



INVESTMENTS

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786 INVESTMENTS LIMITED



786 SMART FUND

**FOR THE
HALF YEAR ENDED
DECEMBER 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 Syed Shabahat Hussain Mr. Naveed Ahmed Syed Musharaf Ali Mr. Iqbal Shafiq Mr. Ahmer Zia Sarwar	Chairperson Chief Executive Officer Director Director Director Director Director
Chief Financial Officer & Company Secretary	Mr. Noman Shakir	
Audit Committee	Syed Shabahat 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 SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

It is matter of honour 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 half-year ended December 31, 2022.

Economy Review & Outlook:

Global economic activity is experiencing a broad-based and sharper-than-expected slowdown, with inflation higher than seen in several decades. The cost-of-living crisis, tightening financial conditions in most regions, Russia's invasion of Ukraine, and the lingering COVID-19 pandemic all weigh heavily on the outlook. Global growth is forecast to slow from 6.0 percent in 2021 to 3.2 percent in 2022 and 2.7 percent in 2023. This is the weakest growth profile since 2001 except for the global financial crisis and the acute phase of the COVID-19 pandemic. Global inflation is forecast to rise from 4.7 percent in 2021 to 8.8 percent in 2022 but to decline to 6.5 percent in 2023 and to 4.1 percent by 2024.

Money Market Review & Outlook:

Pakistan's total liquid foreign exchange reserves increased to \$ 12.0 billion on December 21, 2022, with the SBP's reserves now stood at \$ 6.1 billion. Commercial banks' reserves remained at \$ 5.9 billion. Pakistan increased its benchmark interest rate to 17%, the highest in more than 24 years, a move expected by 25 of 43 economists in a Bloomberg survey. As the economy grapples with raging inflation, supply shortages, dwindling currency reserves and stalled foreign financing.

The embattled South Asian nation is reeling from the aftermath of catastrophic flooding last year that amplified the impact of political turmoil and a financial crunch. With foreign currency reserves at a nine-year low and funding including from the International Monetary Fund held up, Pakistan was forced to restrict import payments. As the government curtailed overseas purchases, local banks have been refusing to issue letters of credit, leading to a standstill that puts businesses at risk of shutting down. Inflation may accelerate to 26.6% this month due to supply disruptions That would put price gains near a four-decade high of 27.25% seen in August, higher than the central bank's inflation forecast of 21%-23% that was revised upwards in November.

Devalued Pakistan's Currency over 21 percent during the year from Rs177 to more than Rs226 against the US dollar due to the economic uncertainty over Pakistan's debt repaying ability and huge imports coupled with the dollar rate hike in the global market.

Higher interest rate regime which toll on the profitability of companies and increased the cost of doing business. At such levels, it has become difficult to do business due to the substantial increase in the borrowing cost. The higher interest rate made finished goods more expensive, impacting sales and profit margins of various organizations.

Auditors Report:

The Auditors in their review report on half-year ended December 31, 2022, concluded as under:

- Based on our review, nothing has come to the attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for the interim financial reporting.

Fund Performance Review:

As of December 31, 2022, net assets were PKR 582.387 million as compared to PKR 956.201 million as of December 31, 2021. Total operating income for the period was PKR 61.218 million as compared to PKR 40.452 million in the same period last year. Total expenses amounted PKR 8.892 million as compared to PKR 1.477 million (which after netting off from reversal of the cumulative provision of PKR 8,098 million for SWWF for the period May 21, 2015 to August 12, 2021) in the same period last year. Net Income for the period were PKR 61.218 million as compared to

the 40.452 million in the same period last year. The income already paid on the units redeemed was PKR 30.766 million in comparison of PKR 0.0127 million in Dec-21 reflecting accounting income available for distribution of PKR 30.451 million as compared to PKR 40.439 million in December-2021. The Net Asset per unit was PKR 87.92 as of December 31, 2022.

Asset Allocation (% of Total Assets)		
Assets	Dec-22	Nov-22
TFC/Sukuk	39.38%	71.64%
Islamic Commercial Paper	12.41%	18.55%
Bank Balances	45.75%	6.32%
Others	2.46%	3.49%

Asset Allocation (Credit Quality)		
Credit Quality	Dec-22	Nov-22
AA	82.18%	78.64%
AA-	5.64%	8.42%
A+	9.73%	9.45%
Unrated	2.45%	3.49%

Asset Allocation (Credit Quality)		
Periods	Returns	Benchmark
January 2023	14.08%	6.76%
FYTD 2023	15.08%	5.57%
Rolling 12 Months December 2021	13.29%	4.77%
FY 2022	10.81%	3.34%
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%
last 10 years	78.21%	9.77%

Acknowledgement:

The Directors wish to express their gratitude to the Security & 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---

Chairperson

ڈائریکٹرز کی رپورٹ

ہمارے مختصر ششماہی 31 دسمبر 2022

786 سمارٹ فنڈ کی شہینت کمپنی، 1786 انوسٹمنٹ لمیٹڈ (786 یادی کمپنی) کے بورڈ آف ڈائریکٹرز 31 دسمبر 2022 کو ختم ہونے والی ششماہی کے نظر ثانی شدہ مالیاتی گوشوارے معہ ڈائریکٹرز کی جائزہ شدہ رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

اقتصادی جائزہ اور نقطہ نظر:

عالمی اقتصادی سرگرمی ایک وسیع البیاد اور توقع سے زیادہ تیز رفتار سمت روی کا سامنا کر رہی ہے، افراط زر کی شرح گئی دو ہائیوں سے زیادہ ہے۔ روزمرہ زندگی کے اخراجات کا بحران، اکثر خطوں میں مالی حالات کی سختی، یوکرین پر روس کا حملہ، اور طویل عرصے سے جاری COVID-19، دوہائی بیماری کی وجہ سے نقطہ نظر پر بہت زیادہ دباؤ ہے۔ عالمی نمو 2021 میں 6.0 فیصد سے کم ہو کر 2022 میں 3.2 فیصد اور 2023 میں 2.7 فیصد رہنے کی پیش گوئی کی گئی ہے۔ اس عالمی مالیاتی بحران اور COVID-19، دوہائی بیماری کے شدید مرحلے کے علاوہ 2001 کے بعد سے سب سے کم روزمرہ پر دوفاصل ہے۔ عالمی افراط زر 2021 میں 4.7 فیصد سے بڑھ کر 2022 میں 8.8 فیصد تک پہنچنے کی پیش گوئی کی گئی لیکن 2023 میں 6.5 فیصد اور 2024 تک 4.1 فیصد تک کم ہو جائے گی۔

معی مارکیٹ کا جائزہ اور نقطہ نظر:

پاکستان کے کل یکویڈ غیر ملکی زرمبادلہ کے ذخائر 21 دسمبر 2022 کو بڑھ کر 12.0 بلین ڈالر، اسٹیٹ بینک کے ذخائر اب 6.1 بلین ڈالر ہو گئے۔ کمرشل بینکوں کے ذخائر 5.9 بلین ڈالر ہے۔ پاکستان نے اپنی شیخ مسود کی شرح کو بڑھا کر 17 فیصد کر دیا، جو کہ بلومبرگ کے سروے میں 43 میں سے 25 ماہرین اقتصادیات کی رائے کے مطابق 24 سالوں میں سب سے زیادہ شرح ہے۔ چونکہ معیشت بڑھتی ہوئی مہنگائی، سہلائی کی قلت، کرنسی کے کم ہوتے ذخائر اور غیر ملکی مالی اعانت میں قفل کا شکار ہے۔

جنگ زدہ جنوبی ایشیائی قوم گزشتہ سال کے تباہ کن سیلاب کے نتیجے میں مشکلات کا شکار رہی ہے جس نے سیاسی بحران اور مالی بحران کے اثرات کو بڑھا دیا۔ غیر ملکی کرنسی کے ذخائر نو سال کی کم ترین سطح پر اور بین الاقوامی مالیاتی فنڈ سمیت فنڈ زرو کے جانے کے باعث پاکستان کو درآمدی ادائیگیاں محدود کرنے پر مجبور ہونا پڑا۔

جیسا کہ حکومت نے ہر دن ملکر خریداریوں کو کم کیا، مقامی بینک کی ریڈنٹ خطوط جاری کرنے سے انکار کر رہے ہیں۔ نتیجتاً تعطل پیدا ہو گیا ہے جس سے کاروبار بند ہونے کا خطرہ ہے۔

سہلائی میں رکاوٹ کی وجہ سے مہنگائی اس ماہ 26.6 فیصد تک بڑھ سکتی ہے جس سے آگست میں قیمتوں میں اضافہ چار ہائیوں کی بلند ترین سطح پر 27.25 فیصد کے قریب ہو جائے گا، مرکزی بینک کی افراط زر کی 23%-21% کی پیش گوئی سے زیادہ جو کہ نومبر میں اوپر کی طرف نظر ثانی شدہ ہے۔

سال کے دوران امریکی ڈالر کے مقابلے میں پاکستان کی کرنسی کی قدر 21 فیصد کی کمی سے 177 روپے سے 226 روپے تک کم ہو گئی ہے جس کی وجہ پاکستان کی قرض ادا کرنے کی صلاحیت پر معاشی غیر یقینی صورتحال اور عالمی منڈی میں ڈالر کی شرح میں اضافے کے ساتھ زیادہ درآمدات ہیں۔

زیادہ شرح سود کا نظام جو کمپنیوں کے منافع کو متاثر اور کاروبار کرنے کی لاگت میں اضافہ کرتا ہے۔ اس طرح کی سطحوں پر قرض کی لاگت میں خاطر خواہ اضافے کی وجہ سے کاروبار کا رہنا مشکل ہو گیا ہے۔ زیادہ شرح سود نے تیار شدہ سامان کو مزید مہنگا کیا، جس سے مختلف تنظیموں کی فروخت اور منافع کے مارجن متاثر ہوئے۔

آڈیٹرز کی رپورٹ:

آڈیٹرز نے 31 دسمبر 2022 کو ختم ہونے والی ششماہی پر اپنی جائزہ رپورٹ میں نتیجہ اخذ کیا:

ہمارے جائزے کی بنیاد پر، کوئی ایسی چیز سامنے نہیں آئی ہے جس کی وجہ سے ہمیں یہ یقین ہو کہ عبوری مالیاتی گوشوارے، تمام مادی لحاظ سے، اکاؤنٹنگ اور پورٹنگ کے معیارات کے مطابق تیار نہیں ہیں یا، تمام مادی لحاظ سے، عبوری مالیاتی رپورٹنگ کے لیے پاکستان میں لاگو اکاؤنٹنگ اور پورٹنگ کے معیارات کے مطابق تیار نہیں کیے گئے ہیں۔

فنڈ کی کارکردگی کا جائزہ:

31 دسمبر 2022 تک، خالص اثاثے 582.387 بلین روپے رہے جبکہ 31 دسمبر 2021 کو 956.201 بلین روپے تھے۔ اس مدت کے لئے کل آپریٹنگ آمدنی 61.218 بلین روپے رہی جو گزشتہ سال اسی مدت میں 40.452 بلین روپے تھی۔ کل اخراجات (جو 21 مئی 2015 سے 12 اگست 2021 کی مدت میں SWFF کے لئے 8.098 بلین روپے کی مجموعی پروویژن کو ختم کرنے کے بعد) گزشتہ سال کی اسی مدت میں 1.477 بلین روپے کے مقابلے میں 8.892 بلین روپے تھے۔ چیکٹلے سال کی اسی مدت میں 40.452 بلین روپے کے مقابلے میں اس مدت کے لیے خالص آمدنی 61.218 بلین روپے رہی۔ ریڈنٹ شدہ پینس پر پہلے سے ادا کردہ آمدنی دسمبر 21 میں 0.0127 بلین روپے کے مقابلے میں 30.766 بلین روپے رہی، جو دسمبر 2021 میں 40.439 بلین روپے کے مقابلے میں 30.451 بلین روپے کی تقسیم کے لئے دستیاب اکاؤنٹنگ آمدنی کی عکاسی کرتی ہے۔ 31 دسمبر 2022 تک خالص اثاثہ نیٹ پونٹ 87.92 روپے تھی۔

ایسٹ ایلوکیشن (کل اثاثوں کا فیصد)		
نمبر 22	دسمبر 22	اثاثے
71.64%	39.38%	سکوک / TFC
18.55%	12.41%	اسلامک کرنشل پیپر
6.32%	45.75%	بینک بیلنس
3.49%	2.46%	دیگر

ایسٹ ایلوکیشن (کریڈٹ کوالٹی)		
نمبر 22	دسمبر 22	کریڈٹ کوالٹی
78.64%	82.18%	AA
8.42%	5.64%	AA+
9.45%	9.73%	A+
3.49%	2.45%	Unrated

فٹریٹرز		
6.76%	14.08%	جنوری 23
5.57%	15.08%	FYTD 2023
4.77%	13.29%	Rolling 12 Months December 2022
3.34%	10.81%	FY 2022
3.11%	5.49%	FY 2021
6.41%	10.90%	FY 2020
12.93%	11.12%	FY 2019
6.22%	11.86%	FY 2018
5.98%	16.32%	FY 2017
6.50%	22.61%	FY 2016
9.77%	78.21%	گزشتہ 10 سال

اظہار تشکر

میںجنت کینی کے بورڈ آف ڈائریکٹرز قابل قدر معاونت، مدد اور رہنمائی پر سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور پاکستان اسٹاک ایکسچینج لمیٹڈ کی انتظامیہ کے شکرگزار ہیں۔ بورڈ ایسٹ میںجنت کینی کے ملازمین، ٹرسٹی کی گن اور سخت محنت اور میںجنت میں اعتماد پر یونٹ ہولڈرز کا بھی شکریہ ادا کرتے ہیں۔

---SD---

ڈائریکٹر

---SD---

چیئر پرسن



SMART FUND



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REPORT OF THE TRUSTEE TO THE UNIT HOLDERS

786 SMART FUND

Report of the Trustee Pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

786 Smart Fund (Formerly Dawood Income Fund), an open-end Scheme established under a Trust Deed dated April 08, 2003 executed between 786 Investments Limited, as the Management Company and Bank Al Habib Limited (BAHL), as the Trustee. In June 2011, BAHL retired and Digital Custodian Company Limited was appointed as the new trustee of the fund.


1. 786 Investments Limited, the Management Company of 786 Smart Fund (Formerly Dawood Income Fund) has, in all material respects, managed 786 Smart Fund during the period ended December 31st, 2022 in accordance with the provisions of the following:
 - (i) Investment limitations imposed on the Asset Management Company and the Trustee under the trust deed and other applicable laws;
 - (ii) the valuation or pricing is carried out in accordance with the deed and any regulatory requirement;
 - (iii) the creation and cancellation of units are carried out in accordance with the deed;
 - (iv) and any regulatory requirement.

Observation:

The attention of the unit holders is drawn towards regulation 55(6) of NBFC and NE Regulations 2008 in which maximum limit in single Debt Security is 15% for Shariah Compliant Fund. However, it has been noted that 786 Smart Fund exposure in Debt Securities has breached the maximum prescribed limit. Moreover, details of the non-compliance are as follows:

Please note that figures has been quoted from the Initialed Accounts of 786 Smart Fund as on dated **December 31st, 2022**.

Debt Securities	Existing investment percentage of Net Assets	Required Limit	Breach of Limit
Nishat Mills Limited Sukuk	22%	15%	7%
K-Electric Company Limited Sukuk	19%	15%	4%


 Faisal Amin
 Authorize Signatory
 Digital Custodian Company Limited

Karachi: February 27, 2023

**TO THE MEMBERS OF 786 SMART FUND
REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS**

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **786 Smart Fund** ("the fund") as at December 31, 2022 and the related condensed interim statement of profit or loss, statement of comprehensive income, condensed interim statement of movement in unit holders, condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management company (786 investment limited) is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this report on interim financial statements is **Farhan Ahmed Memon**.


Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: **27 FEB 2023**

UDIN: RR202210147iv2jRKMhc



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

		<i>Un-Audited</i>	<i>Audited</i>
		<i>31 December</i>	<i>June 30,</i>
		<i>2022</i>	<i>2022</i>
Note		----- Rupees -----	
Assets			
Balances with Banks	5	37,499,879	298,014,919
Investments	6	535,299,009	294,564,028
Accrued Income/Profit	7	19,882,629	7,987,185
Security Deposits	8	<u>150,000</u>	<u>150,000</u>
Advance Income Tax/Prepayments		<u>666,339</u>	<u>-</u>
Total Assets		593,497,856	600,716,132
Liabilities			
Payable to 786 Investments Limited - Management Company	9	<u>1,636,221</u>	<u>1,914,597</u>
Payable to Digital Custodian Company Limited - Trustee	10	<u>120,209</u>	<u>101,525</u>
Payable to Securities and Exchange Commission of Pakistan	11	<u>82,731</u>	<u>175,773</u>
Unclaimed Dividend		<u>2,023,958</u>	<u>2,125,770</u>
Accrued Expenses and Other Liabilities	12	<u>7,247,682</u>	<u>7,065,399</u>
Total Liabilities		11,110,801	11,383,064
Contingencies and Commitments	13		
Net Assets		<u>582,387,055</u>	<u>589,333,068</u>
Unit Holders' Funds		<u>582,387,055</u>	<u>589,333,068</u>
<i>(Number)</i>			
Number of Units in Issue	14	<u>6,623,759</u>	<u>7,212,002</u>
<i>(Rupees)</i>			
Net Assets Value per Unit		<u>87.92</u>	<u>81.72</u>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

----SD----

Chief Executive Officer

For 786 Investments Limited
(Management Company)

----SD----

Chief Financial Officer

----SD----

Director

**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE SIX MONTHS AND THREE MONTHS PERIOD ENDED DECEMBER 31, 2022**

	Note	Six Months Period Ended		Three Months Period Ended	
		December 31,		December 31,	
		2022	2021	2022	2021
----- Rupees -----					
Income					
Net Realized Loss on Sale of Investments		(855,711)	(1,175)	(855,711)	(1,175)
Income from Investments and Balances With Banks	15	62,589,236	33,553,570	33,062,483	18,872,158
Reversal of Impairment on Investment At Fair Value Through Other Comprehensive Income	6.1.1	8,377,578	8,377,578	4,188,789	4,188,789
		70,111,103	41,929,973	36,395,561	23,059,772
Expenses					
Remuneration to the Management Company	9.1	6,204,813	6,538,701	3,265,530	3,508,462
Sindh Sales Tax on Remuneration to the Management Company	9.2	806,625	850,032	424,519	456,101
Accounting and Operational Charges	9.3	413,654	435,913	217,702	233,897
Remuneration to the Trustee	10.1	620,482	653,870	326,554	350,847
Sindh Sales Tax on Trustee Fee	10.2	80,662	85,004	42,451	45,610
Annual Fee to Securities and Exchange Commission of Pakistan	11	82,731	87,183	43,554	46,779
Auditor's Remuneration		286,900	286,900	143,450	146,763
Fees and Subscription		98,400	90,821	49,122	45,411
Securities Transactions Cost		47,168	3,064	43,306	1,016
Printing and Related Charges		24,198	24,198	12,099	12,099
Legal and Professional Charges		224,442	187,335	112,174	90,668
Provision for Sindh Workers' Welfare Fund		-	(8,098,489)	-	-
Withholding Taxes - Written Off		-	329,540	-	-
Bank Charges		2,285	3,376	566	1,718
		8,892,360	1,477,448	4,681,027	4,939,371
Net Income for the Period Before Taxation		61,218,743	40,452,525	31,714,534	18,120,401
Taxation		-	-	-	-
Net Income for the Period After Taxation		61,218,743	40,452,525	31,714,534	18,120,401
Allocation of Net Income for the Period					
Net Income for the Period		61,218,743	40,452,525	31,714,534	18,120,401
Income Already Paid on Units Redeemed		(30,766,848)	(12,711)	(28,032,831)	(12,659)
Accounting Income Available for Distribution:		30,451,895	40,439,814	3,681,703	18,107,742
Relating to Capital Gain		(855,711)	(1,175)	(855,711)	(1,175)
Excluding Capital Gain		31,307,606	40,440,989	4,537,414	18,108,917
		30,451,895	40,439,814	3,681,703	18,107,742

The annexed notes from 1 to 19 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 SIX MONTHS AND THREE MONTHS PERIOD ENDED DECEMBER 31, 2022**

	<i>Six Months Period Ended</i>		<i>Three Months Period Ended</i>	
	<i>December 31,</i>		<i>December 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	61,218,743	40,452,525	31,714,534	18,120,401
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 - Net	6.4 (815,244)	265,334	(42,457)	175,433
Total Comprehensive Income for the Period	<u>60,403,499</u>	<u>40,717,859</u>	<u>31,672,077</u>	<u>18,295,834</u>

The annexed notes from 1 to 19 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 SIX MONTHS PERIOD ENDED DECEMBER 31, 2022**

	December 31, 2022				December 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 -----			
Net Assets at Beginning of the Year	736,657,526	(149,281,381)	1,956,922	589,333,068	894,606,747	(149,285,786)	786,162	746,107,123
Issue of 7,062,027 Units (2021: 2,034,105 Units)								
- Capital Value (At Net Asset Value Per Unit at the Beginning of the Period)	577,077,775	-	-	577,077,775	165,134,346	-	-	165,134,346
- Element of Income	15,084,440	-	-	15,084,440	4,549,556	-	-	4,549,556
Total Proceeds on Issuance of Units	592,162,215	-	-	592,162,215	169,683,902	-	-	169,683,902
Redemption of 7,650,270 Units (2021: 3,638 Units)								
- Capital Value (At Net Asset Value Per Unit at the Beginning of the Period)	(625,146,413)	-	-	(625,146,413)	(295,311)	-	-	(295,311)
- Amount Paid Out of Element of Income	-	(30,766,848)	-	(30,766,848)	-	(12,711)	-	(12,711)
- Refund/Adjustment on Units as Element of Income	(3,598,466)	-	-	(3,598,466)	162	-	-	162
Total Payments on Redemption of Units	(628,744,879)	(30,766,848)	-	(659,511,727)	(295,148)	(12,711)	-	(307,859)
Net Income for the Period Before Taxation	-	61,218,743	-	61,218,743	-	40,452,525	-	40,452,525
Other Comprehensive Income	-	-	(815,244)	(815,244)	-	-	265,334	265,334
	-	61,218,743	(815,244)	60,403,499	-	40,452,525	265,334	40,717,859
Net Assets at End of the Period	700,074,862	(118,829,486)	1,141,678	582,387,055	1,063,995,501	(108,845,972)	1,051,496	956,201,025
Undistributed (Loss)/Income Brought Forward								
- Realized loss		(149,281,381)				(149,285,786)		
- Unrealized Income		-				-		
		(149,281,381)				(149,285,786)		
Accounting Income Available for Distribution								
- Relating to Capital Gain		(855,711)				(1,175)		
- Excluding Capital Gain		31,307,606				40,440,989		
		30,451,895				40,439,814		
Distribution during the Period		-				-		
Undistributed Loss Carried Forward		(118,829,486)				(108,845,972)		
Undistributed (Loss) Carried Forward								
- Realized Loss		(118,829,486)				(108,845,972)		
		(118,829,486)				(108,845,972)		
Net Assets Value per Unit at Beginning of the Period	81.72				81.18			
Net Assets Value per Unit at End of the Period	87.92				85.22			

The annexed notes from 1 to 19 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 SIX MONTHS PERIOD ENDED DECEMBER 31, 2022**

	Six Months Period Ended	
	December 31,	
	2022	2021
Note	----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income for the Period Before Taxation	61,218,743	40,452,525
Adjustments For:		
Net Realized Loss on Sale of Investments	(855,711)	(1,175)
Profit on Bank Balances and Investments	(62,589,236)	(33,553,570)
Reversal of Impairment on Investment At Fair Value Through Other Comprehensive Income	(8,377,578)	(8,377,578)
Provision for Sindh Workers' Welfare Fund	-	(8,098,489)
Operating Loss Before Working Capital Changes	(71,822,525)	(50,030,812)
(Increase)/Decrease in Assets		
Deposits and Prepayments	-	-
Advance Income Tax	(666,339)	271,989
	(666,339)	271,989
(Decrease)/Increase in Liabilities		
Payable to 786 Investments Limited - Management Company	(278,376)	776,570
Payable to Digital Custodian Company Limited - Trustee	18,684	34,065
Payable to Securities and Exchange Commission of Pakistan	(93,042)	(30,641)
Unclaimed Dividend	(101,812)	649,507
Accrued Expenses and Other Liabilities	182,283	9,823
	(272,263)	1,439,324
Proceeds From Investments - Net	(232,316,936)	(402,285,208)
Profit Received on Investments and Balances With Banks	50,693,792	30,148,602
Net Cash Used In from Operating Activities	(193,165,528)	(380,003,580)
CASH FLOWS FROM FINANCING ACTIVITIES		
Amounts Received Against Issue of Units	592,162,215	169,683,902
Payment Made Against Redemption of Units	(659,511,727)	(307,859)
Dividend Paid	-	-
Net Cash (Used In) / Generated From Financing Activities	(67,349,512)	169,376,043
Net Decrease in Cash and Cash Equivalents	(260,515,040)	(210,627,537)
Cash and Cash Equivalents At Beginning of the Year	298,014,919	607,530,032
Cash and Cash Equivalents At End of the Period	5 37,499,879	396,902,495

The annexed notes from 1 to 19 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



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 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, BAHL retired and Digital Custodian Company Limited (formerly 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 BAHL 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, 2021 and stability rating of "AA-(f)" to the Fund as at October 14, 2022.
- 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 VIII A 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 VIII A 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 VIII A 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>Audited</i>		
		<i>December 31,</i>	<i>June 30,</i>		
		<i>2022</i>	<i>2022</i>		
5	BALANCES WITH BANKS	Note	----- Rupees -----		
	- Saving accounts	5.1	<table border="1" style="border-collapse: collapse; width: 100%;"> <tr> <td style="text-align: right; padding: 2px;">37,499,879</td> <td style="text-align: right; padding: 2px;">298,014,919</td> </tr> </table>	37,499,879	298,014,919
37,499,879	298,014,919				

- 5.1 These saving accounts carry profit at rates ranging from 7% to 15.50% (June 30, 2022: 5.5% to 13.75%) per annum.

6 INVESTMENTS	Note	Un-Audited	Audited
		December 31, 2022	June 30, 2022
At fair value through other comprehensive income			
Listed - Term finance certificates	6.1	-	-
Unlisted - Sukuk certificates	6.2	425,207,543	40,768,787
		425,207,543	40,768,787
At amortised cost			
Commercial Paper	6.5	110,091,466	253,795,241
		535,299,009	294,564,028

6.1 At fair value through other comprehensive income

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

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

Construction and material

Dewan cement company limited	6.1.1	10,053	-	1,676	8,378	41,887,890	-	-
Provision held	6.3					(41,887,890)	-	-

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. 8.378 millions on receipt basis in current period. The Fund has suspended profit there against.

6.2 At fair value through other comprehensive income

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

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	-	-
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	As at July 01, 2022	Purchases during the period	Matured/ Disposed During the period	As at December 31, 2022	Cost/ Carrying Value	Market Value	% of Total Investment
Note	----- Number of certificates -----			----- Rupees -----			
- Merger of first dawood mutual fund into Provision held	6.3				(25,433,190)		
New Allied Industries Limited	6.3.2	3,417	-	-	3,417	7,222,749	-
- Merger of 786 rising star fund into 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							
Commercial Bank							
Dubai Islamic Bank Limited	6.3.3	26		26	-	-	0%
Dubai Islamic Bank Limited	-	-	44	-	44	44,000,000	44,000,000
Engineering							
Agha Steel Industries Limited	6.3.4	15	-	-	15	12,022,787	11,207,543
Nishat Mills Ltd - Sukuk (01-11-22)	-	-	120	-	120	120,000,000	120,000,000
Engro Polymer & Chemical Ltd - sukuk (11-01-19)	-	-	1,250	1,250	-	-	0%
K-Electric Company Limited - Sukuk (26-10-22)	-	-	100	-	100	100,000,000	100,000,000
China Power Hub Generation Ltd Sukuk (07-12-22)	-	-	100	-	100	50,000,000	50,000,000
Lucky Electric Power Company Limited ST - Sukuk 14-12-2022	-	-	25	-	25	25,000,000	25,000,000
Lucky Electric Power Company Limited ST - Sukuk	-	-	75	-	75	75,000,000	75,000,000
Face value of Rs. 2,933/-each							
Eden Housing Limited	6.3.5	2,933	-	-	2,933	2,887,171	-
Provision held	6.3				(2,887,171)		
Face value of Rs. 5,000/-each							
Amtext limited	6.3.6	6,000	-	-	6,000	22,500,000	-
Provision held	6.3				(22,500,000)		
Face value of Rs. 5,000/-each							
New Allied Electronics Industries (Private) Limited	6.3.7	1,000	-	-	1,000	5,027,500	-
Provision held	6.3				(5,027,500)		
					-	-	
					426,022,787	425,207,543	

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.

Name of non compliant investment	Type of Investment	Value of Investment before provision	Provision held if any	Value of Investment after provision	% of net assets	% of Gross Assets
Note	----- Rupees -----					

Dewan Cement Limited - Restructured	6.1.1	Pre-IPO investment	41,887,890	(41,887,890)	-	-
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	6.3.7	Sukuk certificates	5,027,500	(5,027,500)	-	-
Eden Housing Limited	6.3.5	Sukuk certificates	2,887,171	(2,887,171)	-	-
Amtex Limited	6.3.6	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 are unsecured and carry profit equal to 6 month KIBOR plus 0.50% receivable half-yearly in arrears and will mature in July 2027.
- 6.3.4** 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.
- 6.3.5** 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.
- 6.3.6** 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.
- 6.3.7** 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> December 31, 2022	<i>Audited</i> June 30, 2022
	<i>Note</i>	----- Rupees -----	
6.4 Unrealized gain on revaluation of investments classified as fair value through other comprehensive income - net			
Fair value of investments	6.2	425,207,543	40,768,787
Less: Cost/Carrying Value of Investment		(427,193,547)	(103,842,597)
		(1,986,004)	(63,073,810)
Less: Net unrealized gain in fair value of investments - Opening		1,170,760	64,244,570
		(815,244)	1,170,760
7 ACCRUED INCOME/PROFIT			
- Income from profit and loss sharing (PLS) accounts		3,420,567	5,758,971
- Income from sukuk certificates		14,774,343	1,828,761
- Income from commercial paper		1,687,719	
- Income from term deposit receipt (TDR)		-	399,453
		19,882,629	7,987,185
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	1,063,789	898,448
Sindh sales tax payable	9.2	158,778	137,283
Accounting and operational charges	9.3	413,654	878,866
		1,636,221	1,914,597
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 2022: 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 2022: 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 year ended DEC 31, 2022.		

		<i>Un-Audited</i>	<i>Audited</i>
		December 31, 2022	June 30, 2022
10	PAYABLE TO DIGITAL CUSTODIAN COMPANY LIMITED - TRUSTEE	----- Rupees -----	
	Trustee Remuneration	10.1	106,379
	Sindh sales tax payable on Trustee remuneration	10.2	13,830
		<u>120,209</u>	<u>89,845</u>
			<u>11,680</u>
			<u>101,525</u>

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 2022: 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.

12 ACCRUED EXPENSES AND OTHER LIABILITIES

Federal Excise Duty on Remuneration	12.1	6,513,679	6,513,679
Accrued expenses	12.2	717,268	534,985
Other liabilities		5,115	5,115
Zakat payable and withholding tax		<u>11,620</u>	<u>11,620</u>
		<u>7,247,682</u>	<u>7,065,399</u>

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.6.513 million (June 30, 2022: Rupees. 6.513 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 December 31, 2022 would have been higher by Rs. 0.98 (June 30, 2022: Rs. 0.90) per unit.

	<i>Un-Audited December 31, 2022</i>	<i>Audited June 30, 2022</i>
12.2 Accrued expenses	----- Rupees -----	
Auditors' remuneration payable	303,628	309,287
Rating fee payable - PACRA	84,540	-
PSX fee payable	41,360	-
Printing and related expenditure payable	10,046	25,000
Shariah and tax advisors fee payable	277,694	206,950
	<u>717,268</u>	<u>541,237</u>
13 CONTINGENCIES AND COMMITMENTS		
There were no contingencies and commitments as at December 31, 2022 and June 30, 2022.		
14 NUMBER OF UNITS IN ISSUE		
Total outstanding as of July 01	7,212,002	9,190,455
Issued during the period	7,062,027	5,636,846
Redemption during the period	(7,650,270)	(7,615,299)
Closing units	<u>6,623,759</u>	<u>7,212,002</u>
	Six Months Period Ended December 31,	
	2022	2021
	----- Rupees -----	
15 INCOME FROM INVESTMENTS AND BALANCES WITH BANKS		
<i>Income from:</i>		
- Sukuk certificates	13,162,711	2,103,345
- Profit and loss sharing (PLS) account	44,870,883	18,839,392
- Term deposits receipts (TDR)	-	8,101,820
- Commercial Paper	4,555,642	4,509,013
	<u>62,589,236</u>	<u>33,553,570</u>
16 TOTAL EXPENSE RATIO		
The total expense ratio (TER) of the Fund for the period ended December 31, 2022 is 2.15% which includes 0.24% 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".		
17 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, Digital Custodian Company 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:

	Note	Six Months Period Ended	
		December 31,	2021
		2022	2021
		----- Rupees -----	
17.1 Transactions during the Period Ended			
786 Investments Limited - Management Company			
Remuneration of the management company	9.1	<u>6,204,813</u>	<u>6,538,701</u>
Sales tax on remuneration to the management company	9.2	<u>806,625</u>	<u>850,032</u>
Accounting and operational charges	9.3	<u>413,654</u>	<u>435,913</u>
Redemption of 28,779 units: (2021: Nil Units)		<u>2,500,000</u>	<u>-</u>
Digital Custodian Company Limited			
(formerly MCB Financial Services Limited) - Trustee			
Remuneration of the Trustee	10.1	<u>620,482</u>	<u>653,870</u>
Sales tax on Trustee fee	10.2	<u>80,662</u>	<u>85,004</u>
		Un-Audited	Audited
		December 31,	June 30,
		2022	2022
		----- Rupees -----	
Dawood Family Takaful Limited			
(Connected person due to group company)			
Issue of units: 6,384,521 (2021: 25,699)		<u>535,000,000</u>	<u>2,086,902</u>
Redemption of 6,497,527 units: Nil (2021: Nil Units)		<u>561,156,862</u>	<u>-</u>
BRR Investments Limited			
(Connected person due to group company)			
Issue of units: 651,253 (2021: Nil Units)		<u>55,000,000</u>	<u>-</u>
Redemption of 632,589 units: (2021: Nil Units)		<u>54,000,000</u>	<u>-</u>
BRR Financial Services			
(Connected person due to group company)			
Issue of units: 24,376 (2021: Nil Units)		<u>2,000,000</u>	<u>-</u>
Redemption of 1,778 units: (2021: Nil Units)		<u>150,000</u>	<u>-</u>
First Dawood Investment Bank Limited -Employees			
Contributory Provident Fund- Employee Benefit Fund of Group Company			
Redemption of 20,001 units: (2021: Nil)		<u>1,700,000</u>	<u>-</u>

		<i>Un-Audited</i>	<i>Audited</i>
		<i>December 31,</i>	<i>June 30,</i>
		<i>2022</i>	<i>2022</i>
		<i>----- Rupees -----</i>	
17.2	<i>Balance as at period ended</i>		
	<i>786 Investments Limited - Management Company</i>		
	Remuneration payable to the management company	9 <u>1,063,789</u>	<u>898,448</u>
	Sales tax payable on management company's remuneration	9 <u>158,778</u>	<u>137,283</u>
	Accounting and operational charges	9 <u>413,654</u>	<u>878,866</u>
	FED payable on management company's remuneration	<u>6,513,679</u>	<u>6,513,679</u>
	Units held: 2,284,214 (June 2022: 2,312,993)	<u>200,837,033</u>	<u>189,007,617</u>
	<i>Digital Custodian Company Limited - Trustee</i>		
	Remuneration payable to the Trustee	10 <u>106,379</u>	<u>89,845</u>
	Sales tax payable on Trustee fee	10 <u>13,830</u>	<u>11,680</u>
	<i>BRR Guardian Modaraba</i> <i>(Connected person due to group Company)</i>		
	Units held: 396,776 (June 2022: 396,776)	<u>34,886,054</u>	<u>32,422,753</u>
	<i>First Dawood Investment Bank Limited -Employees</i> <i>Contributory Provident Fund- Employee Benefit Fund of</i> <i>Group Company</i>		
	Units held: 267,151 (June 2022: 287,151)	<u>23,488,920</u>	<u>23,464,727</u>
	<i>Dawood Family Takaful Limited</i> <i>(Connected Person due to Group Company)</i>		
	Units held: 484,277 (June 2022: 597,284)	<u>42,579,552</u>	<u>48,807,398</u>
	<i>Dawood Family Takaful Limited - Employees contributory provident</i> <i>fund - Associate of Management Company</i>		
	Units held: 61,339 (June 2022: 61,339)	<u>5,393,152</u>	<u>5,012,342</u>
	<i>BRR Investment Limited</i> <i>(Connected Person due to Group Company)</i>		
	Units held: 18,665 (June 2022: Nil)	<u>1,641,057</u>	<u>-</u>
	<i>BRR Financial Services (Private) Limited</i> <i>(Connected Person due to Group Company)</i>		
	Units held: 55,136 (June 2022: 32,538)	<u>4,847,784</u>	<u>2,658,881</u>
	<i>Directors and key management personnel</i> <i>of the Management Company</i>		
	Units held: 1,739,139 (June 2022: 1,739,139)	<u>152,911,880</u>	<u>142,114,783</u>



17.3 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.

18 GENERAL

Figures have been rounded off to the nearest rupee.

19 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue by the board of directors of the Management Company on 27 February, 2023 .

____SD____
Chief Executive Officer

For 786 Investments Limited
(Management Company)

____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:
786 Investments Limited
Trustee: Digital Custodian Company

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