

LAKSON ASSET ALLOCATION EMERGING MARKETS FUND
(31 March 2012)



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

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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. Sher Afgan Malik Mr. Muhammad Abdul Qadir Mr. Daniel Scott Smaller Mr. Zahid Zakiuddin |
| Chief Financial Officer & Company Secretary of the Management Company | Mr. Amir Mobin |
| Audit Committee | Mr. Iqbal Ali Lakhani - Chairman Mr. A. Aziz H. Ebrahim Mr. Sher Afgan Malik Mr. Zahid Zakiuddin |
| Trustee | Central Depository Company of Pakistan Limited CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi, Pakistan. |
| Auditors | BDO Ebrahim & Co. Chartered Accountants 2nd Floor, Block C, Lakson Square Building No. 1, Sarwar Shaheed Road, Karachi - 74200. |
| Bankers to the Fund | Barclays Bank PLC, Pakistan Habib Metropolitan Bank Limited Habib Bank AG Zurich |
| Legal Adviser | Fazleghani Advocates F-72/I, Block 8, KDA-5, Kehkashan, Clifton, Karachi, Pakistan. |
| Registrar | Lakson Investments Limited Lakson Square Building No.2, Sarwar Shaheed Road, Karachi-74200, Pakistan |
| Rating by PACRA | AM3 + : Management Company Quality Rating |

Review Report of the Directors of the Management Company For the period ended March 31, 2012

The Board of Directors of Lakson Investments Limited, the Management Company of the Lakson Asset Allocation Emerging Markets Fund ("LAAEMF") is pleased to submit its review report together with Condensed Interim Financial Statements for the period ended March 31, 2012.

Fund Objective

The investment objective of the LAAEMF is to provide long-term capital appreciation by investing in a mix of domestic debt and Emerging Markets Securities.

Fund Profile

The LAAEMF is an open end asset allocation scheme. The Scheme is managed using an active investment management style which focuses on an analysis of the macro factors such as government policies, global economic data, commodities prices and supply / demand dynamics. The Scheme switches exposure between the domestic Government Securities and the Emerging Markets securities based on the outlook of the Investments Team of the performance of the Emerging Markets. The Scheme may overweight or underweight countries relative to its benchmark for Emerging Markets investments, the MSCI Emerging Markets Index. Exposure of the Scheme in the fixed income securities is managed through duration and yield curve management by shifting between different maturities of the Government Securities.

Fund performance

The LAAEMF was launched on October 10, 2011 and since its inception the LAAEMF has provided a return of 3.94% compared to the Benchmark (70% 6-month T-Bills + 30% MSCI Emerging Markets Index) return of 9.93%. As of March 31, 2012, the LAAEMF is invested 69% in T-Bills, 27% in USD Deposits, 1% Cash and 3% in Emerging Markets Equities through Vanguard MSCI Emerging Markets ETF. Instead of investing the entire 30% in one instant in the international markets, the LAAEMF will utilize Dollar Cost Averaging, the technique of buying a fixed dollar amount of a particular investment on a regular schedule, and will take 3% exposure in Emerging Markets equities every month beginning March 2012. As of March 31, 2012 the LAAEMF has PKR 321 million in assets under management.

Earning per Unit (EPU)

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

Economic Review

Pakistan's economic progress continued to be plagued by rising fiscal deficit, unabated surge in the circular debt and persistent energy crisis. However the low base effect of the Large Scale Manufacturing ("LSM") sector allowed it to post a strong YoY growth of 6.0% in Feb '12, taking 8MFY12 growth to 1.8% YoY. Amongst major sectors, Textiles grew by 0.9% YoY, Pharmaceuticals by 11.1% YoY, Food & Beverages by 10.2% YoY and Paper & Board by 10.3% YoY. Energy sector, which has the third highest weight in the index of 5.5%, however posted a decline of 3.9% YoY during 8MFY12 as circular debt acutely hampered the operating capacity of the entire energy chain.

During 8MFY12, the current account deficit swelled to USD 2.95 billion, driven by rising trade and services' deficit and slowdown in foreign inflows. Trade deficit during the period under review stood at USD 10.5 billion, up 43% YoY as high international oil prices hiked imports by 18% YoY, compared to a timid growth of 5% YoY in exports. Simultaneously, absence of any foreign disbursements led to the services' deficit of USD 1.9 billion compared to a deficit of USD 0.8 billion posted in the same period last year. Foreign Direct Investment ("FDI") too declined by 45% YoY to USD 571 million while Foreign Portfolio Investment ("FPI") recorded net outflow of USD 128 million, compared to the net inflow of USD 312 million in 8MFY11. Overseas remittances continued to be the major supporting factor in the overall Balance of Payments, as they sustained a monthly average of over USD 1.0 billion

and grew by 21% YoY to stand at USD 9.7 billion during the 9MFY12. Forex reserves of the country settled at USD 16.5 billion by the end of Mar '12, declining by USD 1.7 billion from the Jun '11 level of USD 18.2 billion. On the positive side, the government's ability to comfortably manage the repayment of IMF's first tranche of USD 399 million in Feb '12, lent stability to Pak Rupee as it depreciated by just 0.8% during Q3FY12 after posting a depreciation of 4.6% during 1HFY12.

During 9MFY12, government continued to rely on internal sources to bridge the burgeoning fiscal deficit as it borrowed a net amount of PKR 982 billion compared to net borrowing of PKR 391 billion in the same period last year. However due to net attrition in the Net Foreign Assets ("NFA") the M2 growth was contained at 8.7% during the 9MFY12 as against 9.1% witnessed in 9MFY11. Resultantly, inflation as measured by Consumer Price Index ("CPI") eased to 10.79% YoY during 9MFY12, compared to an average of 13.95% YoY recorded in the same period last year. However despite inflation being well below the annual target of 12% for FY12, concerns on the external accounts and government borrowing compelled the State Bank of Pakistan ("SBP") to maintain status quo in its monetary policy announcement of Feb-Mar period - hence the benchmark Discount Rate was kept stable at 12%, after a cumulative cut of 200 bps during 1HFY12.

Fixed Income Market Review

Increasing government borrowing kept the money market tight, however due to declining interest rates the overnight repo rates averaged at 12.02% during the 9MFY12 compared to an average of 12.44% witnessed during 9MFY11. The SBP supported the market liquidity through frequent Open Market Operations ("OMOs") which clocked in a weekly average of PKR 158 billion. The SBP conducted nineteen Treasury Bill ("T-bill") auctions during 9MFY12 and accepted PKR 2.6 trillion worth of bids, meeting its target of PKR 2.5 trillion. The yields for 3M, 6M and 12M T-bills, nevertheless adjusted downwards by 49 bps, 64 bps and 75 bps respectively on YoY basis as they incorporated the impact of 200 bps decline in the discount rate. Similarly, the benchmark 6-month KIBOR also declined by 74 bps YoY to average at 12.56% during 9MFY12. Through seven Pakistan Investment Bond ("PIB") auctions conducted during the 9MFY12 period, the GoP borrowed PKR 159 billion while the banking sector recorded a surge of PKR 329 billion in its deposits to PKR 5.9 trillion by the end of Mar '12.

Emerging Markets Review

Emerging Market equities managed to partially cover for their 2011 underperformance as the benchmark MSCI Emerging Market index gained 13.6% during Q3FY12, marking the best calendar start in 20 years. India stood out as the key outperformer on the back of Indian Rupee's appreciation of 4% against the USD and its Central Bank's commitment to loosen monetary policy.

Equities in China however lagged the broader emerging markets, as its government cut the country's 2012 growth target to 7.5% from a long standing goal of 8.0% and pledged to undertake necessary economic and social reforms in order to expand consumer demand. While a growth rate of 7.5% is to be the lowest since 1990, investors continued to be more fearful of a "hard landing" in the world's second largest economy. In India, the Reserve Bank of India maintained its interest rates for the third consecutive meeting after inflation accelerated; however the central bank reiterated that future actions will be towards lowering rates as economic growth slowed for the fourth straight quarter. Brazil was also recorded to have grown at just 2.7% in 2011, its slowest pace since 2003. However, with fiscal deficits under control, most emerging economies present a far greater flexibility to counteract slowing export markets. Brazil, for example, surprised the market with an unexpected rate cut of 75 bps to 9.75%.

Peripheral emerging markets, however, posted a much better economic performance with countries such as Indonesia and Philippines poised to get the highest credit ratings since 1997 amidst record low sovereign credit yields.

Future Outlook

The IMF, in its recent report on Article IV Consultations, appreciated Pakistan's economic progress but highlighted challenges faced on account of unresolved structural problems (especially in the energy sector) and difficulties in implementing key policy reforms. Keeping these challenges in mind, the economy will find it difficult to surpass its long term GDP growth average of 5% in the near term.

However low base effects from last years' floods should allow the country to achieve GDP growth of 3.6% in FY12 and surpass 4.0% in FY13. At the same time, the government appears to be close to its target of achieving double digit growth in tax revenues; hence materialization of foreign inflows under Coalition Support Fund should significantly ease the fiscal deficit, as well as reduce pressure on foreign reserves. These foreign inflows will also continue to be the single most important determinant factor for the scope of further monetary easing in the country.

Investors in the emerging markets will be keeping a close eye on economic progress in China, and the government's ability to avert a "hard landing". However given the fiscal space available with most emerging economies, including China, the slowdown is likely to be short-lived while improvement in the US economic outlook should revive exports to western economies.

Acknowledgment

The Board is thankful to its valued investors, the Securities and 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 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 and on Behalf of the Board

Babar Ali Lakhani
Chief Executive Officer

Dated: April 19, 2012

**Condensed Interim Statement of Assets and Liabilities (Unaudited)
As at March 31, 2012**

| | Note | 2012 Rupees |
|--|------|-------------------------|
| ASSETS | | |
| Bank balances | 5 | 90,474,159 |
| Investments | 6 | 231,794,556 |
| Mark-up receivable | | 42,349 |
| Prepayments | | 6,894 |
| Deferred formation cost | | 2,282,858 |
| Total assets | | <u>324,600,816</u> |
| LIABILITIES | | |
| Payable to the Management Company | | 3,153,958 |
| Payable to the Trustee | | 54,281 |
| Annual fee payable to the Securities and Exchange Commission of Pakistan | | 141,195 |
| Accrued expenses and other liabilities | 7 | 366,548 |
| Total liabilities | | <u>3,715,982</u> |
| NET ASSETS | | <u>320,884,834</u> |
| UNITHOLDERS' FUND (as per statement of movement in Unitholders' Fund) | | <u>320,884,834</u> |
| CONTINGENCIES AND COMMITMENTS | 8 | |
| | | Numbers of units |
| Number of units in issue | | <u>3,087,162</u> |
| | | Rupees |
| Net asset value per unit | | <u>103.9417</u> |

The annexed notes from 1 to 12 form an integral part of this condensed interim financial information.

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

Chief Executive Officer

Director

**Condensed Interim Income Statement (Unaudited)
For the period from October 11, 2011 to March 31, 2012**

| | Note | For the period from October 11, 2011 to March 31, 2012 | Quarter Ended March 31, 2012 |
|--|------|---|------------------------------------|
| | | (Rupees) | |
| INCOME | | | |
| Mark-up income | | 16,137,431 | 8,177,035 |
| Capital Gain on sale of investments - net | | 1,229 | 1,229 |
| Exchange loss on foreign currency deposits | | (436,003) | (436,003) |
| Unrealised (diminution) / appreciation in the fair value of investments classified as 'held for trading' - net | 6.1 | (3,437) | 140,352 |
| | | <u>15,699,220</u> | <u>7,882,613</u> |
| EXPENSES | | | |
| Remuneration of the Management Company | 9 | 2,398,805 | 1,392,268 |
| Remuneration of the Trustee | | 297,252 | 158,419 |
| Annual fee to the Securities and Exchange Commission of Pakistan | | 141,195 | 75,250 |
| Auditor's remuneration | | 149,943 | 80,057 |
| Fees and subscription | | 13,106 | 6,894 |
| Printing charges | | 32,765 | 17,235 |
| Brokerage, settlement and bank charges | | 51,455 | 39,042 |
| Amortisation of deferred formation cost | | 238,342 | 125,371 |
| Workers' Welfare Fund | 7.1 | 248,340 | 119,754 |
| | | <u>3,571,203</u> | <u>2,014,290</u> |
| Net income from operating activities | | <u>12,128,017</u> | <u>5,868,323</u> |
| Element of income and capital gains included in the prices of units issued less those in units redeemed | | <u>40,663</u> | <u>(345)</u> |
| Net income for the period | | <u><u>12,168,680</u></u> | <u><u>5,867,978</u></u> |

The annexed notes from 1 to 12 form an integral part of this condensed interim financial information.

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

Chief Executive Officer

Director

**Condensed Interim Statement of Comprehensive Income (Unaudited)
For the period from October 11, 2011 to March 31, 2012**

| | For the period from October 11, 2011 to March 31, 2012 | Quarter Ended March 31, 2012 |
|---|---|---|
| | (Rupees) | |
| Net income for the period | 12,168,680 | 5,867,978 |
| Other comprehensive income | - | - |
| Total comprehensive income for the period | <u>12,168,680</u> | <u>5,867,978</u> |

The annexed notes from 1 to 12 form an integral part of this condensed interim financial information.

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

Chief Executive Officer

Director

**Condensed Interim Distribution Statement (Unaudited)
For the period from October 11, 2011 to March 31, 2012**

| | For the period from October 11, 2011 to March 31, 2012 | Quarter Ended March 31, 2012 |
|--|---|---|
| | | (Rupees) |
| Undistributed income at the beginning of the period | - | 6,300,702 |
| Total comprehensive income for the period | 12,168,680 | 5,867,978 |
| Undistributed income at the end of the period | <u>12,168,680</u> | <u>12,168,680</u> |
| Undistributed income at the end of the period - realised (Accumulated loss) / undistributed income at the end of the period - unrealised | 12,172,117 (3,437) | 5,727,626 140,352 |
| Undistributed income at the end of the period | <u>12,168,680</u> | <u>5,867,978</u> |

The annexed notes from 1 to 12 form an integral part of this condensed interim financial information.

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

Chief Executive Officer

Director

**Condensed Interim Statement of Movement in Unit Holders' Fund (Unaudited)
For the period from October 11, 2011 to March 31, 2012**

| | For the period from October 11, 2011 to March 31, 2012 | Quarter Ended March 31, 2012 |
|---|---|---|
| | (Rupees) | |
| Net assets value per unit at the beginning of the period | - | 315,026,731 |
| Cash received on issue of 3,087,407 units and 47 units during the period and quarter respectively | 308,781,981 | 4,859 |
| Cash paid on redemption of 245 units and 145 units during the period and quarter respectively | (25,164) | (15,079) |
| | 308,756,817 | (10,220) |
| Element of income and capital gains included in the prices of units issued less those in units redeemed | (40,663) | 345 |
| Total comprehensive income for the period | 12,168,680 | 5,867,978 |
| Net assets at the end of the period | <u>320,884,834</u> | <u>320,884,834</u> |
| Net assets value per unit at the beginning of the period | <u>100.0000</u> | <u>102.0408</u> |
| Net assets value per unit at the end of the period | <u>103.9417</u> | <u>103.9417</u> |

The annexed notes from 1 to 12 form an integral part of this condensed interim financial information.

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

Chief Executive Officer

Director

**Condensed Interim Statement of Cash Flows (Unaudited)
For the period from October 11, 2011 to March 31, 2012**

| | For the period from October 11, 2011 to March 31, 2012 | Quarter Ended March 31, 2012 |
|--|---|------------------------------------|
| | | (Rupees) |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net income for the period | 12,168,680 | 5,867,978 |
| Adjustments for non-cash charges and other items: | | |
| Capital Gain on sale of investments - net | (1,229) | (1,229) |
| Amortisation of deferred formation cost | 238,342 | 125,371 |
| Unrealised (diminution) / appreciation in the fair value of investments classified as 'held for trading' - net | 3,437 | (140,352) |
| Element of income and capital gains included in the prices of units issued less those in units redeemed | (40,663) | 345 |
| | <u>12,368,567</u> | <u>5,852,113</u> |
| Increase in assets | | |
| Investments - net | (231,796,764) | 62,409,825 |
| Mark-up receivable | (42,349) | 153,848 |
| Prepayments | (6,894) | 6,893 |
| Deferred formation cost | (2,521,200) | - |
| | <u>(234,367,207)</u> | <u>62,570,566</u> |
| Increase in liabilities | | |
| Payable to the Management Company | 3,153,958 | 244,434 |
| Payable to the Trustee | 54,281 | 1,127 |
| Annual fee payable to the Securities and Exchange Commission of Pakistan | 141,195 | 75,250 |
| Accrued expenses and other liabilities | 366,548 | 152,546 |
| | <u>3,715,982</u> | <u>473,357</u> |
| Net cash (used in) / flow from operating activities | <u>(218,282,658)</u> | <u>68,896,036</u> |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Cash received from issue of units | 308,781,981 | 4,859 |
| Cash paid on redemption of units | (25,164) | (15,079) |
| Net cash generated from / (used in) financing activities | <u>308,756,817</u> | <u>(10,220)</u> |
| Net increase in cash and cash equivalent during the period | 90,474,159 | 68,885,816 |
| Cash and cash equivalent at the beginning of the period | - | 21,588,343 |
| Cash and cash equivalent at the end of the period | <u>90,474,159</u> | <u>90,474,159</u> |

The annexed notes from 1 to 12 form an integral part of this condensed interim financial information.

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

Chief Executive Officer

Director

**Notes to and forming part of the
Condensed Interim Financial Information (Un-audited)
For the period from October 11, 2011 to March 31, 2012**

1. LEGAL STATUS AND NATURE OF BUSINESS

Lakson Asset Allocation Emerging Markets Fund (the "Fund") was established under Trust Deed executed on May 30, 2011 between Lakson Investments Limited as its Management Company and Central Depository Company of Pakistan Limited (CDC) as its Trustee. The Fund has been registered as a notified entity on July 7, 2011 by the Securities & Exchange Commission of Pakistan (SECP) in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008. The Management Company of the Fund has been licensed by SECP as a Non-Banking Finance Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The Fund has commenced its operations on October 11, 2011.

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 can also be redeemed by surrendering them to the Fund.

The Fund is authorized to invest in government securities, deposits and foreign currency deposits with local or foreign banks etc. in Pakistan. Further, as allowed by SECP and SBP, the Fund can invest up to 30% of the net assets outside Pakistan subject to a maximum limit of USD 15 million. The investments authorized outside Pakistan include exchange traded funds based on equities/debt with exposure in the emerging markets, index tracker funds tracking different emerging markets, actively managed emerging markets funds, equities and debt securities of companies with exposure in emerging markets, foreign currency deposits etc.

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, requirements of Trust Deed, requirements of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008. In case, the requirements differ, the provisions and directive of Companies Ordinance, 1984, the requirements of Trust deed, Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, and Non-Banking Finance Companies and Notified Entities Regulations, 2008 shall prevail.

This condensed interim financial information comprise of condensed interim statement of assets and liabilities as at March 31, 2012 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund, condensed interim statement of cash flows and notes thereto, for the period from October 11, 2011 to March 31, 2012.

This condensed interim financial information is being submitted to the unit holders as required under Regulation 38 (g) of the NBFC Regulations.

2.2 Functional and presentation currency

This condensed interim financial information are prepared in Pakistani Rupees, which is presentational and functional currency of the Fund.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of this condensed interim financial information are the same as those applied in the preparation of the condensed interim financial information as at and for the period ended December 31, 2011.

4. ACCOUNTING ESTIMATES

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

The significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those applied to condensed interim financial information as at and for the period ended December 31, 2011.

| | Note | March 31, 2012 Rupees |
|------------------------------------|------|-----------------------------|
| 5. BANK BALANCES | | |
| In local currency | | |
| - profit and loss sharing accounts | 5.1 | 4,722,126 |
| In foreign currency | | |
| - current account | 5.2 | 85,752,033 |
| | | <u>90,474,159</u> |

5.1 These carry mark-up at the rates ranging from 5% to 10.25% per annum.

5.2 This represents USD denominated current account maintained in foreign currency.

6. INVESTMENTS

| | | |
|-----------------------|-----|--------------------|
| Held for trading | | |
| Government securities | 6.1 | 222,473,950 |
| Foreign investments | 6.2 | 9,320,606 |
| | | <u>231,794,556</u> |

6.1 Government securities

| | Number of holdings at beginning of the period | Acquired during the period | Disposed / matured during the period | Number of holdings at end of the period | Carrying value as at March 31, 2012 | Market value as at March 31, 2012 | Unrealized diminution | Market value as a % of net assets of the Fund | Market value as a % of total investments | |
|--|---|----------------------------|--------------------------------------|---|-------------------------------------|-----------------------------------|-----------------------|---|--|-------|
| Note | Number of treasury bills | | | | (Rupees) | | | | | |
| Treasury Bills - 3 months (face value of Rs. 100,000 each) | 6.1.1 | - | 3,700 | 2,450 | 1,250 | 123,519,253 | 123,499,550 | (19,703) | 38.49 | 53.28 |
| Treasury Bills - 6 months (face value of Rs. 100,000 each) | 6.1.2 | - | 7,900 | 6,900 | 1,000 | 99,001,074 | 98,974,400 | (26,674) | 30.84 | 42.70 |
| Total | | | | | <u>222,520,327</u> | <u>222,473,950</u> | <u>(46,377)</u> | <u>69.33</u> | <u>95.98</u> | |

- 6.1.1 These represent 3 months Government Treasury bills carrying a fixed mark-up rate ranging from 11.7367% to 11.7825% maturing between April 5, 2012 to May 17, 2012. The face value of Treasury Bills held as at March 31, 2012 is amounted to Rs. 125 million.
- 6.1.2 This represents 6 months Government Treasury bills carrying a fixed mark-up rate of 11.7845% and will mature on May 3, 2012. The face value of Treasury Bills held as at March 31, 2012 is amounted to Rs. 100 million.

6.2 Foreign investments

| Number of holdings at beginning of the period | Acquired during the period | Disposed / during the period | Number of holdings at end of the period | Carrying value as at March 31, 2012 | Market value as at March 31, 2012 | Unrealized appreciation | Market value as a % of net assets of the Fund | Market value as a % of total investments |
|---|----------------------------|------------------------------|---|-------------------------------------|-----------------------------------|-------------------------|---|--|
|---|----------------------------|------------------------------|---|-------------------------------------|-----------------------------------|-------------------------|---|--|

| | Number of units | | | (Rupees) | | | | |
|------------------------------------|-----------------|-------|-------|-----------|-----------|--------|------|------|
| Vanguard MSCI Emerging Markets ETF | - | 2,365 | 2,365 | 9,277,666 | 9,320,606 | 42,940 | 2.90 | 4.02 |

**March 31,
2012
Rupees**

7. ACCRUED AND OTHER LIABILITIES

| | Note | |
|------------------------|------|----------------|
| Auditor's remuneration | | 97,443 |
| Workers' Welfare Fund | 7.1 | 248,340 |
| Others | | 20,765 |
| | | <u>366,548</u> |

7.1 Workers' Welfare Fund

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

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

After June 30, 2011, the Honourable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional and struck them down. Further MUFAP took the opinion of the legal council contesting the case on behalf of mutual fund on the impact of the decision of (LHC). The council vide its letter dated December 12, 2011 opined that in light of recent judgments, there are good chance for the constitutional petition to be decided in favor of mutual fund. The Management Company is hopeful that the decision of the LHC, will lend further support to the Constitutional Petition which is pending in the Sindh High Court (SHC).

In view of above stated facts and considering the vagaries of litigation, the Management Company as a matter of abundant caution has decided to continue to maintain the provision for WWF amounting to Rs 0.248 million upto 31 March 2012.

8. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at March 31, 2012.

9. REMUNERATION OF THE MANAGEMENT COMPANY

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 annual net assets of the Fund during first five years of the Fund's existence and thereafter an amount equal to two percent per annum of such assets of the Fund. Currently, the remuneration is charged at the rate of 2% of the average annual net assets of the Fund, however, for the period from October 11, 2011 to February 28, 2012 the Remuneration was charged at the rate of 1.25% of the average annual net assets of the Fund and the remaining amount was waived. Remuneration charged in this financial information is inclusive of the sales tax on services which is levied at the rate of 16.00% of the Remuneration. The Remuneration is paid to the Management Company monthly in arrears.

10. TAXATION

The Fund's income is exempt from income tax as per clause (99) of part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Furthermore, as per Regulation 63 of the NBFC Regulations, 2008 the Fund is required to distribute 90% of the net accounting income other than unrealized capital gains to the unit holders. The Management intends to distribute at least 90% of the income earned by the year end by this Fund to the unit holders. The Fund is also exempt from the provisions of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Accordingly, no provision has been made in this condensed interim financial information.

11. TRANSACTIONS AND BALANCES WITH RELATED PARTIES / CONNECTED PERSONS

Related parties include Lakson Investments Limited being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the Trustee, SIZA Services (Private) Limited being the Holding Company of the Management Company, associated companies of the Management Company, key management personnel and other funds being managed by the Management Company.

Remuneration to the Management Company and the Trustee is determined in accordance with the provisions of NBFC Regulations, and the Trust Deed respectively. Other transactions are in normal course of business, at contracted rates and terms determined in accordance with the market rates.

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

March 31,
2012
Rupees

11.1 Balance as at period end
Lakson Investments Limited - Management Company

| | |
|--|-----------|
| Remuneration payable | 629,658 |
| Sales load payable | 3,101 |
| Preliminary and formation cost payable | 2,521,200 |

Central Depository Company of Pakistan Limited - Trustee

| | |
|----------------------|--------|
| Remuneration payable | 54,281 |
|----------------------|--------|

Directors of the Management Company
Babar Ali Lakhani

| | |
|---|---------|
| Units held as at the period ended: 3,028* units | 314,731 |
|---|---------|

*Includes units held by minor son Mr. Hassan Ali Lakhani.

**Associated companies / undertakings of the
Management Company**
SIZA (Private) Limited

| | |
|--|-------------|
| Units held as at the period ended: 1,341,838 units | 139,472,973 |
|--|-------------|

**Lakson Business Solutions Limited - Employees
Contributory Provident Fund Trust**

| | |
|--|---------|
| Units held as at the period ended: 3,901 units | 405,500 |
|--|---------|

**Princeton Travels (Private) Limited - Employees
Contributory Provident Fund Trust**

| | |
|--|---------|
| Units held as at the period ended: 4,001 units | 415,898 |
|--|---------|

**Lakson Investments Limited - Employees
Contributory Provident Fund Trust**

| | |
|--|---------|
| Units held as at the period ended: 2,101 units | 218,346 |
|--|---------|

**Tritex Cotton Mills Limited - Employees
Contributory Provident Fund Trust**

| | |
|--|---------|
| Units held as at the period ended: 2,701 units | 280,731 |
|--|---------|

**Tetley Clover (Private) Limited - Employees
Contributory Provident Fund Trust**

| | |
|--|---------|
| Units held as at the period ended: 7,002 units | 727,821 |
|--|---------|

**Clover (Pakistan) Limited - Employees
Contributory Provident Fund Trust**

| | |
|---|-----------|
| Units held as at the period ended: 16,005 units | 1,663,591 |
|---|-----------|

| | March 31, 2012 Rupees |
|---|-----------------------------|
| Clover (Pakistan) Limited - Employees Gratuity Fund Units held as at the period ended: 8,503 units | <u>883,783</u> |
| Century Insurance Company Limited - Employees Contributory Provident Fund Trust Units held as at the period ended: 12,004 units | <u>1,247,693</u> |
| GAM Corporation (Private) Limited - Employees Contributory Provident Fund Trust Units held as at the period ended: 32,010 units | <u>3,327,182</u> |
| SIZA Foods (Private) Limited - Employees Contributory Provident Fund Trust Units held as at the period ended: 19,006 units | <u>1,980,712</u> |
| Hasanali Karabhai Foundation - Employees Contributory Provident Fund Trust Units held as at the period ended: 6,002 units | <u>623,847</u> |
| Colgate Palmolive (Pakistan) Limited - Employees Contributory Provident Fund Trust Units held as at the period ended: 217,068 units | <u>22,562,455</u> |
| Colgate Palmolive (Pakistan) Limited - Employees Gratuity Fund Units held as at the period ended: 82,026 units | <u>8,525,905</u> |
| SIZA Services (Private) Limited - Employees Contributory Provident Fund Trust Units held as at the period ended: 9,003 units | <u>935,770</u> |
| Cyber Internet Services (Private) Limited - Employees Contributory Provident Fund Trust Units held as at the period ended: 44,014 units | <u>4,574,876</u> |
| Sybrid (Private) Limited - Employees Contributory Provident Fund Trust Units held as at the period ended: 14,004 units | <u>1,455,642</u> |
| Accuray Surgicals Limited - Employees Contributory Provident Fund Trust Units held as at the period ended: 35,011 units | <u>3,639,106</u> |
| Merit Packaging Limited - Employees Contributory Provident Fund Trust Units held as at the period ended: 46,014 units | <u>4,782,825</u> |

| | March 31, 2012 Rupees |
|--|---|
| Merit Packaging Limited - Employees Gratuity Fund | |
| Units held as at the period ended: 18,006 units | <u>1,871,540</u> |
| Century Paper & Board Mills Limited - Employees Contributory Provident Fund Trust | |
| Units held as at the period ended: 169,053 units | <u>17,571,682</u> |
| Century Paper & Board Mills Limited - Employees Gratuity Fund | |
| Units held as at the period ended: 91,029 units | <u>9,461,675</u> |
| Century Insurance Company Limited | |
| Units held as at the period ended: 350,110 units | <u>36,391,057</u> |
| | For the period from October 11, 2011 to March 31, 2012 (Rupees) |
| 11.2 Transactions related to the units of the Fund | |
| Directors of the Management Company | |
| Babar Ali Lakhani | |
| Issue of units: 3,028 units | <u>302,956</u> |
| *Includes units held by minor son Mr. Hassan Ali Lakhani. | |
| Key management personnel, employees and connected persons of the Management Company | |
| Issue of units: 100 units | <u>10,000</u> |
| Redemption - 100 units | <u>10,085</u> |
| Associated companies / undertakings of the Management Company | |
| SIZA (Private) Limited | |
| Issue of units: 1,341,838 units | <u>134,183,848</u> |
| Lakson Business Solutions Limited - Employees Contributory Provident Fund Trust | |
| Issue of units: 3,901 units | <u>390,123</u> |
| Princeton Travels (Private) Limited - Employees Contributory Provident Fund Trust | |
| Issue of units: 4,001 units | <u>400,126</u> |
| Lakson Investments Limited - Employees Contributory Provident Fund Trust | |
| Issue of units: 2,101 units | <u>210,066</u> |

| | For the period from October 11, 2011 to March 31, 2012 (Rupees) |
|--|---|
| Tritex Cotton Mills Limited - Employees Contributory Provident Fund Trust Issue of units: 2,701 units | <u><u>270,085</u></u> |
| Tetley Clover (Private) Limited - Employees Contributory Provident Fund Trust Issue of units: 7,002 units | <u><u>700,221</u></u> |
| Clover (Pakistan) Limited - Employees Contributory Provident Fund Trust Issue of units: 16,005 units | <u><u>1,600,504</u></u> |
| Clover (Pakistan) Limited - Employees Gratuity Fund Issue of units: 8,503 units | <u><u>850,268</u></u> |
| Century Insurance Company Limited - Employees Contributory Provident Fund Trust Issue of units: 12,004 units | <u><u>1,200,378</u></u> |
| GAM Corporation (Private) Limited - Employees Contributory Provident Fund Trust Issue of units: 32,010 units | <u><u>3,201,008</u></u> |
| SIZA Foods (Private) Limited - Employees Contributory Provident Fund Trust Issue of units: 19,056 units | <u><u>1,900,599</u></u> |
| Hasanali Karabhai Foundation - Employees Contributory Provident Fund Trust Issue of units: 6,002 units | <u><u>600,189</u></u> |
| Colgate-Palmolive (Pakistan) Limited - Employees Contributory Provident Fund Trust Issue of units: 217,068 units | <u><u>21,706,837</u></u> |
| Colgate-Palmolive (Pakistan) Limited - Employees Gratuity Fund Issue of units: 82,026 units | <u><u>8,202,584</u></u> |
| SIZA Services (Private) Limited - Employees Contributory Provident Fund Trust Issue of units: 9,003 units | <u><u>900,284</u></u> |
| Cyber Internet Services (Private) Limited - Employees Contributory Provident Fund Trust Issue of units: 44,014 units | <u><u>4,401,368</u></u> |

| | For the period from October 11, 2011 to March 31, 2012 (Rupees) |
|---|--|
| Sybird (Private) Limited - Employees Contributory Provident Fund Trust Issue of units: 14,004 units | <u><u>1,400,441</u></u> |
| Accuray Surgicals Limited - Employees Contributory Provident Fund Trust Issue of units: 35,011 units | <u><u>3,501,103</u></u> |
| Merit Packaging Limited - Employees Contributory Provident Fund Trust Issue of units: 46,014 units | <u><u>4,601,449</u></u> |
| Merit Packaging Limited - Employees Gratuity Fund Issue of units: 18,006 units | <u><u>1,800,567</u></u> |
| Century Paper & Board Mills Limited - Employees Contributory Provident Fund Trust Issue of units: 169,053 units | <u><u>16,905,325</u></u> |
| Century Paper & Board Mills Limited - Employees Gratuity Fund Issue of units: 91,029 units | <u><u>9,102,867</u></u> |
| Century Insurance Company Limited Issue of units: 350,110 units | <u><u>35,011,027</u></u> |
| | For the period from October 11, 2011 to March 31, 2012 (Rupees) |

11.3 Other transactions during the period

| | | |
|--|------------------|------------------|
| Lakson Investments Limited - Management Company | | |
| Remuneration during the period | <u>2,398,805</u> | <u>1,392,268</u> |
| Sales load during the period | <u>12,260</u> | <u>141</u> |
| Central Depository Company of Pakistan Limited - Trustee | | |
| Remuneration during the period | <u>297,252</u> | <u>158,419</u> |

12. GENERAL

- 12.1 This condensed interim financial information was authorized for issue by Board of Directors of the Management Company on April 19, 2012.
- 12.2 As this is the first year of the operation of the Fund, comparative figures have not been disclosed in this condensed interim financial information.

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

Chief Executive Officer

Director



A Lakson Group Company

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