Risk Disclaimer: All investments in mutual funds are subject to market risks. The NAV of units may go up or down based on the market conditions. Past performance is not necessarily indicative of future results. The investors are advised in their own interest to carefully read the Offering Document in particular the investment policy in Clause 2.2 and risk disclosure and warning statements contained in Clause 2.11 and Part 11 respectively in this Offering Document.

Offering Document - 1st Supplement

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

The Lakson Group

Lakson Equity Fund

1st SUPPLEMENT

TO THE

OFFERING DOCUMENT OF

LAKSON EQUITY FUND

MANAGED BY

LAKSON INVESTMENTS LIMITED

Dated: November 22, 2013

FIRST SUPPLEMENT TO THE OFFERING DOCUMENT

First Supplement dated November 22, 2013 to the Offering Document of the Lakson Equity Fund (LEF) issued on November 05, 2009 managed by Lakson Investments Limited, an Asset Management Company Licensed under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.

Established in Pakistan under the Trust Act 1882 (11 of 1882) by a Trust Deed dated September 02, 2009 between Lakson Investments Limited, the Management Company and Central Depository Company of Pakistan Limited, the Trustee and registered under Regulation 44 of the Non-Banking Finance Companies and Notified Entities Regulation, 2008, on September 18, 2009:

Effective from **November 28, 2013,** the following clauses of the Offering Document have been amended to read in their entirety as follows:

1. **<u>Clause 4.2.2 of the Offering Document is amended to its entirety to read as follows:</u>**

   The minimum amount of investment to open and maintain an account is Rupees One Thousand (Rs. 1,000/-) for Growth Units. The Management Company reserves the right to alter the minimum amounts stated hereinabove. If the investment in any investor's account falls below the minimum level as a result of revised limits, redemption, transfer or transmission, the Management Company may instruct the Registrar to inform the concerned Unit Holder(s) in writing and allow the Unit Holder(s) twenty one (21) Business Days, from the date of written intimation, to meet the minimum account balance requirements. If however, the Unit Holder(s) fails to meet the required minimum account balance then the Management Company may instruct the Registrar to proceed with redeeming the Units in such accounts at the close of any Accounting Period at the price applicable to redemptions on such date.

2. **<u>Clause 4.3.1 of the Offering Document is amended to its entirety to read as follows:</u>**

   The minimum amount of investment for Growth Units shall be Rupees One Thousand (Rs. 1,000/-), with no applicable maximum amount.

3. **<u>Clause 5.4.1 of the Offering Document is amended to its entirety to read as follows:</u>**

The Management Company shall distribute by way of dividend to the Unit Holders of the Scheme not less than ninety percent (90%) of its income received or derived from sources other than unrealized capital gains as reduced by such expenses as are chargeable to the Scheme under the Rules and Regulations during an accounting year.

4. **Clause 5.4.2 of the Offering Document is amended to its entirety to read as follows:**

On announcement of dividend, the Management Company may instruct the Trustee to transfer such amount of cash as required to reflect such distribution to the Distribution Account. The amount standing to the credit of the Distribution Account shall not for any purposes of the Trust Deed be treated as part of the Trust Property but shall be held by the Trustee upon trust to distribute the same as herein provided.

Effective from **February 25, 2014,** the following clauses of the Offering Document have been amended to read in their entirety as follows:

5. **Clause 2.3 of the offering Document is amended to its entirety to read as follows:**

Authorized Investment

The scheme shall be authorized to invest in the following instruments:

Instruments	**Entity Rating**	**Min. Exposure**	**Max. Exposure**
Listed Equity Securities	-	70%	100%
Future contracts	-	0%	100%
Bank Deposits	A-	0%	30%
Treasury Bills	-	0%	30%
Listed equity securities issued, listed and traded outside Pakistan subject to regulatory approvals from the Commission and the State Bank of Pakistan	-	-	30%
Any other investment authorized by the Commission from time to time	-	-	As specified by the Commission

The investment in future contracts shall be used as an investment tool to meet investment objective of the Scheme as well as for hedging and risk management purpose. Adequate risk management system shall be adopted to reduce the risk associated with future contracts.

The Scheme may also invest in other instruments, not listed above, with prior approval of the Commission and in such instruments as authorized by the Commission via directives/communiqué at a later date.

All the investments in above mentioned instruments shall be subject to the exposure limits and minimum ratings as specified hereinabove however:

a) Either the instrument or the entity issuing the instrument should be rated as per abovementioned rating criteria to qualify for investment.
b) The rating requirements shall not apply for the instruments issued by the Government or that are backed by an irrevocable and unconditional Government Guarantee.

6. <u>Clause 2.4 of the Offering Document is amended to its entirety to read as follows:</u>

Benchmark

The benchmark for Lakson Equity Fund shall be the KSE-30 Index.

The performance of the Scheme shall be compared to the benchmark after deducting all expenses charged to the Scheme as per the Regulations.

7. <u>Addition of Clause 2.7.14 in the Offering Document</u>

Investment in future contracts shall be subject to the following conditions:

a) All the positions in the future contracts shall be subject to the single entity/sector limit as prescribed under the NBFC Regulations, 2008. Additionally, position limits stipulated in Schedule 4 of the Risk Management Regulations of the Karachi Stock Exchange shall be strictly adhered to.
b) Exposure in futures contract shall be marked to market on a daily basis as per requirement of the stock exchange on which it is listed. For the purpose of reporting to the commission exposure shall be calculated by converting the derivative position into equivalent position in the underlying security.
c) Maximum exposure of Scheme shall not at any time exceed 100% of its net assets to curb any gearing / leverage by Scheme. For this purpose the preserved cash i.e. the difference between the contract price and upfront margin shall be blocked in an earmarked account for settlement purposes and the management company along with Trustee shall ensure timely payment of settlement amount/margin calls on behalf of the Scheme within the time period stipulated by the exchange
d) Sale position in futures contract without pre-existing interest shall be strictly prohibited and Spread transaction shall be accounted for in calculating exposure limits.

8. Addition in Clause 2.11 in the Offering Document

Following paragraph shall be added after the sub heading “Liquidity Risk” under Clause 2.11 “Risk Disclosures”.

Derivative Risk

Derivatives may be used to limit or hedge potential losses associated with stock markets and return/mark-up rates. This process is called "hedging". Derivatives may also be used for non-hedging purposes to reduce transaction costs, achieve greater liquidity, create effective exposure to financial markets or increase speed and flexibility in making portfolio changes. Any use of derivatives has risks, including:

a) The hedging strategy may not be effective.
b) There is no guarantee that a market will exist when the Scheme wants to buy or sell the derivative contract.
c) A large percentage of the assets of the Scheme may be placed on deposit with one or more counter parties, which exposes the Fund to the credit risk of those counterparties.
d) There is no guarantee that an acceptable counterpart will be willing to enter into the derivative contract.
e) The counter-party to the derivative contract may not be able to meet its obligations.
f) The Exchanges on which the derivative contracts are traded may set daily trading limits, preventing the Scheme from closing out a particular contract.
g) If an Exchange halts trading in any particular derivative contract, the Scheme may not be able to close out its position in that contract.
h) The price of a derivative may not accurately reflect the value of the underlying security or index.