



INVESTMENTS

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786 INVESTMENTS LIMITED



786 SMART FUND

**FOR THE
QUARTER ENDED
MARCH 31, 2022
(UN-AUDITED)**



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CORPORATE INFORMATION

Management Company	786 Investments Limited G-3 B.R.R. Tower, Hassan Ali Street, Off I.I. Chundrigar Road, Karachi - 74000 Pakistan Tel: (92-21) 32603751-54 Email: info@786investments.com Website: www.786investments.com	
Board of Directors	Mr. Ahmed Salman Munir Miss Tara Uzra Dawood Ms. Charmaine Hidayatullah Syed Shabhat Hussain Mr. Naveed Ahmed Syed Musharaf Ali Mr. Iqbal Shafiq	Chairperson Chief Executive Officer Director Director Director Director Director
Chief Financial Officer & Company Secretary	Mr. Noman Shakir	
Audit Committee	Syed Shabhat Hussain Mr. Naveed Ahmed Syed Musharaf Ali	Chairman Member Member
Human Resource Committee	Mr. Ahmed Salman Munir Miss Tara Uzra Dawood Mr. Naveed Ahmed	Chairperson Member Member
Trustee:	Digital Custodian Compaany Limited (formerly: MCB Financial Services Limited) 4th Floor, Pardasi House, 2/1 R-Y old Queens Road, Karachi	
Auditors	Reanda Haroon Zakaria & Company Chartered Accountants	
Legal Advisor	Rauf & Ghaffar Law Associates (Advocates & Consultants) Suite # 65, 5th Floor, Fareed Chamber, Abdullah Haroon Road, Saddar – Karachi, Pakistan.	
Registrars	F.D. Registrar Services (Pvt.) Ltd. Office# 1705, 17th Floor Saima Trade Tower. A, I.I. Chundrigar Road, Karachi-74000, Pakistan.	
Banker:	Dubai Islamic Bank Limited BankIslami Pakistan Limited	
Rating	PACRA: AA-(f)	



DIRECTORS' REPORT FOR THE QUARTER ENDED MARCH 31, 2021

It is a matter of honor for me to present on behalf of the Board of Directors (BODs) of 786 Investments Limited ("786" or the "Company") the Management Company of 786 Smart Fund, the reviewed financial statements along with the auditors reviewed the report for the quarter ended March 31, 2022.

ECONOMY, MARKET & STOCK REVIEW

Economy Review & Outlook:

During the first quarter of the calendar year, Pakistan's economy maintained the growth momentum that had begun during FY21. Both the supply and demand sides contributed to this momentum. Higher economic activity contributed to improved tax revenues and a lower fiscal deficit. However, the substantial increase in global commodity prices contributed to a build-up in inflationary pressures and a widening current account deficit.

On the monetary side, the availability of affordable credit played a major role in propping up industrial activity, especially in the wake of rising input costs. Commercial banks' lending to private sector businesses rose by Rs.177.4 billion during first three months of FY22, compared to a net retirement of Rs.101.4 billion witnessed last year. Textiles, edible oil companies and oil refineries borrowed heavily for working capital, partly due to higher imported input costs. For export-oriented industries like textiles, the Export Finance Scheme and the Long-Term Financing Facility, along with continued disbursements under the Temporary Economic Refinance Facility, allowed them to borrow at concessional rates for working capital and fixed investment purposes respectively.

SBP External Relations Department report points out that this increased economic activity - coupled with rising imports, withdrawal of corporate income tax exemptions, increase in domestic prices, tax administration efforts and some budgetary measures - contributed to the sizable 38.3 percent growth in FBR taxes during first three months of FY22. The higher revenues allowed for a substantial rise in non-interest expenditures, stemming from an increase in development spending, purchase of Covid-19 vaccines, and power sector subsidies. As a result, the primary balance continued to remain in surplus. The fiscal position also materially benefited from the reduction in interest payments on both domestic and external debt. As a result, the fiscal deficit reduced to 0.8 percent of GDP from 1.0 percent last year.

Money Market Review & Outlook

Pakistan's central bank raised interest rates by 250 basis points following an emergency meeting, as escalating political chaos at home and higher global oil prices threaten to spill over into a full blown economic crisis.

The key rate now stands at 12.25%, as stated by State Bank of Pakistan. This makes the real rate "mildly positive" and will help preserve external and price stability. "Heightened domestic political uncertainty" contributed to a 5% depreciation in the rupee, triggered a surge in local bond yields as well as Pakistan's Eurobond yields and CDS spreads, the central bank said. Oil prices will probably stay high and the U.S. Federal Reserve is also likely to tighten quicker than previously anticipated.

The extra yield investors demand to hold Pakistan's sovereign debt, on average, over U.S. Treasuries widened by 8 basis points on Thursday to 10.73 percentage points, according to JPMorgan Chase & Co. data, just above the 10-percentage point threshold for distressed debt. The rupee dropped 1.1%, most in two years, to a record low of 188.18 a dollar by the start of April-2022. Apart from money from the IMF, Pakistan's political situation is also contributing to delays in a planned \$1 billion green bond sale. A refinancing from China is also awaited – the repayment in recent weeks had triggered the biggest drop in Pakistan's foreign-exchange reserves in data going back to 2010.

Pakistan's central bank had warned in its meeting held in March-2022 that it may meet earlier than scheduled to contain any blowout. It raised its average inflation forecast to slightly above 11% for the fiscal year ending June from 9%-11%.

Fund Performance Review:

As at March 31, 2022, net assets were PKR 959.25 million as compared to PKR 538.64 million as at March 31, 2021. Total operating income for the year was PKR 70.2 million as compared to PKR 29.6 million for the same period last year. Total expenses amounted PKR 6.43 million (after adjusting provision of SWWF amounting PKR 8.09 million) as compared to (PKR 9.81 million) in the same period last year. The income already paid on the units redeemed was PKR 1.33 million in comparison of PKR 2.04 million in (Mar-22) reflecting accounting income available for distribution of PKR 62.44 million as compared to PKR 17.78 million in March-2022. The Net Asset Value per unit was PKR 87.33 as of March 31, 2022.



Asset Allocation (% of Total Assets)		
Assets	Mar-22	Feb-22
TFC/ Sukuk	4.61%	4.55%
Bank Balances	53.79%	69.99%
Islamic Commercial Paper	25.45%	24.99%
TDR	15.45%	0.00%
Others	0.70%	0.46%

Asset Allocation (Credit Quality)		
Credit Quality	Mar-22	Feb-22
AA	50.75%	67.00%
AA-	16.20%	15.91%
A+	16.90%	16.62%
A	15.45%	0.00%
Unrated	0.70%	0.47%

Asset Allocation (Credit Quality)		
Periods	Mar-22	Feb-22
March 2022	8.46%	3.46%
FYTD 2022	10.08%	3.19%
Rolling 12 Months March 2022	8.94%	3.16%
FY 2021	5.49%	3.11%
FY 2020	10.90%	6.41%
FY 2019	11.12%	12.93%
FY 2018	11.86%	6.22%
FY 2017	16.32%	5.98%
FY 2016	22.61%	6.50%
FY 2015	6.41%	9.00%
last 10 years	78.21%	9.77%

Returns are computed on the basis of NAV to NAV with dividend reinvested

Acknowledgement:

The Directors wish to express their gratitude to the Securities & Exchange Commission of Pakistan (SECP) and other regulatory bodies for their valuable support, assistance, and guidance. The Board also thanks the employees of the Asset Management Company, the Trustee for their dedication and hard work, and the unitholders for their confidence in the Management.

---SD---

Director

---SD---

Director



ڈائریکٹرز کی رپورٹ

برائے 31 مارچ 2022، مختصر نمائش

یہ میرے لیے بڑے اعزاز کی بات ہے کہ میں 786 سمارٹ فنڈ کی مینجمنٹ کمپنی 786 انویسٹمنٹ لمیٹڈ ("786" یا "کمپنی") کے بورڈ آف ڈائریکٹرز (BODs) کی جانب سے، 31 مارچ 2022 کو ختم ہونے والی سہ ماہی کے لئے آڈیٹرز کی جائزہ شدہ رپورٹ کے ہمراہ نظر ثانی شدہ مالیاتی گوشوارے پیش کر رہا ہوں۔

اقتصادی، مارکیٹ اور اسٹاک کا جائزہ

اقتصادی جائزہ اور مستقبل کا نقطہ نظر:

کیلنڈر سال کی پہلی سہ ماہی کے دوران، پاکستان کی معیشت نے ترقی کی اس رفتار کو برقرار رکھا جو مالی سال 21 کے دوران شروع ہوئی تھی۔ طلب اور رسد دونوں نے اس رفتار میں حصہ ڈالا۔ اعلیٰ اقتصادی سرگرمیوں نے ٹیکس محصولات میں بہتری لانے اور مالیاتی خسارے کو کم کرنے میں اہم کردار ادا کیا۔ تاہم، اجناس کی عالمی قیمتوں میں خاطر خواہ اضافے نے افراط زر کے دباؤ میں اضافے اور کرنٹ اکاؤنٹ خسارے کو بڑھانے میں اہم کردار ادا کیا۔

مالیاتی لحاظ سے، ستنے کرڈٹ کی دستیابی نے صنعتی سرگرمیوں کو فروغ دینے میں، خاص طور پر بڑھتے ہوئے ان پٹ اخراجات کے تناظر میں اہم کردار ادا کیا۔ کمرشل بینکوں کی جانب سے مالی سال 22 کے پہلے تین مہینوں کے دوران نجی شعبے کے کاروباروں کو 177.4 بلین روپے کا قرضہ دیا گیا، جبکہ گزشتہ سال 101.4 بلین روپے کی خالص ریٹائرمنٹ دیکھی گئی تھی۔ ٹیکسٹائل، خوردنی تیل کی کمپنیوں اور آئل ریفائنریوں نے ورلڈنگ کیپٹل کے لیے بہت زیادہ قرض لیا، جس کی ایک وجہ درآمدی لاگت کا بڑھ جانا ہے۔ ٹیکسٹائل بھی برآمدی صنعتوں کے لیے، ایکسپورٹ فنانس اسکیم اور طویل مدتی مالیاتی سہولت کے ساتھ ساتھ عارضی اقتصادی ریفنانس سہولت کے تحت جاری ادائیگیوں نے انہیں بائرنسٹ ورلڈنگ کیپٹل اور مقررہ سرمایہ کاری کے مقاصد کے لیے رعایتی شرحوں پر قرض لینے کی اجازت دی۔

بینک دولت پاکستان کے شعبہ بیرونی تعلقات کی رپورٹ بتاتی ہے کہ مالی سال 22 کے پہلے تین ماہ کے دوران درآمدات میں اضافہ، کارپوریٹ اکم ٹیکس کی چھوٹ کی واپسی، مقامی قیمتوں میں اضافہ، ٹیکس انتظامیہ کی کوششوں اور بجٹ کے چند اقدامات کے ساتھ ساتھ اس بڑھی ہوئی معاشی سرگرمی نے ایف بی آر کے ٹیکسوں میں 38.3 فیصد کی نمایاں نمو میں حصہ لیا۔ زیادہ محصولات نے غیر سودی اخراجات، جو ترقیاتی اخراجات میں اضافہ، COVID-19 ویکسین کی خریداری، اور پاور سیکٹر کی سبسڈی سے پیدا ہونے میں خاطر خواہ اضافے کی اجازت دی ہے۔ نتیجے کے طور پر، بنیادی توازن سربلس میں رہا ہے۔ ملکی اور بیرونی قرضوں پر سود کی ادائیگیوں میں کمی سے مالیاتی پوزیشن کو بھی مادی طور پر فائدہ ہوا۔ اس کے نتیجے میں، مالیاتی خسارہ گزشتہ سال کے 1.0 فیصد سے کم ہو کر جی ڈی پی کا 0.8 فیصد رہ گیا۔

مٹی مارکیٹ کا جائزہ اور مستقبل کا نقطہ نظر

سنٹرل بینک آف پاکستان نے اندرون ملک بڑھتی ہوئی سیاسی افراتفری اور عالمی سطح پر تیل کی قیمتوں میں اضافے سے معاشی بحران کے مکمل طور پر پھسلنے کے خطرہ کے باعث ہنگامی اجلاس کے بعد شرح سود میں 250 بیس پوائنٹس کا اضافہ کر دیا ہے۔

اسٹیٹ بینک آف پاکستان کے مطابق کلیدی شرح اب 12.25% پر ہے۔ یہ حقیقی شرح کو "معمولی مثبت" بناتی ہے اور بیرونی قوت کے استحکام کو برقرار رکھنے میں مدد کرے گا۔ مرکزی بینک نے کہا کہ "زیادہ بڑھتی ہوئی مقامی سیاسی غیر یقینی صورتحال" نے روپے کی قدر میں 5 فیصد کمی کا باعث بنا، مقامی بانڈ کی پیداوار کے ساتھ ساتھ پاکستان کی یورو بانڈ کی پیداوار اور CDS اسپریڈز میں اضافے کو متحرک کیا۔ تیل کی قیمتیں مکمل طور پر بلند رہیں گی اور یو ایس فیڈرل ریزرو کا بھی امکان ہے کہ وہ توقع سے زیادہ تیزی سے سخت ہو جائے۔

اضافی پیداوار والے سرمایہ کاروں کا مطالبہ ہے کہ پاکستان کے سوریجن قرض کو اوسطاً، JPMorgan Chase & Co. کے اعداد و شمار کے مطابق، ڈسٹر بٹڈ قرض کے لیے 10 فیصد پوائنٹ کی حد سے بالکل اوپر جمعرات کو 8 بیس پوائنٹس بڑھا کر 10.73 فیصد پوائنٹس تک لے جایا جائے۔ اپریل-2022 کے آغاز تک روپیہ 1.1 فیصد گر کر، دوسالوں میں سب سے زیادہ 188.18 فی ڈالر کی ریکارڈ کم ترین سطح پر آ گیا۔ ایم ایف کی رقم کے علاوہ پاکستان کی سیاسی صورتحال بھی 1 بلین ڈالر کے گرین بانڈ کی فروخت میں تاخیر کا سبب بن رہی ہے۔ چین کی جانب سے ری فنانسنگ کا بھی انتظار ہے۔۔ حالیہ ہفتوں میں ادائیگی نے پاکستان کے غیر ملکی زرمبادلہ کے ذخائر میں سب سے بڑی کمی کو جنم دیا اور 2010 کے اعداد و شمار میں واپس پہنچا دیا تھا۔

پاکستان کے مرکزی بینک نے مارچ-2022 میں ہونے والے اپنے اجلاس میں خبردار کیا تھا کہ وہ کسی بھی دھچکے پر قابو پانے کے لیے مقررہ وقت سے پہلے اجلاس کر سکتے ہیں۔ اس نے جون میں ختم ہونے والے مالی سال کے لیے اپنی اوسط افراط زر کی پیش گوئی کو 9%-11% سے معمولی سا بڑھا کر 11% کر دیا۔

فٹ کی کارکردگی کا جائزہ

31 مارچ 2021 کو 538.64 بلین روپے کے مقابلے 31 مارچ 2022 کو خالص اثاثے 959.25 بلین روپے رہے۔ گزشتہ سال کی اسی مدت میں 29.6 بلین روپے کے مقابلے موجودہ مدت میں کل آپریٹنگ آمدنی 70.2 بلین روپے ہوئی۔ گزشتہ سال کی اسی مدت میں (9.81 بلین روپے) کے مقابلے کل اخراجات 6.43 بلین روپے (SWWF کی رقم 8.09 بلین روپے کی پروڈن ایڈجسٹ کرنے کے بعد) ہوئے۔ مارچ 22 میں 2.04 بلین روپے کے مقابلے میں پینس ریڈیم پی ای ادا کردہ آمدنی 1.33 بلین روپے تھی جو مارچ 2022 میں 17.78 بلین روپے کے مقابلے 62.44 بلین روپے کی ڈسٹری بیوٹن کے لئے دستیاب اکاؤنٹ آمدنی کو ظاہر کرتی ہے۔ 31 مارچ 2022 کو اثاثوں کے نیٹ یونٹ کی قیمت 87.33 روپے رہی۔



اثاثہ ایلوکیشن (کل اثاثوں کی فیصدی)		
مارچ 22	فروری 22	اثاثے
4.61%	4.55%	ٹی ایف سی / سکوک
53.79%	69.99%	بینک بیلنس
25.45%	24.99%	اسلامک کمرشل ہیپر
15.45%	0.00%	ٹی ڈی آر
0.70%	0.46%	دیگر

اثاثہ ایلوکیشن (کریڈٹ کوالٹی)		
مارچ 22	فروری 22	کریڈٹ کوالٹی
50.75%	67.00%	AA
16.20%	15.91%	AA-
16.90%	16.62%	A+
15.45%	0.00%	A
0.70%	0.47%	Unrated

اثاثہ ایلوکیشن (کریڈٹ کوالٹی)		
مدت	ریٹرنز	بیک مارک
مارچ 2022	8.46%	3.46%
FYTD 2022	10.08%	3.19%
Rolling 12 Months March 2022	8.94%	3.16%
مالی سال 2021	5.49%	3.11%
مالی سال 2020	10.90%	6.41%
مالی سال 2019	11.12%	12.93%
مالی سال 2018	11.86%	6.22%
مالی سال 2017	16.32%	5.98%
مالی سال 2016	22.61%	6.50%
مالی سال 2015	6.41%	9.00%
گزشتہ 10 سال	78.21%	9.77%

منافع جات کو دوبارہ سرمایہ کاری کے ساتھ NAV سے NAV کی بنیاد پر شمار کیا گیا ہے۔

اعتراف

ڈائریکٹرز سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) اور دیگر ریگولیٹری اداروں کے قائل قدر تعاون، مدد اور رہنمائی کے لیے ان کا شکریہ ادا کرتے ہیں۔ یورڈ اثاثہ ہیمنٹ کمپنی کے ملازمین، سٹاف ان کی گین اور محنت کے لیے، اور یونٹ ہولڈرز کا ہیمنٹ پر ان کے اعتماد کے لیے بھی شکریہ ادا کرتے ہیں۔

---SD---
ڈائریکٹر

---SD---
ڈائریکٹر



CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UNAUDITED)
AS AT MARCH 31, 2022

		<i>Un-Audited</i>	<i>Audited</i>
		<i>31 March</i>	<i>30 June</i>
		<i>2022</i>	<i>2021</i>
	<i>Note</i>	<i>----- Rupees -----</i>	
Assets			
Balances with Banks	5	522,241,576	607,530,032
Investments	6	441,915,937	150,592,202
Accrued Income/Profit	7	6,613,092	6,055,444
Security Deposits	8	150,000	150,000
Advance Income Tax		-	329,540
Total Assets		970,920,605	764,657,218
Liabilities			
Payable to 786 Investments Limited - Management Company	9	2,079,388	1,638,496
Payable to MCB Financial Services Limited - Trustee	10	138,571	102,891
Payable to Securities and Exchange Commission of Pakistan	11	134,642	117,824
Unclaimed Dividend		2,125,770	1,476,263
Accrued Expenses and Other Liabilities	12	7,190,805	15,214,621
Total Liabilities		11,669,176	18,550,095
Contingencies and Commitments	13		
Net Assets		959,251,429	746,107,123
Unit Holders' Funds		959,251,429	746,107,123
		<i>(Number)</i>	
Number of Units in Issue	14	10,984,370	9,190,455
		<i>(Rupees)</i>	
Net Assets Value per Unit		87.33	81.18

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

For 786 Investments Limited
(Management Company)

---SD---
Chief Executive Officer

---SD---
Chief Financial Officer

---SD---
Director



**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2022**

		Nine Months Period Ended March 31,		Three Months Period Ended March 31,	
		2022	2021	2022	2021
Note		----- Rupees -----			
Income					
Net Realized Loss on Sale of Investments		(1,175)	-	-	-
Income From Investments and Balances With Banks	15	57,630,707	30,218,491	24,077,137	9,179,664
Reversal of Impairment on Investment At Fair Value					
Through Other Comprehensive Income	6.1.1	12,566,367	(583,310)	4,188,789	(583,310)
		70,195,899	29,635,181	28,265,926	8,596,354
Expenses					
Remuneration to the Management Company	9.1	10,098,016	6,543,462	3,559,315	2,003,904
Sindh Sales Tax on Remuneration to the Management Company	9.2	1,312,742	850,649	462,710	260,506
Accounting and Operational Charges	9.3	673,201	436,230	237,288	133,593
Remuneration to the Trustee	10.1	1,009,801	654,355	355,931	200,390
Sindh Sales Tax on Trustee Fee	10.2	131,276	85,066	46,272	26,051
Annual Fee to SECP	11	134,642	87,246	47,459	26,718
Auditor's Remuneration		370,883	313,757	83,983	83,983
Fees and Subscription		135,244	120,865	44,423	39,710
Securities Transactions Cost		8,018	34,852	4,954	3,550
Printing and Related Charges		36,034	37,445	11,836	12,239
Legal and Professional Charges		279,283	228,895	91,948	75,927
Provision for Sindh Workers' Welfare Fund	12.2	(8,098,489)	404,535	-	112,865
Withholding Taxes - Written Off		329,540	-	-	-
Charity Expense		-	-	-	-
Bank Charges		3,316	15,633	(60)	11,472
		6,423,507	9,812,990	4,946,059	2,990,908
Net Income for the Period Before Taxation		63,772,392	19,822,191	23,319,867	5,605,446
Taxation	16	-	-	-	-
Net Income for the Period After Taxation		63,772,392	19,822,191	23,319,867	5,605,446
Allocation of Net Income for the Period					
Net Income for the Period		63,772,392	19,822,191	23,319,867	5,605,446
Income Already Paid on Units Redeemed		(1,330,224)	(2,040,240)	(1,317,513)	(782,642)
Accounting Income Available for Distribution:		62,442,168	17,781,951	22,002,354	4,822,804
Relating to Capital Gain		(1,175)	-	-	-
Excluding Capital Gain		62,443,343	17,781,951	22,002,354	4,822,804
		62,442,168	17,781,951	22,002,354	4,822,804

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

For 786 Investments Limited
(Management Company)

---SD---
Chief Executive Officer

---SD---
Chief Financial Officer

---SD---
Director



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2022**

	<i>Nine Months Period Ended</i>		<i>Three Months Period Ended</i>	
	<i>March 31,</i>		<i>March 31,</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
<i>Note</i>	<i>----- Rupees -----</i>			
Net Income for the Period after Taxation	63,772,392	19,822,191	23,319,867	5,605,446
Items That Have Been Or May Be Re-Classified Subsequently to the Income Statement	-	-	-	-
Unrealized Gain/(Loss) on Revaluation of Investments Classified As Fair Value Through Other Comprehensive Income -	6.4			
	517,379	(209,889)	252,045	469,586
	517,379	(209,889)	252,045	469,586
Total Comprehensive Income for the Period	64,289,771	19,612,302	23,571,912	6,075,032

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

For 786 Investments Limited
(Management Company)

----SD----
Chief Executive Officer

----SD----
Chief Financial Officer

----SD----
Director



**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2022**

	March 31, 2022				March 31, 2021			
	Capital Value	(Accumulated Loss) / Undistributed Income	Unrealized (Loss) on Investment	Total	Capital Value	(Accumulated Loss) / Undistributed Income	Unrealized Gains on Investment	Total
	----- Rupees -----				----- Rupees -----			
<i>Net Assets at Beginning of the Year</i>	894,606,747	(149,285,786)	786,162	746,107,123	766,034,989	(140,531,735)	1,000,484	626,503,738
<i>Issue of 2,034,105 Units (2021: 150,913 Units)</i>								
- Capital Value (At Net Asset Value per Unit at the Beginning of the Period)	165,134,346	-	-	165,134,346	12,224,049	-	-	12,224,049
- Element of Income	4,549,556	-	-	4,549,556	309,109	-	-	309,109
<i>Total Proceeds on Issuance of Units</i>	169,683,902	-	-	169,683,902	12,533,158	-	-	12,533,158
<i>Redemption of 240,190 Units (2020: 1,455,549 Units)</i>								
- Capital Value (At Net Asset Value per Unit at the Beginning of the Period)	(19,499,305)	-	-	(19,499,305)	(117,900,024)	-	-	(117,900,024)
- Amount Paid Out of Element of Income	-	(1,330,224)	-	(1,330,224)	-	(2,040,240)	-	(2,040,240)
- Refund/Adjustment on Units as Element of Income	162	-	-	162	-	-	-	-
<i>Total Payments on Redemption of Units</i>	(19,499,143)	(1,330,224)	-	(20,829,367)	(117,900,024)	(2,040,240)	-	(119,940,264)
<i>Net Income for the Period Before Taxation</i>	-	63,772,392	-	63,772,392	-	19,822,191	-	19,822,191
<i>Other Comprehensive Income</i>	-	-	517,379	517,379	-	-	(209,889)	(209,889)
	-	63,772,392	517,379	64,289,771	-	19,822,191	(209,889)	19,612,302
<i>Net Assets At End of the Period</i>	1,044,791,506	(86,843,618)	1,303,541	959,251,429	660,668,123	(122,749,784)	790,595	538,708,934
<i>Undistributed (Loss)/Income Brought Forward</i>								
- Realized Loss		(149,285,786)				(140,531,735)		
- Unrealized Income		-				-		
		(149,285,786)				(140,531,735)		
<i>Accounting Income Available for Distribution</i>								
- Relating to Capital Gain		(1,175)				-		
- Excluding Capital Gain		62,443,343				17,781,951		
		62,442,168				17,781,951		
Distribution during the Period		-				-		
Undistributed Loss Carried Forward		(86,843,618)				(122,749,784)		
<i>Undistributed (Loss) Carried Forward</i>								
- Realized Loss		(86,843,618)				(122,749,784)		
		(86,843,618)				(122,749,784)		
<i>Net Assets Value per Unit at Beginning of the Year</i>	81.18				81.00			
<i>Net Assets Value per Unit at End of the Period</i>	87.33				83.78			

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

**For 786 Investments Limited
(Management Company)**

----SD----
Chief Executive Officer

----SD----
Chief Financial Officer

----SD----
Director



**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2022**

	<i>Nine Months Period Ended</i>	
	<i>March 31,</i>	
	<i>2022</i>	<i>2021</i>
<i>Note</i>	<i>----- Rupees -----</i>	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income for the Period Before Taxation	63,772,392	19,822,191
Adjustments For:		
Net Realized Gain on Sale of Investments	(1,175)	-
Profit on Bank Balances and Investments	(57,630,707)	(30,218,491)
Reversal of Impairment on Investment At Fair Value Through Other Comprehensive Income	(12,566,367)	583,310
Provision for Sindh Workers' Welfare Fund	(8,098,489)	404,535
Operating Loss Before Working Capital Changes	(78,296,738)	(29,230,646)
Decrease in Assets		
Deposits and Prepayments	-	5,993,144
Advance Income Tax	329,540	7,704,659
	329,540	13,697,803
Increase/(Decrease) in Liabilities		
Payable to the Management Company	440,892	354,532
Payable to the Trustee	35,680	(8,170)
Annual Fee Payable to Securities and Exchange Commission of Pakistan	16,818	(37,010)
Dividend Payable	649,507	-
Accrued Expenses and Other Liabilities	74,673	(4,610,057)
	1,217,570	(4,300,705)
Proceeds From Investments - Net	(278,238,814)	33,617,848
Profit Received on Investments and Balances With Banks	57,073,059	31,519,316
Net Cash (Used In)/Generated From Operating Activities	(234,142,991)	65,125,807
CASH FLOWS FROM FINANCING ACTIVITIES		
Amounts Received Against Issue of Units	169,683,902	12,533,158
Payment Made Against Redemption of Units	(20,829,367)	(119,940,264)
Dividend Paid	-	(4,234,300)
Net Cash Generated From Financing Activities	148,854,535	(111,641,406)
Net Decrease in Cash and Cash Equivalents	(85,288,456)	(46,515,599)
Cash and Cash Equivalents At Beginning of the Year	607,530,032	548,128,655
Cash and Cash Equivalents At End of the Period	522,241,576	501,613,056

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

For 786 Investments Limited (Management Company)	For 786 Investments Limited (Management Company)	For 786 Investments Limited (Management Company)
-----SD----- Chief Executive Officer	-----SD----- Chief Financial Officer	-----SD----- Director



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2022**

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Dawood Income Fund (the Fund) was established under a Restated Trust Deed executed on April 08, 2003 between 786 Investments Limited as Management Company and Bank AL-Habib Limited (BAHL) as Trustee. In June 2011, BAHF retired and MCB Financial Services Limited (MCBFSL) was appointed as the new trustee of the Fund and the name of the Fund was also changed from "Dawood Money Market Fund" to "Dawood Income Fund". These changes, after necessary regulatory approvals, were duly incorporated in the Trust Deed of the Fund by way of First Supplemental Trust Deed. On January 20, 2017, the Management Company has changed its name to 786 Investments Limited after completing regulatory formalities.
- 1.2** The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the SECP to undertake Asset Management Services. The registered office of the Management Company is situated at G3, Ground floor, B.R.R Tower, Hassan Ali Street, I.I Chundrigar Road, Karachi, Pakistan.
- 1.3** The Fund is an open end mutual Fund and is listed on Pakistan Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering them to the Fund.
- 1.4** The objective of the Fund is to provide competitive risk adjusted returns to its investors by investing in a diversified portfolio of long, medium and short term Shariah compliant debt instruments while taking into account liquidity considerations.
- 1.5** Title to the assets of the Fund are held in the name of MCBFSL as the Trustee of the Fund (except for term finance certificate of New Allied industries limited as mentioned in note 7.3.1 which is a non-performing term finance certificate hence being unable to be transferred until final settlement, which is held in the name of BAHF being the previous Trustee of the Fund).
- 1.6** The Fund is categorized as "Shariah complaint Islamic scheme" as per the criteria laid down by the SECP for categorization of open-end Collective Investment Schemes (CIS).
- 1.7** The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of "AM3" to the Management Company as at December 24, 2020 and stability rating of "AA-(f)" to the Fund as at April 16, 2021.
- 1.8** Due to the enactment of the Sindh Trusts Act, 2020 (as amended vide Sindh Trusts (Amended) Act, 2021), the Trusts including Collective Investment, private Funds etc., being Specialized Trusts are required to be registered with the Assistant Director of Industries and Commerce (Trust Wing), Government of Sindh under Section 12A of the Sindh Trusts Act, 2020. For this purpose, management has initiated the process of execution of Re-stated Trust Deeds between the Management Company and the trustees of the trust deed and necessary documents will be submitted with Assistant Director of Industries and Commerce (Trust Wing), Government of Sindh.

1.9 Significant events or transactions

There are no significant events or transactions during the period.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprises of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of the directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non Banking Finance Companies (Establishment and Regulation) Rules 2003 (the NBFC Rules), Non Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of Trust Deed.



Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations and the requirement of the Trust Deed differ from the IFRS, the provision of and the directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and the requirement of the Trust Deed have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for investments which are valued at fair value as stated in notes 6.1, 6.2 and 6.3 below.

2.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupees which is the Fund's functional and presentation currency.

3 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgements about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied unless otherwise stated.

		<i>Un-Audited</i> <i>31 March</i> <i>2022</i>	<i>Audited</i> <i>30 June</i> <i>2021</i>
	<i>Note</i>	<i>----- Rupees -----</i>	
5 BALANCES WITH BANKS			
- Saving accounts	5.1	<u>522,241,576</u>	<u>607,530,032</u>

5.1 These saving accounts carry profit at rates ranging from 5.5% to 10.25% (June 30, 2021: 5% to 8%) per annum.

		<i>Un-Audited</i> <i>31 March</i> <i>2022</i>	<i>Audited</i> <i>30 June</i> <i>2021</i>
	<i>Note</i>	<i>----- Rupees -----</i>	
6 INVESTMENTS			
At fair value through other comprehensive income			
Listed - Term finance certificates	6.1	-	-
Unlisted - Sukuk certificates	6.2	<u>44,802,906</u>	<u>50,592,202</u>
		<u>44,802,906</u>	<u>50,592,202</u>
At amortised cost			
Term Deposit Receipts (TDRs)	6.5	<u>150,000,000</u>	<u>100,000,000</u>
Commercial Paper	6.6	<u>247,113,031</u>	<u>-</u>
		<u>441,915,937</u>	<u>150,592,202</u>



6.1 At fair value through other comprehensive income

		<i>As at July 01, 2021</i>	<i>Purchases during the period</i>	<i>Matured/ Disposed During the period</i>	<i>As at March 31, 2022</i>	<i>Cost/ Carrying Value</i>	<i>Market Value</i>	<i>% of Total Investment</i>
<i>Note</i>		<i>----- Number of certificates -----</i>				<i>----- Rupees -----</i>		

Listed - Term finance certificates face value of Rs. 5,000/-each

Construction and material

Dewan cement company limited	6.1.1	13,404	-	2,513	10,891	54,454,257	-	-
Provision held	6.3	-	-	-	-	(54,454,257)	-	-

- 6.1.1** Dewan Cement Limited (DCL) is classified as non-performing by MUFAP. Accordingly, the security has been fully provided in accordance with the requirements of SECP's circular No. 1 of 2009 and the board's approved provisioning policy. The Fund has entered into a compromise agreement with DCL on May, 09 2016 whereby the remaining debt will be paid in thirty one equal quarterly installments in arrears. The Fund has recognized reversal of impairment amounting to Rs. 12.566 millions on receipt basis in current period. The Fund has suspended profit there against.

6.2 At fair value through other comprehensive income

		<i>As at July 01, 2021</i>	<i>Purchases during the period</i>	<i>Matured/ Disposed During the period</i>	<i>As at March 31, 2022</i>	<i>Cost/ Carrying Value</i>	<i>Market Value</i>	<i>% of Total Investment</i>
<i>Note</i>		<i>----- Number of certificates -----</i>				<i>----- Rupees -----</i>		

Unlisted - term finance certificates face value of Rs. 2,207/-each

Cable and electric goods

New Allied Industries Limited	6.3.1	11,523	-	-	11,523	25,433,190	-	-
Provision held	6.3	-	-	-	-	(25,433,190)	-	-
New Allied Industries Limited	6.3.2	3,417	-	-	3,417	7,222,749	-	-
Provision held	6.3	-	-	-	-	(7,222,749)	-	-

At fair value through other comprehensive income

Unlisted - Sukuk certificates

Face Value of Rs. 1,000,000/-each

Cable and Electric Goods

TPL Corporation Limited	6.3.3	15	-	-	15	3,750,000	3,752,265	1%
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Face Value of Rs. 1,000,000/-each

Commercial Bank

Dubai Islamic Bank Limited	6.3.4	26	-	-	26	26,727,142	26,871,000	6%
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Engineering

Agha Steel Industries Limited	6.3.5	15	-	-	15	13,808,385	14,179,641	3%
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Face value of Rs. 2000/-each

Fertilizers

Fatima Fertilizer Company Ltd	6.3.6	736	-	736	-	-	-	0%
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Face value of Rs. 2,933/-each

Eden Housing Limited

Eden Housing Limited	6.3.7	2,933	-	-	2,933	2,887,171	-	-
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Provision held

Provision held	6.3	-	-	-	-	(2,887,171)	-	-
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Face value of Rs. 5,000/-each

Amtext limited

Amtext limited	6.3.8	6,000	-	-	6,000	22,500,000	-	-
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Provision held

Provision held	6.3	-	-	-	-	(22,500,000)	-	-
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Face value of Rs. 5,000/-each

New Allied Electronics Industries (Private) Limited

New Allied Electronics Industries (Private) Limited	8.3.9	1,000	-	-	1,000	5,027,500	-	-
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Provision held

Provision held	6.3	-	-	-	-	(5,027,500)	-	-
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44,285,527 44,802,906



6.3 Details of non-compliant investments

The Securities & Exchange Commission of Pakistan (SECP), vide its circular No. 16 dated July 07, 2010, has prescribed certain disclosures for non-compliances, either with the minimum investment criteria specified for the category assigned to the Collective Investment Schemes or with the investment requirements of their constitutive documents.

<i>Name of non compliant investment</i>	<i>Note</i>	<i>Type of Investment</i>	<i>Value of Investment before provision</i>	<i>Provision held if any</i>	<i>Value of Investment after provision</i>	<i>% of net assets</i>	<i>% of Gross Assets</i>
<i>-----Rupees-----</i>							
Dewan Cement Limited - Restructured	6.1.1	Pre-IPO investment	54,454,257	(54,454,257)	-	-	-
New Allied Industries Limited	6.3.1	Term finance certificates	25,433,190	(25,433,190)	-	-	-
New Allied Industries Limited	6.3.2	Term finance certificates	7,222,749	(7,222,749)	-	-	-
New Allied Industries Limited	6.3.9	Sukuk certificates	5,027,500	(5,027,500)	-	-	-
Eden Housing Limited	6.3.7	Sukuk certificates	2,887,171	(2,887,171)	-	-	-
Amtex Limited	6.3.8	Sukuk certificates	22,500,000	(22,500,000)	-	-	-

- 6.3.1** New Allied Electronics Industries Limited defaulted on its payment of principal and mark-up due on December 25, 2008. Consequently, the security was classified as non-performing by MUFAP on January 09, 2009 and accrual on the same was suspended. This security has been fully provided in accordance with the provisioning circulars of SECP and the Board's approved provisioning policy. These TFCs are held in CDC investor account of the previous trustee and will only be transferred upon final settlement.
- 6.3.2** New Allied Electronics Industries (Private) Limited defaulted on its payment of principal and mark-up due on 25 December 2008. Consequently, the security was classified as non-performing by MUFAP on 9 January 2009 and accrual of income on the same was suspended. This security has been fully provided in accordance with the provisioning circulars issued by the SECP and the Board's approved provisioning policy.
- 6.3.3** These sukuk certificates carry profit equal to 1 year KIBOR plus 3% receivable quarterly in arrears and will mature in April 2021. The principal amount is redeemable in four six monthly installments of Rs. 0.25 million per certificate Each commencing from October 2019. These sukuk certificates are secured by hypothecation charge over the hypothecated assets of Rs. 625 million and pledge of shares of TPL Properties Limited in favour of the Trustee of the issuer for the benefit of the certificate holders.
- 6.3.4** These sukuk certificates are unsecured and carry profit equal to 6 month KIBOR plus 0.50% receivable half-yearly in arrears and will mature in July 2027.
- 6.3.5** This is the Pakistan's 1st over the counter listed sukuk issue, priced through competitive bidding process by Agha Steel Industries Limited backed by diminishing musharaka and carry profit equal to 3 month KIBOR plus 0.8% and will completely mature in October 2024. Pak Brunei Limited is appointed as trustee and the issue agent of the sukuk. These sukuk certificates are secured by hypothecation charge over the present and future fixed assets of the issuer in favour of the Trustee of the issuer for the benefit of the certificate holders.
- 6.3.6** These sukuk certificates carry profit equal to 6 month KIBOR plus 1.1% receivable semi-annually in arrears and will mature in 5 years from 28 November 2016. The principal amount is redeemable in ten equal semi-annual instalments from the Ijarah commencement date. These certificates are secured by 1st ranking hypothecation charge of all present and future fixed assets excluding land and building of the issuer with a minimum 25% margin, 1st ranking mortgage over land and building of the issuer with a minimum 25% margin, establishment of and assignment of a Debt Payment Account, assignment over all rights and benefits of the issuer under any and all project insurances and cut-through agreements for reinsurance.
- 6.3.7** Eden Housing Limited defaulted on its payment of principal and mark-up due on April 21, 2011. Consequently, the security was classified as non-performing by MUFAP on May 06, 2011 and accrual on the same was suspended. This security has been fully provided in accordance with the provisioning circulars of SECP and the Board's approved provisioning policy. These sukuks are held in CDC investor account of the Fund.



6.3.8 Amtex Limited (Sukuk) defaulted on its payment of principal and mark-up due on December 22, 2010. Consequently, the security was classified as non-performing by MUFAP on January 6, 2011 and accrual of income on the same was suspended. Accordingly, the security has been fully provided in accordance with the provisioning circulars issued by SECP and the board's approved provisioning policy.

6.3.9 New Allied Electronics Industries (Private) Limited defaulted on its payment of principal and mark-up due on 27 October 2008. Consequently, the security was classified as non-performing by MUFAP on 9 January 2009 and accrual on the same was suspended. Management has recognised full provision there against and the accrual of income has been suspended in line with provisioning policy of the Fund duly approved by the Board as per applicable SECP provisioning circulars.

		<i>Un-Audited</i>	<i>Audited</i>
		<i>31 March</i>	<i>30 June</i>
		<i>2022</i>	<i>2021</i>
	<i>Note</i>	<i>----- Rupees -----</i>	
6.4	Unrealized gain on revaluation of investments classified as fair value through other comprehensive income - net		
	Fair value of investments	6.2 44,802,906	150,592,202
	Less: Cost/Carrying Value of Investment	(108,530,097)	(86,401,882)
		(63,727,191)	64,190,320
	Less: Net unrealized gain in fair value of investments - Opening	64,244,570	54,250
		517,379	64,244,570

6.5 This represents term deposit receipts placed with MCB Islamic Bank Limited carrying profit at the rate of 10.80% (2021: 7.25%) per annum and will be matured on April 30, 2022.

6.6 This represents commercial paper placed with Mughal Iron and Steel Industries face value of Rs. 120 million carrying profit at the rate of 9.44% (2021: Nil) per annum and will be matured on July 26, 2022 and commercial paper placed with Lucky Electronic Power Co Ltd having face value of Rs. 135 Million carrying profit at the rate of 12.97% (2021: Nil) per annum and will be matured on July 12, 2022.

		<i>Un-Audited</i>	<i>Audited</i>
		<i>31 March</i>	<i>30 June</i>
		<i>2022</i>	<i>2021</i>
	<i>Note</i>	<i>----- Rupees -----</i>	
7	ACCRUED INCOME/PROFIT		
	- Income from profit and loss sharing (PLS) accounts	5,468,599	3,445,372
	- Income from sukuk certificates	1,100,109	1,438,154
	- Income from term deposit receipt (TDR)	44,384	1,171,918
		6,613,092	6,055,444

8 SECURITY DEPOSITS

Deposits - Central Depository Company

- Deposits - Central depository company 786SF	100,000	100,000
- Deposits - Central depository company FDMF	50,000	50,000
	150,000	150,000

9 PAYABLE TO 786 INVESTMENTS LIMITED

- MANAGEMENT COMPANY

Management remuneration	9.1	1,226,285	910,526
Sindh sales tax payable	9.2	179,902	138,853
Accounting and operational charges	9.3	673,201	589,117
		2,079,388	1,638,496



- 9.1** According to the provisions of the Trust Deed of the Fund, the Management Company has charged its remuneration at the rate of 1.5% (June 2021: 1.5%) per annum on the average annual net assets of the Fund calculated on a daily basis.
- 9.2** The Sindh Provincial Government has levied Sindh Sales tax at the rate of 13% (June 2021: 13%) on Management Company's remuneration.
- 9.3** In accordance with the provisions of the NBFC Regulations amended vide S.R.O 1160(I)/2015 dated November 25, 2015, the Management Company of the Fund is entitled for reimbursement of fee and expenses incurred by the Management Company in relation to registrar service, accounting, operation and valuation services related to the Fund maximum up to 0.1% of average annual net assets of the scheme or actual which ever is less. Accordingly, the Management Company has charged accounting and operating expenses to the Fund at a rate of 0.1% per annum of the average annual net assets of the Fund for the period ended March 31, 2022.

		<i>Un-Audited</i> <i>31 March</i> <i>2022</i>	<i>Audited</i> <i>30 June</i> <i>2021</i>
	<i>Note</i>	<i>----- Rupees -----</i>	
10 PAYABLE TO MCB FINANCIAL SERVICES LIMITED - TRUSTEE			
Trustee Remuneration	10.1	122,629	91,053
Sindh sales tax payable on Trustee remuneration	10.2	15,942	11,838
		138,571	102,891

- 10.1** According to the provisions of the Trust Deed of the 786 Smart Fund, the Trustee is entitled to monthly remuneration for services rendered to the Fund as follows:

On net assets:

-Up to Rs.1 billion	Rs.0.6 million or 0.15% per annum of the net assets of the Fund computed on a daily basis whichever is higher.
-Exceeding Rs.1 Billion	Rs.0.6 million plus 0.09% per annum of the net assets of the Fund computed on a daily basis exceeding Rs.1 billion.

- 10.2** The Sindh Provincial Government has levied sindh sales tax at the rate of 13% (June 2020: 13%) on trustee's remuneration.

11 ANNUAL FEE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

This represents annual fee payable to SECP in accordance with SRO 714(I)/2019 dated July 1, 2019 as amended in clause "c" of Schedule II of NBFC Regulation 2008, read with regulation 62 of NBFC Regulation 2008, applicable from July 1, 2019 whereby the Fund is required to pay SECP an amount equal to 0.02% of the average daily net assets. Earlier this fee was 0.085% of the average daily net assets.

		<i>Un-Audited</i> <i>31 March</i> <i>2022</i>	<i>Audited</i> <i>30 June</i> <i>2021</i>
	<i>Note</i>	<i>----- Rupees -----</i>	
12 ACCRUED EXPENSES AND OTHER LIABILITIES			
Federal Excise Duty on Remuneration	12.1	6,513,679	6,513,679
Provision for Sindh Workers' Welfare Fund	12.2	-	8,098,489
Accrued expenses	12.3	660,391	541,237
Other liabilities		5,115	49,596
Zakat payable and withholding tax		11,620	11,620
		7,190,805	15,214,621

- 12.1** The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from June 13, 2013. As the asset management services rendered by the Management Company of the Fund were already subject to provincial sales tax levied by Sindh Revenue Board, which is being charged to the Fund, the Management Company was of the view that further levy of FED was not justified. On September 04, 2013, a Constitutional Petition was filed in the Honorable Sindh High Court (SHC) jointly by various asset management companies, together with their representative collective investment schemes.



The SHC while disposing the Constitutional Petition relating to levy of FED on mutual funds has declared the said provisions to be ultra vires and as a result no FED is payable with effect from July 01, 2011 (i.e. the date on which Sindh Sales Tax on Services Act, 2011 came into force). In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Honorable Supreme Court of Pakistan (SCP). Thereafter, during the pendency of the present civil petition, SCP has suspended the operation of the impugned judgement of the SHC. The matter is still pending adjudication. With effect from July 01 2016, FED on services provided or rendered on non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of Management Company with effect from July 01, 2016. However, as a matter of abundant caution the provision made for FED for the period from June 13, 2013 till June 30, 2016 aggregating to Rupees.1.797 million (June 30, 2020: Rupees. 1.797 million) is being retained in the financial statements of the Fund as the matter is pending before the SCP. Had the said provision of FED not been recorded in the financial statements of the Fund, the net asset value per unit of the Fund as at March 31, 2022 would have been higher by Rs. 0.59 (June 30, 2021: Rs. 0.71) per unit.

- 12.2 As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF.

In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, MUFAP recommended that, as a matter of abundant caution, provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015). The Funds have accordingly made provision in respect of SWWF as recommended by MUFAP in the financial statements as at June 30, 2021.

During the period ended September 30, 2021, SRB through its letter dated August 12, 2021 has intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and has also been taken up with the SECP and all the Asset Management Companies, in consultation with SECP, have reversed the cumulative provision for SWWF recognised in the financial statements of the Funds, for the period from May 21, 2015 to August 12, 2021, on August 13, 2021. The SECP has given its concurrence for prospective reversal of provision for SWWF. Accordingly, going forward, no provision for SWWF would be recognised in the financial statements of the Fund.

	<i>Un-Audited</i>	<i>Audited</i>
	<i>31 March</i>	<i>30 June</i>
	<i>2022</i>	<i>2021</i>
	<i>----- Rupees -----</i>	
12.3 Accrued expenses		
Auditors' remuneration payable	302,171	309,287
Rating fee payable - PACRA	114,601	-
PSX fee payable	20,643	-
Printing and related expenditure payable	14,743	25,000
Shariah and tax advisors fee payable	208,233	206,950
	<u>660,391</u>	<u>541,237</u>

13 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at March 31, 2022 and June 30, 2021.



	<i>Un-Audited</i>	<i>Audited</i>
	<i>31 March</i>	<i>30 June</i>
	<i>2022</i>	<i>2021</i>
	<i>----- Number of Units -----</i>	
14 NUMBER OF UNITS IN ISSUE		
Total outstanding as of July 01	9,190,455	7,734,563
Issued during the period	2,034,105	4,550,285
Redemption during the period	(240,190)	(3,094,393)
Closing units	10,984,370	9,190,455
	<i>Nine Months Period Ended</i>	
	<i>March 31,</i>	
	<i>2022</i>	<i>2021</i>
	<i>----- Rupees -----</i>	
15 INCOME FROM INVESTMENTS AND BALANCES WITH BANKS		
<i>Income from:</i>		
- Sukuk certificates	3,327,201	5,169,909
- Profit and loss sharing (PLS) account	31,673,905	25,048,582
- Term deposits receipts (TDR)	12,007,604	-
- Commercial Paper	10,621,997	-
	57,630,707	30,218,491

15.1 Total Expense Ratio

The total expense ratio (TER) of the Fund for the period ended March 31, 2022 is 2.16% which includes 0.28% representing government levies on the Fund such as federal excise duties and sales taxes, Workers' Welfare Fund, annual fee payable to the SECP, etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorized as an "Islamic Income Scheme".

16.1 TRANSACTIONS WITH RELATED PARTIES/CONNECTED PERSONS

Related party/connected person include 786 Investments Limited being the Management Company, other collective investment schemes managed by the Management company, MCB Financial Services Limited being the Trustee of the Fund, Directors and Officers of the Management Company, other associated undertakings and unit holder's holding more than 10% units in the Fund or any other connected person.

Remuneration payable to the Management Company and Trustee is determined in accordance with the provisions of the NBFC Regulations 2008 and the Trust Deed respectively.

The transactions with related parties are in the normal course of business and at contracted rates and terms determined in accordance with market rates.

Aggregate transactions and balances with related parties, associated undertakings and connected person which are not disclosed elsewhere in the notes are as follows:



		<i>Nine Months Period Ended</i>	
		<i>March 31,</i>	
		<i>2022</i>	<i>2021</i>
		<i>----- Rupees -----</i>	
<i>Note</i>			
16.1 Transactions during the Period Ended			
	<i>786 Investments Limited - Management Company</i>		
	Remuneration of the management company	9.1 <u><u>10,098,016</u></u>	<u><u>6,543,462</u></u>
	Sales tax on remuneration to the management company	9.2 <u><u>1,312,742</u></u>	<u><u>850,649</u></u>
	Accounting and operational charges	9.3 <u><u>673,201</u></u>	<u><u>436,230</u></u>
	<i>Digital Custodian Company</i>		
	<i>(formerly MCB Financial Services Limited) - Trustee</i>		
	Remuneration of the Trustee	10.1 <u><u>1,009,801</u></u>	<u><u>654,355</u></u>
	Sales tax on Trustee fee	10.2 <u><u>131,276</u></u>	<u><u>85,066</u></u>
	<i>Dawood Family Takaful Limited</i>		
	<i>(Connected person due to group company)</i>		
	Issue of units: 622,411 (2020: Nil)	<u><u>52,086,902</u></u>	<u><u>-</u></u>
	Redemption of nil units: Nil (2020: 2,265)	<u><u>-</u></u>	<u><u>188,352</u></u>
	<i>BRR Investments Limited</i>		
	<i>(Connected person due to group company)</i>		
	Issue of units: 177,572 (2020: 84,023)	<u><u>15,000,000</u></u>	<u><u>7,000,000</u></u>
	Redemption of 86,739 units: Nil (2020: Nil)	<u><u>7,500,000</u></u>	<u><u>-</u></u>
	<i>First Dawood Investment Bank Limited-Employees Contributory Provident Fund - Employee Benefit Fund of Group Company</i>		
	Issue of units: 29,377 (2020: 21,732)	<u><u>2,500,000</u></u>	<u><u>1,800,000</u></u>
	Redemption of 22,937 units: Nil (2020: 157,232)	<u><u>2,000,000</u></u>	<u><u>13,000,000</u></u>
	<i>Dawood International (Private) Limited</i>		
	<i>(Connected Person due to Group Company)</i>		
	Issue of units: Nil (2020: 22,318)	<u><u>-</u></u>	<u><u>1,850,000</u></u>
	Redemption of units: Nil (2020: 109,708)	<u><u>-</u></u>	<u><u>9,065,244</u></u>
	<i>Directors and Key Management Personnel of the Management Company</i>		
	Issue of 938,084 units: Nil (2020: 22,318)	<u><u>81,906,931</u></u>	<u><u>1,850,000</u></u>
	Redemption of units: Nil (2020: 73,787)	<u><u>-</u></u>	<u><u>6,000,000</u></u>
	<i>Unit Holders having 10% or more units</i>		
	Redemption of 944,787 units: Nil (2020: 332,167)	<u><u>82,492,208</u></u>	<u><u>27,400,000</u></u>



		<i>Un-Audited</i> <i>31 March</i> <i>2022</i>	<i>Audited</i> <i>30 June</i> <i>2021</i>
	<i>Note</i>	<i>----- Rupees -----</i>	
16.2 Balance as at period ended			
<i>786 Investments Limited - Management Company</i>			
Remuneration payable to the management company	9	<u>1,226,285</u>	<u>910,526</u>
Sales tax payable on management company's remuneration	9	<u>179,902</u>	<u>138,853</u>
Accounting and operational charges	9	<u>673,201</u>	<u>589,117</u>
FED payable on management company's remuneration		<u>6,513,679</u>	<u>6,513,679</u>
Units held: 2,130,273 (June 2021: 2,130,273)		<u>186,034,008</u>	<u>172,941,561</u>
<i>MCB financial services limited - Trustee</i>			
Remuneration payable to the Trustee	10	<u>122,629</u>	<u>91,053</u>
Sales tax payable on Trustee fee	10	<u>15,942</u>	<u>11,838</u>
<i>BRR Guardian Modaraba</i> <i>(Connected person due to group Company)</i>			
Units held: 90,833 (June 2021: Nil)		<u>7,932,353</u>	<u>-</u>
<i>BRR Guardian Modaraba</i> <i>(Connected person due to group Company)</i>			
Units held: 396,776 (June 2021: 396,776)		<u>34,649,893</u>	<u>32,211,387</u>
<i>First Dawood Investment Bank Limited -Employees Contributory</i> <i>Provident Fund- Employee Benefit Fund of Group Company</i>			
Units held: 326,282 (June 2021: 319,842)		<u>28,493,787</u>	<u>25,965,664</u>
<i>Dawood Family Takaful Limited</i> <i>(Connected Person due to Group Company)</i>			
Units held: 3,515,320 (June 2021: 2,892,909)		<u>306,988,298</u>	<u>234,854,435</u>
<i>Dawood Family Takaful Limited - Employees contributory provident</i> <i>fund - Associate of Management Company</i>			
Units held: 61,339 (June 2021: 61,339)		<u>5,356,643</u>	<u>4,979,660</u>
<i>BRR Financial Services (Private) Limited</i> <i>(Connected Person due to Group Company)</i>			
Units held: 29,968 (June 2021: 29,968)		<u>2,617,049</u>	<u>2,432,870</u>
<i>Directors and key management personnel</i> <i>of the Management Company</i>			
Units held: 1,549,382 (June 2021: 611,298)		<u>135,305,537</u>	<u>49,681,606</u>
<i>Unit Holders having 10% or more units</i>			
Units held: Nil (June 2021: 944,787)		<u>-</u>	<u>76,700,473</u>



16.3 The transactions with related parties/connected persons are in the normal course of business at contracted rates and terms, determined in accordance with market rates.

17 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue by the board of directors of the Management Company on _____.

18 GENERAL

Figures have been rounded off to the nearest rupee.

**For 786 Investments Limited
(Management Company)**

____SD____
Chief Executive Officer

____SD____
Chief Financial Officer

____SD____
Director



BOOK POST



If undelivered, please return to:
786 SMART FUND
G-3, B.R.R. Tower,
Hassan Ali Street,
Off I.I. Chundrigar Road,
Karachi - 74000 Pakistan



Managed By:
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Trustee: Digital Custodian Company
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