginning of the year	Acquired during the year	Sold / matured during the year	Number of holdings at end of the year	Carrying value as at June 30, 2015	Market value as at June 30, 2015	Unrealised (diminution) / appreciation	Market value as a percentage of total investments	Market value as a percentage of net assets of the fund
								Rupees	Percentage
- Treasury Bills - 3 months (face value of Rs. 100,000 each)	900	10,592	11,492	-	-	-	-	-	
- Treasury Bills - 6 months (face value of Rs. 100,000 each)	-	950	950	-	-	-	-	-	
- Treasury Bills - 12 months (face value of Rs. 100,000 each)	-	178	178	-	-	-	-	-	
As at June 30, 2015									
As at June 30, 2014					89,106,035	89,103,960	(2,075)	10.11	9.28
Total Investments - June 30, 2015					3,147,355,467	3,114,774,372	(32,581,095)	100.00	98.04
Total Investments - June 30 2014					858,794,863	881,315,654	22,520,791	100.00	92.67

	2015	2014
	(Rupees)	
6. DIVIDEND AND PROFIT RECEIVABLE		
Unsecured - considered good		
- Dividend receivable	3,050,900	1,838,550
- Profit receivable on profit and loss sharing bank accounts	852,344	508,493
- Others	459	502
	3,903,703	2,347,545
7. ADVANCE AND DEPOSITS		
National Clearing Company of Pakistan Limited	2,550,000	2,550,000
Central Depository Company of Pakistan Limited	100,000	100,000
Advance for subscription of shares	-	5,125,000
	2,650,000	7,775,000
8. DEFERRED FORMATION COST		
Opening balance	100,601	370,601
Amortised during the year	(100,601)	(270,000)
Closing balance	-	100,601

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 Asset 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 has amortised over a period of five years effective from November 14, 2009, i.e. after the close of initial period of the Fund. During the year, this cost was fully amortised.

9. PAYABLE TO THE MANAGEMENT COMPANY

	Note	2015	2014
		(Rupees)	
Remuneration payable to the Management Company	9.1	5,141,172	2,191,966
Sindh Sales Tax on Management Company's remuneration	9.2	2,151,675	688,722
Federal Excise Duty on Management Company's remuneration	9.3	9,062,508	2,112,556
Sales load payable to the Management Company		6,894	6,894
		<u>16,362,249</u>	<u>5,000,138</u>

9.1 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. However, effective from November 14, 2014, the Management Company is charging its remuneration at the rate of 2% of the average daily net assets of the Fund (upto November 13, 2014 the management fee was being charged at the 3% of the average daily net assets of the Fund).

9.2 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 15% (till June 30, 2014: 16%) on Management Company's remuneration. Above liability includes Rs. 1,380,502 (2014: Rs. 338,009) accrued on Federal Excise Duty (FED) on the management remuneration as more fully explained in note 9.3 below. Had the provision relating to FED not been made, Net Asset Value per unit of the Fund as at June 30, 2015 would have been higher by 0.05 (2014: 0.04) per unit.

Above sales tax is paid to the management company for onwards payment to the Government.

9.3 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 June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which doesn't appear to be the spirit of the law. A stay order against the collection have been granted by the Honourable High Court of Sindh on a petition filed by the Mutual Funds Association of Pakistan (MUFAP) on September 4, 2013.

In view of uncertainty regarding the applicability of FED on asset management services, the management, as a matter of abundant caution, has decided to maintain the provision for FED amounting to of Rs. 9.063 million as at June 30, 2015 (2014: Rs. 2.113 million). Had the said provision of FED not been recorded in the books of account of the Fund, the net asset value per unit of the Fund would have been higher by 0.29 (2014: 0.23).

Above FED would be paid to the management company for onwards payment to the Government, if so payable.

10. REMUNERATION PAYABLE TO THE TRUSTEE

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

Net assets up to 1 billion

Rs. 0.7 million or 0.20% per annum of the daily average net assets of the Fund, which ever is higher.

Net assets exceeding Rs 1 billion

Rs 2 million plus 0.10% per annum of the daily average net assets of the Fund exceeding Rs 1 billion.

11. 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 Rule 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 0.095% of the average daily net assets of the Fund.

	Note	2015	2014
		(Rupees)	
12. ACCRUED EXPENSES AND OTHER			
Auditors' remuneration		209,475	208,000
Payable to workers' welfare fund	12.1	19,867,065	7,810,465
Brokerage payable		5,277,307	534,756
CDC fee payable		72,667	17,024
National Clearing Company of Pakistan fee payable		86,790	40,996
Other liabilities		20,000	20,800
		<u>25,533,304</u>	<u>8,632,041</u>

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

During 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) 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. Notices of demand have also been issued to several other mutual funds and the matter has been taken up by the respective mutual funds with the FBR for their withdrawal on the basis of the above referred clarification of the Ministry.

During the year 2011, a single bench of the Lahore High Court (LHC) in a constitutional petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, has declared the said amendments as unlawful and unconstitutional and struck them down. However, in the month of March 2013, a larger bench of the Sindh High Court (SHC) in various constitutional petitions declared that amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, do not suffer from any constitutional or legal infirmity and overruled a single-member LHC bench judgement issued in August 2011. However, the Honourable Peshawar High Court on May 29, 2014 on a petition filed by certain aggrieved parties (other than the mutual funds) have adjudicated that the amendments introduced in the Workers Welfare Fund Ordinance, 1971 through the Finance Acts of 2006 and 2008 lacks the essential mandate to be introduced and passed through the money bill under the Constitution of Pakistan and hence have been declared as ultra vires the Constitution.

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

As the matter relating to levy of WWF is currently pending in the Court, the Management Company, as a matter of prudence and abundant caution, has decided to make provision for WWF amounting to Rs. 19.867 million (2014: Rs. 7.81 million) in these financial statements.

Movement of provision for workers' welfare fund is as follows:

	2015	2014
	(Rupees)	
At 01 July	7,810,465	1,429,355
Provision during the year	<u>12,056,600</u>	<u>6,381,110</u>
At 30 June	<u><u>19,867,065</u></u>	<u><u>7,810,465</u></u>

13. CONTINGENCIES AND COMMITMENTS

The fund had no contingency or commitment at the period end except as disclosed in note 5.1.2.

14. NUMBER OF UNITS IN ISSUE

As at June 30, 2015, 30,459,607 (2014: 9,101,853) units at par value of Rs. 100 each were in issue.

	Note	2015	2014
		(Units)	
Total outstanding as of 1 July		9,101,853	852,430
Issued during the year	14.2	35,278,423	6,391,713
Bonus units issued during the year		-	2,841,684
Redemptions during the year	14.2	<u>(13,920,669)</u>	<u>(983,974)</u>
Total units in issue as of 30 June		<u><u>30,459,607</u></u>	<u><u>9,101,853</u></u>

14.1 Includes 9.304 million units on the conversion of units from the related funds.

14.2 Includes 2.771 million units on the conversion of units to the related funds.

15. AUDITORS' REMUNERATION

	2015	2014
	(Rupees)	
Annual audit fee	157,500	151,100
Fee for the review of half yearly financial statements	52,500	52,500
Fee for the review of statement of compliance with the best practices of Code of Corporate Governance	26,250	26,250
Other certifications, etc.	15,750	15,750
Out of pocket expenses	13,740	3,750
	<u>265,740</u>	<u>249,350</u>

16. TAXATION

The Fund's income is exempt from Income Tax as per clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, income distributed through bonus units shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders. The Fund is also exempt from the provisions of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the Management Company has distributed the income earned by the Fund during the year to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements.

17. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties include Lakson Investments Limited being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the trustee, Siza Services (Private) Limited being holding company of the Management Company, associated companies of the Management Company and the holding company, key management personnel, other funds being managed by the Management Company and also include entities having holding 10% or more in the units of the Fund as at June 30, 2015. It also includes staff retirement funds of the above related parties / connected persons.

Transactions and balances with related parties other than those disclosed elsewhere are as follows:

17.1 Balance as at year end

	2015	2014
	(Rupees)	
Lakson Investments Limited - Management Company of the Fund		
Remuneration payable (including the Sindh sales tax and federal excise duty amounting to Rs. 11.214 million (2014: Rs. 2.801 million)) *	<u>16,355,355</u>	<u>4,993,244</u>
Sales load payable	<u>6,894</u>	<u>6,894</u>
Units held as at the year end 976,461 (2014: 500,697) units	17.3 <u>101,865,312</u>	<u>52,795,233</u>

*Sales tax and FED is paid / payable to the management company for onward payment to the Government.

		2015	2014
		(Rupees)	
Central Depository Company of Pakistan Limited - Trustee of the Fund			
Remuneration payable		<u>339,251</u>	<u>146,135</u>
Security deposit		<u>100,000</u>	<u>100,000</u>
Settlement charges payable		<u>72,667</u>	<u>17,024</u>
Directors, Chief Executive, their Spouses and Minor Children			
Units held as at the year end			
10,645,849 (2014: 7,594) units	17.3	<u>1,110,584,515</u>	<u>800,740</u>
Key management personnel, employees and connected persons of the Management Company			
Units held as at the year end			
15,893 (2014: Nil) units	17.3	<u>1,658,021</u>	<u>-</u>
Associated Companies / Undertakings of the Management Company			
Siza (Private) Limited			
Units held as at the year end			
341,328 (2014: 3,841,591) units	17.3	<u>35,607,640</u>	<u>405,070,421</u>
Century Insurance Company Limited			
Units held as at the year end			
6,347,272 (2014: 3,297,712) units	17.3	<u>662,153,122</u>	<u>347,721,968</u>
Siza Service (Private) Limited			
Units held as at the year end			
2,886,574 (2014: Nil) units	17.3	<u>301,130,088</u>	<u>-</u>
Premier Fashions (Private) Limited			
Units held as at the year end			
558,758 (2014: Nil) units	17.3	<u>58,290,187</u>	<u>-</u>
Siza Commodities (Private) Limited			
Units held as at the year end			
900,460 (2014: Nil) units	17.3	<u>93,936,840</u>	<u>-</u>

17.2 Transactions during the period	2015	2014
	(Rupees)	
Lakson Investments Limited - Management Company of the Fund		
Issue: 976,461 (2014: Nil) units	<u>99,995,682</u>	<u>-</u>
Redemption: 500,697 (2014: 583,966) units	<u>64,802,306</u>	<u>85,000,000</u>
Bonus: Nil (2014: 326,872) units	<u>-</u>	<u>35,969,992</u>
Remuneration to the Management Company	<u>43,437,196</u>	<u>13,092,469</u>
Sindh sales tax on remuneration of Management Company *	<u>7,558,072</u>	<u>2,429,962</u>
Federal Excise Duty on Remuneration of Management Company *	<u>6,949,951</u>	<u>2,094,795</u>
Loss borne by the Management Company on sale and purchase of equity securities	<u>800,324</u>	<u>-</u>
*Sales tax and FED is paid / payable to the management company for onward payment to the Government.		
Central Depository Company of Pakistan Limited - Trustee of the Fund		
Remuneration for the period	<u>2,967,737</u>	<u>1,113,043</u>
Settlement charges	<u>495,601</u>	<u>78,878</u>
Discretionary Portfolio		
Sale of equity securities 400 shares (2014: Nil)	<u>126,200</u>	<u>-</u>
Directors, Chief Executive, their Spouses and Minor Children (of the Management Company)		
Issue: 10,638,255 (2014: 2,643) units	<u>1,318,470,684</u>	<u>340,000</u>
Bonus: Nil (2014: 2,718) units	<u>-</u>	<u>289,005</u>
Dividend paid	<u>228,978,121</u>	<u>-</u>
Key management personnel and Employees of the Management Company		
Issue: 15,893 (2014: Nil) units	<u>1,909,685</u>	<u>-</u>
Dividend paid	<u>341,821</u>	<u>-</u>
Associated Companies / Undertaking of the Management Company		
Siza (Private) Limited		
Issue: 61,798 (2014: 2,647,122) units	<u>6,423,329</u>	<u>380,000,000</u>
Bonus: Nil (2014: 1,194,469) units	<u>-</u>	<u>124,730,536</u>
Redemption: 3,562,062 (2014: 64,882) units	<u>460,000,000</u>	<u>8,243,525</u>
Dividend paid	<u>7,340,947</u>	<u>-</u>
Century Insurance Company Limited		
Issue: 8,806,630 (2014: 2,285,076) units	<u>925,300,000</u>	<u>331,674,468</u>
Redemption: 5,757,070 (2014: Nil) units	<u>737,586,426</u>	<u>-</u>
Bonus: Nil (2014: 1,012,636) units	<u>-</u>	<u>105,606,389</u>

	2015	2014
	(Rupees)	
Siza Service (Private) Limited		
Issue: 3,627,042 (2014: Nil) units	<u>465,301,202</u>	-
Redemption: 740,468 (2014: Nil) units	<u>100,000,000</u>	-
Divident paid	<u>62,081,622</u>	-
Premier Fashions (Private) Limited		
Issue: 558,758 (2014: Nil) units	<u>73,174,912</u>	-
Divident paid	<u>12,017,229</u>	-
Siza Commodities (Private) Limited		
Issue: 900,460 (2014: Nil) units	<u>116,535,115</u>	-
Divident paid	<u>19,366,220</u>	-

- 17.3 This reflects the position of related party / connected person status that existed as at June 30, 2015.
- 17.4 Remuneration payable to the Management Company and the Trustee has been determined in accordance with the provisions of NBFC Regulations and the Trust Deed respectively.
- 17.5 Purchase and redemption of the Fund's unit by related parties / connected persons are recorded at the applicable net asset value per unit. Other transactions are at agreed rates.

18. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

Introduction and overview

The Fund has exposure to the following risks from financial instruments:

- credit risk (refer note 18.1)
- liquidity risk (refer note 18.2)
- market risk (refer note 18.3)

Risk management framework

The Fund's board of directors has overall responsibility for the establishment and oversight of the Fund's risk management framework.

Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily setup to be performed based on limits established by the management company, Fund's constitutive documents and the regulations and directives of the SECP. The policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

The audit committee oversees how management monitors compliance with the Fund's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Fund. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes regular reviews of risk management controls and procedures, the results of which are reported to the audit committee.

Asset purchases and sales are determined by the Fund's Investment Manager, who has been authorised to manage the distribution of the assets to achieve the Fund's investment objectives. Compliance with the target asset allocations and the composition of the portfolio is monitored by the Investment Committee. In instances where the portfolio has diverged

from target asset allocations, the Fund's Investment Manager is obliged to take actions to rebalance the portfolio in line with the established targets, within prescribed time limits.

18.1 Credit risk

Credit risk is the risk of financial loss to the Fund if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from bank balances, receivable against sale of marketable securities and security deposits.

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. Before making investment decisions, 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.

Credit risk is managed and controlled by the Management Company of the Fund in the following manner:

- Where the investment committee makes an investment decision, the credit rating and credit worthiness of the issuer is taken into account along with the financial background so as to minimise the risk of default.
- Analysing of credit ratings and obtaining adequate collaterals wherever appropriate / relevant.
- The risk of counterparty exposure due to failed trades causing a loss to the Fund is mitigated by a periodic review of the credit ratings and financial statements on a regular basis.
- Cash is held only with reputable banks with high quality external credit enhancements.
- Investment transactions are carried out with a large number of brokers, whose credit worthiness is taken into account so as to minimise the risk of default and transactions are settled or paid for only upon delivery.

Exposure to credit risk

The maximum exposure to credit risk as at June 30, 2015 was as follows:

	2015		2014	
	Balance as per the Statement of Asset and Liabilities	Maximum Exposure	Balance as per the Statement of Asset and Liabilities	Maximum Exposure
Bank balances (including profit due)	184,179,016	184,179,016	130,646,852	130,646,852
Investments	3,114,774,372	-	881,315,654	-
Dividend and other receivable	3,051,359	3,051,359	1,839,052	1,839,052
Advances and deposits	2,650,000	2,650,000	7,775,000	7,775,000
Rupees	3,304,654,747	189,880,375	858,074,814	140,260,904

Difference in the balance as per the Statement of Assets and Liabilities and maximum exposure in investments is due to the fact that investment in equity securities of Rs. 3,114,774,372 (2014: Rs. 881,315,654 including Government securities of Rs. 89,103,960 which do not carry credit risk).

Bank balances

The Fund held cash and cash equivalents at June 30, 2015 with banks had following credit ratings:

Rating	2015	2014	2015	2014
	(Rupees)		(%)	
A1+	<u>184,179,016</u>	<u>130,646,852</u>	<u>100.00</u>	<u>100.00</u>

Above rates are on the basis of available ratings assigned by PACRA and JCR-VIS (as of June 30, 2015).

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure.

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

	2015		2014	
	(Rupees)	(%)	(Rupees)	(%)
Commercial banks (including profit due)	<u>185,094,616</u>	<u>97.48</u>	130,646,852	93.15
National Clearing company of Pakistan Limited	<u>2,550,459</u>	<u>1.34</u>	2,550,502	1.82
Central Depository Company of Pakistan Limited	<u>100,000</u>	<u>0.05</u>	100,000	0.07
Oil and Gas	<u>1,455,300</u>	<u>0.77</u>	5,921,800	4.22
Automobile	<u>680,000</u>	<u>0.36</u>	-	0.00
Electricity	<u>-</u>	<u>0.00</u>	1,041,750	0.74
	<u>189,880,375</u>	<u>100.00</u>	<u>140,260,904</u>	<u>100.00</u>

Past due and impaired assets and collaterals held

None of the financial assets of the Fund are past due or impaired as at June 30, 2015.

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.

18.2 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting the obligations

associated with its financial liabilities that are settled by delivering cash or another financial asset. The Fund's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation.

The Fund aims to maintain the level of cash and cash equivalents and other highly marketable securities at an amount in excess of expected cash outflows on financial liabilities. The Fund is exposed to cash redemptions of its units on a regular basis. Units are redeemable at the holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive document and guidelines laid down by Securities and Exchange Commission of Pakistan (SECP).

Management of liquidity risk

The Fund's policy is to manage this risk by investing majority of its assets in investments that are traded in an active market and can be readily disposed. The Fund invests primarily in marketable securities and other financial instruments, which under normal market conditions are readily convertible to cash. As a result, the Fund may be able to liquidate quickly its investments in these instruments at an amount close to their fair value to meet its liquidity requirement. The present settlement system is a T+2 system, which means that proceeds from sales (to pay off redemptions) of holdings will be received on the second day after the sale, while redemptions have to be paid within a period of six working days from the date of the redemption request.

In addition, the Fund is entitled to borrow, with prior approval of trustee, for meeting redemptions. No such borrowings were made during the year. The maximum amount available to the Fund from borrowings is limited to the extent of 15% of net assets at the time of borrowing with repayment within 90 days of such borrowings.

In order to manage the Fund's overall liquidity, the Fund can also withhold daily redemption request in excess of ten percent of the units in issue and such requests would be treated as redemption request 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.

Maturity analysis for financial liabilities

Following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

June 30, 2015	Carrying amount	Contractual cash flows		
		Total	Less than 1 month	Within 3 months
Non-derivative financial liabilities (excluding unit holders' fund)				
Payable to the Management Company *	5,148,066	5,148,066	5,148,066	-
Remuneration payable to the Trustee	339,251	339,251	339,251	-
Annual fee payable to the Securities and Exchange Commission of Pakistan	1,877,050	1,877,050	-	1,877,050
Accrued expenses and other liabilities *	5,666,239	5,666,239	5,666,239	-
Payable against purchase of marketable securities	82,968,637	82,968,637	82,968,637	-
	Rupees 95,999,243	95,999,243	94,122,193	1,877,050
Unit holders' fund	Rupees 3,177,574,256	3,177,574,256	3,177,574,256	-

June 30, 2014	Carrying amount	Contractual cash flows		
		Total	Less than 1 month	Within 3 months
Non-derivative financial liabilities (excluding unit holders' fund)				
Payable to the Management Company *	2,198,860	2,198,860	2,198,860	-
Remuneration payable to the Trustee	146,135	146,135	146,135	-
Annual fee payable to the Securities and Exchange Commission of Pakistan	414,595	414,595	-	414,595
Accrued expenses and other liabilities *	821,576	821,576	821,576	-
Payable against purchase of marketable securities	47,753,137	47,753,137	47,753,137	-
	Rupees 51,334,303	51,334,303	50,919,708	414,595
Unit holders' fund	Rupees <u>959,731,113</u>	<u>959,731,113</u>	<u>959,731,113</u>	

* excluding provision for workers' welfare fund, federal excise duty on Management Company's remuneration and sindh sales tax payable on Management Company's remuneration.

Above financial liabilities do not carry any mark-up.

18.3 Market risks

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices - will affect the Fund's income or the 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.

Management of market risks

The Fund 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 and equity price risk.

18.3.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates. Risk management procedures are the same as those mentioned in the credit risk management.

Exposure to interest rate risk

The interest rate profile of the Fund's interest-bearing financial instruments is as follows:

		2015	2014
Variable-rate instrument			
Financial assets (bank balances)	Rupees	<u>183,326,672</u>	<u>130,138,359</u>

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / decreased unit holder fund and income statement by Rs. 1,815,809 (2014: Rs. 1,3801,384). The analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Above bank balances are reprised by the bank after changes in the State Bank of Pakistan's policy rate and do not have any contractual maturity.

None of the other assets and Fund's liabilities are exposed to interest rate risk.

18.3.2 Other market price risk

The Fund is exposed to equity price risk i.e. the risk of unfavourable changes in the fair value of equity securities as a result changes in the levels of Karachi Stock Exchange Index and the value of individual shares, which arises from investments measured at fair value through income statement.

The management of the Fund monitors the proportion of equity securities in its investment portfolio based on market indices. The Fund policy is to manage price risk through diversification and selection of securities within specified limits set by internal risk management guidelines or the requirements of NBFC regulations. The Fund manages those risk by limiting exposure to any single investee company to the extent of 10% of issued capital of that investee company and the net assets of the Fund with overall limit of 30% or index weight whichever is higher subject to maximum of 35% to a single industry sector of the net assets of the Fund (the limit set by NBFC regulations).

The Fund also manages its exposure to price risk by reviewing portfolio allocation as frequently as necessary and at least once a quarter from the aspect of allocation within industry and individual stock within that allocation. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Investment Committee. The primary goal of the Fund's investment strategy is to maximise investment returns.

Details of the Fund's investment in industrial / economic sector are given in note 5.1.

Sensitivity analysis - Equity price risk

All of the Fund's listed equity investments are listed on Karachi Stock Exchange. For such investments classified as at fair value through income statement the impact on income statement and unit holders' fund, due to a 5% increase or decrease in the fair values of the equity investments, would have been an increase or decrease of Rs. 155,738,719 (2014: 39,610,585).

18.4 Unit holder's fund risk management

The Fund's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to continue as a going concern so that it can continue to provide returns to its unit holders. Management monitors the return on capital as well as the level of dividends to unit holders and makes adjustments to it in the light of changes in markets' conditions.

Under the NBFC regulations 2008, the minimum size of an open end scheme shall be one hundred million rupees at all the times during the life of the scheme. The Fund size depends on the issuance and redemption of units.

18.5 Accounting classifications and fair values

The following table shows the carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. The table also sets out

the fair values of financial instruments not measured at fair value and analyses it by the level in the fair value hierarchy into which each fair value measurement is categorised.

The Fund's accounting policy on fair value measurements is discussed in note 3.1.

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: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs that are quoted prices included within level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

As at June 30, 2015, all investments were categorised in Level 1.

As at June 30, 2014, the investments were categorised as below:

		June 30, 2014			
		Level 1	Level 2	Level 3	Total
		(Rupees)			
Investments	Rupees	792,211,694	89,103,960	-	881,315,654

19. 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:

19.1 Unit holding pattern of the Fund

Category	June 30, 2015		
	Number of Investors	Investment Amount (Rupees)	% of Total net assets
Individuals	31	16,410,589	0.52
Associated Companies and Directors	14	2,261,702,862	71.18
Banks and DFIs	1	266,418,486	8.38
NBFC's (Management Company)	1	101,865,333	3.21
Retirement Funds	4	520,747,929	16.39
Public Limited Companies	1	10,429,057	0.33
	52	3,177,574,256	100.00

June 30, 2014

Category	Number of Investors	Investment	% of Total
		Amount (Rupees)	net assets
Individuals	6	31,803,830	3.31
Associated Companies and Directors	3	753,593,786	78.52
Banks and DFIs	1	105,169,138	10.96
NBFC's (Management Company)	1	52,795,279	5.50
Public Limited Companies	2	16,369,080	1.71
	<u>13</u>	<u>959,731,113</u>	<u>100.00</u>

19.2 List of brokers by percentage of commission paid

Name of Broker	Commission paid (Percentage %)	
	June 30, 2015	June 30, 2014
Pearl Securities Limited	15.68%	0.00%
AKD Securities	13.30%	7.86%
Global Securities Pakistan Limited	10.22%	0.00%
Topline Securities Limited	10.16%	7.71%
IGI Finex Securities	10.04%	0.00%
Invest & Finance Securities Limited	9.60%	9.00%
Taurus Securities	8.91%	0.00%
Foundation Securities	8.66%	0.00%
BMA Capital	7.26%	0.00%
NAEL Capital Limited	6.17%	7.33%

19.3 Particulars of the Investment Committee and Fund manager

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

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

Mr. Babar Ali Lakhani - Chief Executive Officer

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

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

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

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

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

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

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

Syed Saifullah Kazmi - Head of Equities (Fund Manager)

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

1. Lakson Equity Fund
2. Lakson Asset Allocation Emerging Markets Fund
3. Lakson Asset Allocation Global Commodities Fund

Mr. Farhan Bashir Khan - Head of Research

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

Ms. Maryam Hidayatallah - Deputy Manager Risk and Compliance

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

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

19.4 Directors meeting attendance

2015

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

19.5 Rating of the Fund and the Management Company

Details of the ratings of the fund and management company are given in note 1.4.

20. GENERAL

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

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

Chief Executive Officer

Director

Performance Table

Performance Table	FY15	FY14	FY13	FY12	FY11	FY10
Net Assets - Beginning (PKR Mil.)	960	121	146	134	128	136
Net Assets - Ending (PKR Mil.)	3,178	960	121	146	134	128
Net Asset value per share	104.3209	105.4434	141.4609	112.1531	119.6452	99.3374
Selling Price for units	107.4506	108.6067	145.7048	115.5177	123.2346	102.3176
Repurchase Price for units	104.3209	105.4434	141.4609	112.1531	119.6452	99.3374
Highest Offer Price (PKR)	142.6266	157.9072	150.1842	120.9177	127.5518	115.2487
Lowest Offer Price (PKR)	103.3220	107.1618	106.4191	95.1812	102.1798	99.7229
Highest Redemption Price (PKR)	138.4724	153.3079	145.8099	117.3958	123.8367	111.8919
Lowest Redemption Price (PKR)	100.3126	104.0405	103.3195	92.4089	99.2036	96.8183
Beginning NAV - Ex-Div. (PKR)	105.9924	115.1534	101.0316	102.1999	99.3374	100.0000
Interim Distributions (PKR)	26.2618	46.2157	-	-	-	-
Final Distribution (PKR)	-	-	26.3075	11.1215	17.4453	-
Ending NAV - Ex-Div. (PKR)	103.9399	104.2886	115.1534	101.0316	102.1999	99.3374
Return	23.93%	32.15%	40.02%	9.74%	20.44%	-0.66%
Net Income / (loss) (PKR Mil.)	591	312	34	13	23	(1)
Total Distribution	509	298	15	19	-	-
Accumulated Capital Growth	131	49	35	16	22	-
Average Annual return of the Fund						
One Year	23.93%	32.15%	40.02%	9.71%	20.44%	-0.66%
Two year	31.89%	42.51%	26.79%	16.06%	12.07%	-
Three year	43.10%	34.32%	28.33%	11.90%	-	-
Since inception (November 13,2009)	35.71%	30.87%	23.09%	11.90%	12.07%	-0.66%
Distribution	FY15	FY14	FY13	FY12	FY11	FY10
Interim Distribution	26.2618	46.2157	-	-	-	-
Final Distribution	-	-	26.3075	11.1215	17.4453	-
NAV before Distribution	130.2017	150.5043	141.4609	112.1531	119.6452	-
NAV after Distribution	103.9399	104.2886	115.1534	101.0316	102.1999	-
Distribution Date	25-Jun-15	25-Jun-14	08-Jul-13	05-Jul-12	04-Jul-11	-

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

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

UAN +92.21 111-LAKSON
T +92.21 3569.8000
F +92.21 3568.1653
E info@li.com.pk
www.li.com.pk