

LAKSON ASSET ALLOCATION GLOBAL COMMODITIES FUND  
(31 March 2012)



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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 from October 11, 2011 to March 31, 2012**

The Board of Directors of Lakson Investments Limited, the Management Company of the Lakson Asset Allocation Global Commodities Fund ("LAAGCF") 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 Lakson Asset Allocation Global Commodities Fund is to provide long-term capital appreciation by investing in a mix of domestic debt and commodities.

### **Fund Profile**

The LAAGCF is an open end asset allocation scheme. The Scheme shall be 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 shall switch exposure between the domestic Government Securities and the commodities based on the outlook of the Investments Team of the performance of the commodities. The Scheme may overweight or underweight commodities relative to its benchmark for commodities investments, the DBIQ Optimum Yield Diversified Commodity Index Excess Return. Exposure of the Scheme in the fixed income securities shall be managed through duration and yield curve management by shifting between different maturities of the Government Securities.

### **Fund performance**

The LAAGCF was launched on October 10, 2011 and since its inception the LAAGCF has provided a return of 3.89% compared to the Benchmark (70% 6-month T-Bills + 30% DB Commodity Index) return of 7.15%. As of March 31, 2012, the LAAGCF is invested 67% in T-Bills, 27% in USD Deposits, 3% Cash and 3% in International Commodities through DBLCI-OY Balanced ETF. Instead of investing the entire 30% in one instant in the international markets, the LAAGCF 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 International Commodities every month beginning March 2012. As of March 31, 2012 the LAAGCF has PKR 367 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.

### **Commodities Review**

The benchmark DB Commodity index gained 7.0% during Q3FY12, as most global commodities underperformed broader equity markets amidst fears of tapered demand in 2012 from emerging economies, such as India and China.

Amongst major commodities, Brent crude oil gained 14.4% during Q3FY12. However WTI Nymex crude oil erased part of its earlier gains to close the quarter with a mere return of 4.2% amidst record increase in US oil inventories, discussions on releasing oil from strategic reserves and Saudi Arabia's commitment to increase production if crisis in the Middle East persists.

Gold too corrected sharply during the latter part of Q3FY12, as it closed the quarter with mere gains of 6.5%. The yellow metal's demand as "safe haven" diminished amidst improving US economic outlook and the US Fed statements that led to reduced market expectations of another round of Quantitative Easing ("QE 3").

### **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.

Any further deterioration in Europe's sovereign debt crisis or below expected improvement in US job market may compel US Fed to pursue another round of Quantitative Easing. The resultant improvement in global liquidity should compensate for economic slowdown in emerging markets and thus drive commodity prices higher.

**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  
As at 31 March 2012**

	Note	2012 Rupees
<b>ASSETS</b>		
Bank balances	5	110,300,571
Investments	6	258,031,666
Mark-up receivable		109,178
Prepayments		6,894
Deferred formation cost		2,237,584
<b>Total assets</b>		<u>370,685,893</u>
<b>LIABILITIES</b>		
Payable to the Management Company	9	3,191,295
Payable to the Trustee		62,078
Annual fee payable to Securities and Exchange Commission of Pakistan		161,379
Payable against Redemption of Units		4,970
Accrued expenses and other liabilities	7	399,584
<b>Total liabilities</b>		<u>3,819,306</u>
<b>NET ASSETS</b>		<u>366,866,587</u>
<b>UNITHOLDERS' FUND (as per statement of movement in Unitholders' Fund)</b>		<u>366,866,587</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	8	<u>-</u>
		<b>Numbers</b>
<b>Number of units in issue</b>		<u>3,531,199</u>
		<b>Rupees</b>
<b>Net asset value per unit</b>		<u>103.8929</u>

The annexed notes from 1 to 12 form an integral part of these 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**

	For the period from October 11, 2011 to March 31, 2012	Quarter Ended 31 March 2012
	(Rupees)	
<b>INCOME</b>		
Mark-up income	18,378,505	9,271,249
Capital gain on sale of investments - net	71,763	43,401
Exchange loss on foreign currency deposits	(516,886)	(516,886)
Unrealised diminution in the fair value of investments: 'held for trading' - net	(246,207)	(78,680)
	<u>17,687,175</u>	<u>8,719,084</u>
<b>EXPENSES</b>		
Remuneration of the Management Company	9	2,741,883
Remuneration of the Trustee		339,744
Annual fee - Securities and Exchange Commission of Pakistan		161,379
Auditors' remuneration		149,943
Fees and subscription		13,106
Printing charges		32,764
Brokerage, settlement and bank charges		57,008
Amortisation of deferred formation cost		233,616
Workers' Welfare Fund	7.1	280,544
		<u>4,009,987</u>
<b>Net income from operating activities</b>		<u>2,264,833</u>
		6,454,251
Element of income and capital gains included in the prices of units issued less those in units redeemed		69,470
		<u>(3,107)</u>
<b>Net income</b>		<u>13,746,658</u>
		<u>6,451,144</u>

The annexed notes from 1 to 12 form an integral part of these 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**

	<b>For the period from October 11, 2011 to March 31, 2012</b>	<b>Quarter Ended 31 March 2012</b>
	<b>(Rupees)</b>	
Net income for the period	<b>13,746,658</b>	6,451,144
Other comprehensive income	-	-
Total comprehensive income for the period	<u><b>13,746,658</b></u>	<u>6,451,144</u>

The annexed notes from 1 to 12 form an integral part of these 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**

	<b>For the period from October 11, 2011 to March 31, 2012</b>	Quarter Ended 31 March 2012
	(Rupees)	
Undistributed income at beginning of the period	-	7,295,514
Total comprehensive income for the period	<u><b>13,746,658</b></u>	<u>6,451,144</u>
	<u><b>13,746,658</b></u>	<u>13,746,658</u>
Undistributed income at end of the period - realised	<b>13,992,865</b>	13,992,865
Accumulated loss at beginning of the period - unrealised	<b>(246,207)</b>	(246,207)
<b>Undistributed income at the end of the period</b>	<u><b>13,746,658</b></u>	<u>13,746,658</u>

The annexed notes from 1 to 12 form an integral part of these 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**

	<b>For the period from October 11, 2011 to March 31, 2012</b>	<b>Quarter Ended 31 March 2012</b>
		<b>(Rupees)</b>
Net assets value per unit at beginning of the period	-	360,503,553
Issue of 3,532,423 units and 94 units for the period and quarter respectively	<b>353,315,489</b>	9,719
Redemption of 1,224 units and 975 units for the period and quarter respectively	<b>(126,090)</b>	(100,936)
	<b>353,189,399</b>	(91,217)
Prices of units issued less those in units redeemed	<b>(69,470)</b>	3,107
Total comprehensive income for the period	<b>13,746,658</b>	6,451,144
<b>Net assets at the end of the period</b>	<b><u>366,866,587</u></b>	<b><u>366,866,587</u></b>
<b>Net assets value per unit at the beginning of the period</b>	<b><u>100.0000</u></b>	<b><u>102.0655</u></b>
<b>Net assets value per unit at end of the period</b>	<b><u>103.8929</u></b>	<b><u>103.8929</u></b>

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

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

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

\_\_\_\_\_  
**Director**

**Condensed Interim Cash Flow 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 31 March 2012
	(Rupees)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net income for the period	13,746,658	6,451,144
<b>Adjustments for non-cash charges and other items:</b>		
Capital gain on sale of investments - net	(71,763)	(43,401)
Amortisation of deferred formation cost	233,616	122,885
Unrealised diminution in the fair value of investments: 'held for trading' - net	246,207	78,680
Element of income and capital gains included in the prices of units issued less those in units redeemed	(69,470)	3,107
	<u>14,085,248</u>	<u>6,612,415</u>
<b>(Increase) / decrease in assets</b>		
Investments - net	(258,206,110)	60,025,755
Mark-up receivable	(109,178)	282,479
Prepayments	(6,894)	6,893
Deferred formation cost	(2,471,200)	-
	<u>(260,793,382)</u>	<u>60,315,127</u>
<b>Increase in liabilities</b>		
Payable to the Management Company	3,191,295	278,594
Payable to the Trustee	62,078	1,232
Annual fee payable to Securities and Exchange Commission of Pakistan	161,379	86,091
Payable against Redemption of Units	4,970	4,970
Accrued expenses and other liabilities	399,584	164,891
	<u>3,819,306</u>	<u>535,778</u>
Net cash used in operating activities	<u>(242,888,828)</u>	<u>67,463,320</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Net receipt from issue of units	353,315,489	9,719
Net payments on redemption of units	(126,090)	(100,936)
Net cash generated from financing activities	<u>353,189,399</u>	<u>(91,217)</u>
Net increase in cash and cash equivalent during the period	110,300,571	67,372,103
Cash and cash equivalent at the beginning of the period	-	42,928,468
Cash and cash equivalent at the end of the period	<u>110,300,571</u>	<u>110,300,571</u>

The annexed notes from 1 to 12 form an integral part of these 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 Global Commodities Fund (the "Fund") was established under Trust Deed executed on May 30, 2011 between Lakson Investments Limited as its Management Company and Central Depository Company of Pakistan Limited (CDC) as its Trustee. The Fund has been registered as a notified entity on July 7, 2011 by the Securities and Exchange Commission of Pakistan (SECP) in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulation). The name of the Fund has been changed from Lakson Asset Allocation Commodities Fund to Lakson Asset Allocation Global Commodities Fund vide First Supplemental Trust Deed dated September 22, 2011. 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 registered office of the Management Company is located at 14 - Ali Block, New Garden Town, Lahore. 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 and future of different commodities 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 commodities, index tracker funds tracking different commodities indices, actively managed commodities based funds, equities and debt securities of companies with exposure in commodities, futures of different commodities and foreign currency deposits etc.

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

**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 statement of cash flows, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and notes thereto, for the period from October 11, 2011 to March 31, 2012. This condensed interim financial information does not include all the information and disclosures required in the annual financial statements.

This condensed interim financial information are being submitted to the certificate holders as required under Regulation 38 (g) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations).

**2.2 Functional and presentation currency**

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

**3. SUMMARY OF 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 31 December 2011.

**4. ACCOUNTING ESTIMATES**

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

	Note	March 31, 2012 Rupees
<b>5. BANK BALANCES</b>		
In profit and loss saving account	5.1	<b>12,358,752</b>
In foreign currency	5.2	
In current account		<b>97,941,819</b>
		<u><b>110,300,571</b></u>
5.1 These carry mark-up rates from 5% to 10.25% per annum.		
5.2 This represents USD denominated current account maintained in foreign country.		
<b>6. INVESTMENTS</b>		
<b>Held for trading</b>		
Government securities	6.1	<b>247,217,550</b>
<b>In foreign currency</b>		
Exchange traded fund	6.2	<b>10,814,116</b>
		<u><b>258,031,666</b></u>

**6.1 Government securities**

Note	Number of holdings at beginning of the year	Acquired during the year	Disposed / matured during the year	Number of holdings at end of the year	Cost as at 31 March 2012	Market value as at 31 March 2012	Unrealized diminution	% of net assets of the Fund	% of total investments	
					(Rupees)					
Treasury Bills - 3 months (face value of Rs. 100,000 each)	6.1.1	-	7,670	6,420	1,250	123,519,854	123,499,550	(20,304)	33.66	47.86
Treasury Bills - 6 months (face value of Rs. 100,000 each)	6.1.2	-	10,250	9,000	1,250	123,757,025	123,718,000	(39,025)	33.72	47.95
				<b>Total</b>		<b>247,276,879</b>	<b>247,217,550</b>	<b>(59,329)</b>	<b>67.39</b>	<b>95.81</b>

6.1.1 These represent 3 months Government Treasury bills carrying a fixed mark-up rate ranging from 11.5300% to 11.7367% and will mature between 5 April 2012 and 17 May 2012. The face value of Treasury Bills held as at 31 March 2012 amounted to Rs 125 million.

6.1.2 These represent 6 months Government Treasury bills carrying a fixed mark-up rate ranging from 11.5600% to 11.9000% and will mature on 3 May 2012. The face value of Treasury Bills held as at 31 March 2012 amounted to Rs 125 million.

**6.2 Exchange traded fund: Foreign investment**

DB X-Trackers DBLCI – Optimum Yield Balanced ETF	Number of holdings at beginning of the year	Acquired during the year	Disposed / matured during the year	Number of holdings at end of the year	Cost as at 31 March 2012	Market value as at 31 March 2012	Unrealized diminution	% of net assets of the Fund	% of total investments
					(Rupees)				
	-	3,000	-	3,000	11,000,992	10,814,116	(186,876)	2.95	4.19

**March 31,  
2012  
Rupees**

**7. ACCRUED AND OTHER LIABILITIES**

Auditors' remuneration		<b>97,443</b>
Workers' Welfare Fund	7.1	<b>280,544</b>
Others		<b>21,597</b>
		<b>399,584</b>

**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 have 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 0.280 million upto 31 March 2012.

**8. CONTINGENCIES AND COMMITMENTS**

There are no contingencies and commitments as at the balance sheet date.

**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 Non-Banking Finance Companies and Notified Entities Regulations, 2008, the fund is required to distribute 90% of the net accounting income other than unrealized capital gains to the unit holders. The management intends to distribute at least 90% of the income earned by the period 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 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 Non - Banking Finance Companies and Notified Entities Regulations, 2008, 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	<u>720,095</u>
Sales load payable	<u>648</u>
Preliminary and formation cost payable	<u>2,471,200</u>

**Central Depository Company of Pakistan  
Limited - Trustee**

Remuneration payable	<u>62,078</u>
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**Directors of the Management Company**

**Babar Ali Lakhani**

Units held as at the period ended: 1,009* units	<u>104,848</u>
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\*Jointly with Mr. Hassan Ali Lakhani. (minor)

**Associated Companies / Undertaking of the  
Management Company**

**Siza (Private) Limited**

Units held as at the period ended: 1,341,838 units	<u>139,407,491</u>
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**Lakson Business Solutions Limited - Employees  
Contributory Provident Fund Trust**

Units held as at the period ended: 3,901 units	<u>405,310</u>
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**Princeton Travels (Private) Limited - Employees  
Contributory Provident Fund Trust**

Units held as at the period ended: 4,001 units	<u>415,703</u>
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**Lakson Investments Limited - Employees  
Contributory Provident Fund Trust**

Units held as at the period ended: 2,101 units	<u>218,244</u>
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**Tritex Cotton Mills Limited - Employees  
Contributory Provident Fund Trust**

Units held as at the period ended: 2,701 units	<u>280,599</u>
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**Tetley Clover (Private) Limited - Employees  
Contributory Provident Fund Trust**

Units held as at the period ended: 7,002 units	<u>727,479</u>
--	----------------

March 31,  
2012  
(Rupees)

<b>Clover (Pakistan) Limited - Employees Contributory Provident Fund Trust</b>	
Units held as at the period ended: 16,005 units	<u>1,662,810</u>
<b>Clover (Pakistan) Limited - Employees Grduity Fund</b>	
Units held as at the period ended: 8,503 units	<u>883,368</u>
<b>Century Insurance Company Limited - Employees Contributory Provident Fund Trust</b>	
Units held as at the period ended: 12,004 units	<u>1,247,108</u>
<b>GAM Corporation (Private) Limited - Employees Contributory Provident Fund Trust</b>	
Units held as at the period ended: 32,010 units	<u>3,325,620</u>
<b>SIZA Foods (Private) Limited - Employees Contributory Provident Fund Trust</b>	
Units held as at the period ended: 19,006 units	<u>1,974,587</u>
<b>Hassanali Karabhai Foundation - Employees Contributory Provident Fund Trust</b>	
Units held as at the period ended: 6,002 units	<u>623,554</u>
<b>Colgate Palmolive (Pakistan) Limited - Employees Contributory Provident Fund Trust</b>	
Units held as at the period ended: 217,068 units	<u>22,551,862</u>
<b>Colgate Palmolive (Pakistan) Limited - Employees Grduity Fund</b>	
Units held as at the period ended: 82,026 units	<u>8,521,902</u>
<b>SIZA Services (Private) Limited - Employees Contributory Provident Fund Trust</b>	
Units held as at the period ended: 9,003 units	<u>935,331</u>
<b>Cyber Internet Services Limited - Employees Contributory Provident Fund Trust</b>	
Units held as at the period ended: 44,014 units	<u>4,572,728</u>
<b>Sybrid (Private) Limited - Employees Contributory Provident Fund Trust</b>	
Units held as at the period ended: 14,004 units	<u>1,454,959</u>
<b>Accuray Surgicals Limited - Employees Contributory Provident Fund Trust</b>	
Units held as at the period ended: 35,011 units	<u>3,637,397</u>

	March 31, 2012 (Rupees)
<b>Merit Packaging Limited - Employees Contributory Provident Fund Trust</b>	
Units held as at the period ended: 46,014 units	<u>4,780,579</u>
<b>Merit Packaging Limited - Employees Graduity Fund</b>	
Units held as at the period ended: 18,006 units	<u>1,870,661</u>
<b>Century Paper &amp; Board Mills Limited - Employees Contributory Provident Fund Trust</b>	
Units held as at the period ended: 169,053 units	<u>17,563,432</u>
<b>Century Paper &amp; Board Mills Limited - Employees Graduity Fund</b>	
Units held as at the period ended: 91,029 units	<u>9,457,233</u>
<b>Century Insurance Company Limited</b>	
Units held as at the period ended: 300,095 units	<u>31,177,690</u>
	For the period from October 11, 2011 to March 31, 2012 (Rupees)
<b>11.2 Transactions during the period</b>	
<b>Directors of the Management Company</b>	
<b>Babar Ali Lakhani</b>	
Issue of units: 1,009 units	<u>100,979</u>
<b>Key Management Personnel, Employees and Connected Persons of the Management Company</b>	
Issue of units: 249 units	<u>25,000</u>
Redemption - 249 units	<u>25,154</u>
<b>Associated Companies / Undertaking of the Management Company</b>	
<b>Siza (Private) Limited</b>	
Issue of units: 1,341,838 units	<u>134,183,848</u>
<b>Lakson Business Solutions Limited - Employees Contributory Provident Fund Trust</b>	
Issue of units: 3,901 units	<u>390,123</u>

	For the period from October 11, 2011 to March 31, 2012 (Rupees)
<b>Princeton Travels (Private) Limited - Employees Contributory Provident Fund Trust</b>	
Issue of units: 4,001 units	<u>400,126</u>
<b>Lakson Investments Limited - Employees Contributory Provident Fund Trust</b>	
Issue of units: 2,101 units	<u>210,066</u>
<b>Tritex Cotton Mills Limited - Employees Contributory Provident Fund Trust</b>	
Issue of units: 2,701 units	<u>270,085</u>
<b>Tetley Clover (Private) Limited - Employees Contributory Provident Fund Trust</b>	
Issue of units: 7,002 units	<u>700,221</u>
<b>Clover (Pakistan) Limited - Employees Contributory Provident Fund Trust</b>	
Issue of units: 16,005 units	<u>1,600,504</u>
<b>Clover (Pakistan) Limited - Employees Graduity Fund</b>	
Issue of units: 8,503 units	<u>850,268</u>
<b>Century Insurance Company Limited - Employees Contributory Provident Fund Trust</b>	
Issue of units: 12,004 units	<u>1,200,378</u>
<b>GAM Corporation (Private) Limited - Employees Contributory Provident Fund Trust</b>	
Issue of units: 32,010 units	<u>3,201,008</u>
<b>SIZA Foods (Private) Limited - Employees Contributory Provident Fund Trust</b>	
Issue of units: 19,006 units	<u>1,900,599</u>
<b>Hassanali Karabhai Foundation - Employees Contributory Provident Fund Trust</b>	
Issue of units: 6,002 units	<u>600,189</u>
<b>Colgate Palmolive (Pakistan) Limited - Employees Contributory Provident Fund Trust</b>	
Issue of units: 217,068 units	<u>21,706,837</u>

For the period  
from October  
11, 2011 to  
March 31, 2012  
(Rupees)

**Colgate Palmolive (Pakistan) Limited - Employees  
Graduity Fund**

Issue of units: 82,026 units

8,202,584

**SIZA Services (Private) Limited - Employees  
Contributory Provident Fund Trust**

Issue of units: 9,003 units

900,284

**Cyber Internet Services Limited - Employees  
Contributory Provident Fund Trust**

Issue of units: 44,014 units

4,401,386

**Sybrid (Private) Limited - Employees  
Contributory Provident Fund Trust**

Issue of units: 14,004 units

1,400,441

**Accuray Surgicals Limited - Employees  
Contributory Provident Fund Trust**

Issue of units: 35,011 units

3,501,103

**Merit Packaging Limited - Employees  
Contributory Provident Fund Trust**

Issue of units: 46,014 units

4,601,449

**Merit Packaging Limited - Employees  
Graduity Fund**

Issue of units: 18,006 units

1,800,567

**Century Paper & Board Mills Limited - Employees  
Contributory Provident Fund Trust**

Issue of units: 169,053 units

16,905,325

**Century Paper & Board Mills Limited - Employees  
Graduity Fund**

Issue of units: 91,029 units

9,102,867

**Century Insurance Company Limited**

Issue of units: 300,095 units

30,009,452

	<b>For the period from October 11, 2011 to March 31, 2012</b>	Quarter Ended 31 March 2012
<b>11.3 Other transactions during the period</b>		<b>(Rupees)</b>
<b>Lakson Investments Limited - Management Company</b>		
Remuneration during the period	<u>2,741,883</u>	<u>1,592,751</u>
Sales load during the period	<u>4,199</u>	<u>282</u>
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration during the period	<u>339,744</u>	<u>181,244</u>

**12. GENERAL**

- 12.1 This condensed interim financial information was authorized for issue by Board of Directors of the Management Company on 19 April 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

**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](mailto:info@li.com.pk)  
[www.li.com.pk](http://www.li.com.pk)