



INVESTMENTS

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786 INVESTMENTS LIMITED

786 SMART FUND
(FORMERLY: DAWOOD INCOME FUND)

FOR THE QUARTER ENDED
30 SEPTEMBER 2019
(UN-AUDITED)

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CORPORATE INFORMATION

| | | |
|--|--|--|
| Management Company | 786 Investments Limited G-3 Ground Floor, 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 | Ms. Shafqat Sultana Miss Tara Uzra Dawood Ms. Charmaine Hidayatullah Mr. Ahmed Salman Munir Syed Shabahat Hussain Mr. Tahir Mehmood Syed Farhan Abbas | Chairperson Chief Executive Officer Director Director Director Director Director |
| Chief Financial Officer & Company Secretary | Mr. Talal Ismail Pasha | |
| Audit Committee | Syed Shabahat Hussain Mr. Tahir Mehmood Syed Farhan Abbas | Chairman Member Member |
| Human Resource Committee | Ms. Shafqat Sultana Miss Tara Uzra Dawood Mr. Tahir Mehmood | Chairperson Member Member |
| Trustee: | MCB Financial Services Limited 4th Floor, Pardasi House, 2/1 R-Y old Queens Road, Karachi | |
| Auditors | Grant Thornton Anjum Rahman 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 (SMC-Pvt.) Ltd. Office# 1705, 17th Floor Saima Trade Tower. A, I.I. Chundrigar Road, Karachi-74000, Pakistan. | |
| Banker: | Al Baraka Bank (Pakistan) Limited JS Bank Limited BankIslami Pakistan Limited | |
| Rating | PACRA: AA-(f) | |

DIRECTORS' REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2019

The Board of Directors of **786 Investments Limited** "786 or the Company" the Management Company of **786 Smart Fund** (Formerly Dawood Income Fund), I am pleased to present financial statements for the quarter ended September 30, 2019.

Economic Review:

After the official nod from the IMF board, Pakistan Government signed USD 6.6bn Extended Fund Facility agreement in Jul-19. SBP increased the policy rates by 100bps in July citing expectations of increasing trend in inflation in the near term. These measures, along with aggressive tax revenue targets, will limit twin deficits at the cost of economic growth. Pakistan's economy is showing signs of stabilization as tough measures adopted by policy makers have started bearing fruits with slowdown in Current Account deficit on the back of lower trade deficit, better FX reserves position and stable currency.

CPI for Sep-19 clocked in at 11.4% YoY under new base (up by 89bps MoM) compared to 12.55% under the old methodology. Increase in CPI was due to pick up in food inflation at 15.8% YoY mainly due to increase in perishable food prices. The Current Account Deficit (CAD) for the month of Aug-19 further trimmed to USD0.6bn taking 2MFY20 cumulative deficit to USD1.3bn (2.8% of GDP) depicting a steep decline (54%) compared to USD2.85bn (5.5% of GDP) during same period last year. Moreover, steep decline in CAD is primarily attributed to significant import compression (down 23% in 2MFY20 as per SBP) due to slow down in the economy. This was also evident from Jul-19 LSM data which showed decline of 3.28% YoY. Major sectors that reported decline include Food, Beverages & Tobacco (-7.9%), Coal & Petroleum Products (-25.1%) & Automobiles (-27.4%). On the fiscal side, FBR collected PKR375bn in September '19, taking the entire quarter's collection to PKR955bn, an improvement of 14.8% over last year and meeting 90% of the targeted revenue.

Going forward, we foresee tough economic environment to continue with sluggish business activities and inflationary pressures. The focus would remain on meeting FATF requirements, fiscal management and government compliance with the IMF quarterly targets.

Money Market Review:

During 1QFY20, headline inflation increased to double digit, averaging 11.4% Y/Y versus 5.4% Y/Y average growth in CPI recorded in the previous year. At the same time, the SBP increased the Discount Rate (DR) by 100bps to 13.75% during 1QFY20 on account of upside inflationary pressures from exchange rate depreciation and increase inflation from the one-off impact of adjustments in utility prices and other measures in the FY20 budget.

The SBP held seven Treasury Bill auctions during 1QFY20. The cumulative participation was witnessed at PKR.8,704bn against the pre-announced auction target of PKR 6,900bn while the SBP accepted an amount of PKR 6,295bn (face value) with last cut-off yields of 13.73%, 13.84% and 13.85% for 3, 6 and 12months maturity. That being said, participation was skewed towards the 3 and 12 months tenor papers which cumulatively represented 96% of the total accepted amount.

Furthermore, during the period SBP conducted three Pakistan Investment Bond (PIB) auctions. The cumulative participation were PKR 2,379bn against the target of PKR300bn and total accepted amount was PKR850bn with last cut-off yields of 12.95%, 12.50% and 12.25% for 3, 5 and 10 years respectively. Further during the period under review SBP conducted three Floating Rate Bonds (FRB) auction based on spread over 6 months weighted average cut-off T.Bills plus 65 basis points (last cut-off). The cumulative participation witnessed were PKR 206bn while the SBP accepted PKR133bn.

The SBP did not conducted any GOP Ijarah Sukuk auction during the period.

Fund Performance

As at September 30, 2019, net assets were Rs. 387.87 million as compared to Rs. 445.69 million as at June 30, 2019. The Fund's total income during the period stands at Rs. 17.02 million as opposed to income of Rs.



12.15 million. Total expenses were Rs. 2.74 million as compared to Rs. 2.54 million in the same period last year. The Net Asset Value (NAV) per unit increased from Rs. 83.19 to Rs. 80.43 during the period.

Acknowledgement

The Directors wish to express their gratitude to the Securities & Exchange Commission of Pakistan 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 unit holders for their confidence in the Management.

---SD---

Chairperson

---SD---

Director

October 22, 2019
Karachi

ڈائریکٹرز کی رپورٹ

786-سمارٹ فنڈ (سابقہ: وادو انکم فنڈ) (786 یا دی کمپنی) منجمنٹ کمپنی 786-انویسٹمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز 30 ستمبر 2019 کو ختم ہونے والی سرمایہ کے مالیاتی گوشوارے پیش کرتے ہوئے خوش محسوس کرتے ہیں۔

اقتصادی جائزہ

آئی ایم ایف بورڈ کی آفیشل منظوری کے بعد، پاکستان حکومت نے جولائی 19 میں 6.6 بلین ڈالر کی توسیعی فنڈ سہولت کے معاہدے پر دستخط کیے۔ SBP نے مستقبل قریب میں افراط زر کے رجحان میں متوقع اضافے کو دیکھتے ہوئے جولائی میں پالیسی شرح میں 100 بی پی ایس کا اضافہ کر دیا۔ یہ اقدامات، ہماری ٹیکس محصولات کے ہدف سمیت یہ اقدامات معاشی نمو کی قیمت پر دوہرے خسارہ کا بوجھ ڈالیں گے۔ پاکستان کی معیشت متحکم ہو رہی ہے کیونکہ پالیسی سازوں کے سخت اقدامات کے باعث تیاراتی خسارہ میں کمی، ایف ایل کے ذخائر کی پوزیشن میں بہتری اور کرنسی کی قدر میں استحکام کے سبب کرنٹ اکاؤنٹ خسارہ میں کمی کے ساتھ نتائج حاصل ہونا شروع ہو گئے ہیں۔

پرانے طریقہ کار کے تحت 12.55 فیصد کے مقابلے میں ستمبر 19 کے لئے نئی میں (89 پی ایس تک) بنیاد پر اضافہ کے تحت 11.4 فیصد سالانہ بنیاد پر حاصل ہوا۔ بنیادی طور پر خراب ہونے والی کھانے کی اشیاء کی قیمتوں میں اضافہ کے باعث فوڈ انفلیشن میں 15.8 فیصد سالانہ بنیاد پر اضافہ کی وجہ سے CPI میں اضافہ ہوا۔ اگست 19 کے ماہ کے لئے کرنٹ اکاؤنٹ خسارہ 0.6 بلین امریکی ڈالر تک مزید کم ہو گیا۔ مالی سال 20 کے دواہ میں مجموعی 1.3 بلین امریکی ڈالر تک کی (جی ڈی پی کی 2.8 فیصد) گزشتہ سال کی اسی مدت کے دوران 2.85 بلین امریکی ڈالر (جی ڈی پی کی 5.5 فیصد) کے مقابلے (54%) نمایاں کمی ظاہر کر رہی ہے۔ مزید یہ کہ معیشت میں سست روی کی وجہ سے CAD میں تیزی سے کمی بنیادی طور پر درآمدات میں نمایاں کمی (SBP کے مطابق مالی سال 20 میں 23% کمی) سے منسوب ہے۔ جولائی 19-LSM اعداد و شمار سے بھی یہ بات واضح ہوتی ہے جس میں 3.8% سالانہ بنیادوں پر کمی واقع ہوئی ہے۔ اہم شعبے جنہوں نے کمی ظاہر کی ان میں فوڈ، مشروبات اور تباکو (-7.9%)، کوئلہ اور پٹرولیم مصنوعات (-25.1%) اور آٹوموبائل (-27.4%) شامل ہیں۔ مالی معاملات پر، ایف بی آر کو ستمبر 19 میں 375 بلین روپے حاصل ہوئے، پوری سرمایہ میں مجموعی طور پر 955 بلین روپے حاصل ہوئے، جو پچھلے سال کے مقابلے میں 14.8 فیصد کا اضافہ اور ہدف آمدنی 90% فیصد ہے۔

آگے بڑھتے ہوئے، ہم سست کاروباری سرگرمیوں اور مہنگائی کا دباؤ جاری رہنے کے باعث سخت معاشی ماحول کی پیش گوئی کرتے ہیں۔ حکومت کی توجہ FATF کے تقاضوں کو پورا کرنے، مالی انتظام اور IMF کا سرمایہ ہدف حاصل کرنے پر مرکوز رہے گی۔

مٹی مارکیٹ کا جائزہ:

مالی سال 20 کی پہلی سرمایہ کے دوران ہینڈ لائن میں افراط زر میں دو ہندسی، اوسطاً 11.4 فیصد سالانہ بنیاد پر اضافہ جو واجب گزشتہ سال میں CPI میں 5.4 فیصد سالانہ بنیاد پر اوسط نمودار کی گئی۔ اسی اثنا میں، SBP نے مالی سال 2020 کے بجٹ میں پینٹلٹی کی قیمتوں میں ایڈجسٹمنٹ اور دیگر اقدامات کے یک طرفہ اثر کی وجہ سے افراط زر میں اضافہ اور شرح مبادلہ کی قدر میں کمی کے باعث افراط زر کے دباؤ کی زیادتی کو مد نظر رکھتے ہوئے، ڈسکاؤنٹ شرح (DR) میں 100 بی پی ایس تک بڑھا کر 13.75% کر دی۔

ایس بی پی نے مالی سال 20 کی پہلی سرمایہ کے دوران سات ٹریڈر میں اگسٹ منعقد کرائیں۔ مجموعی شرکت کا مشاہدہ پہلے اعلان کردہ نیلایا ہدف 6,900bn روپے کے برخلاف 8,704bn روپے تھا جبکہ ایس بی پی نے 6,46,120bn روپے کی پیش گوئی کی پیداوار بالترتیب 13.73%، 13.84% اور 13.85% کی کمی کے ساتھ 6,295bn روپے (فیس ویلیو) کی رقم کی منظوری دی کہ آیا یہ جارہا ہے کہ شرکت 12 اور 13 ماہ مدت کے پیچھے کے لحاظ سے کم قسطی مجموعی طور پر کل قابل قبول رقم کی 96% نمائندگی کرتی ہے۔

مزید برآں، اس عرصے کے دوران، ایس بی پی نے تین (3) پاکستان انویسٹمنٹ بانڈ (آئی بی پی) ٹیلیا میں کا انعقاد کیا۔ 300bn روپے کے ہدف کے مقابلے میں 2,379bn روپے کا کٹھنے کے 5،13 اور 10 سالوں کی پیداوار بالترتیب 12.95 فیصد، 12.50 فیصد اور 12.25 فیصد کی سرمایہ کے ساتھ کل قابل قبول رقم 850bn روپے تھی۔ اس کے علاوہ زیر جائزہ مدت کے دوران، ایس بی پی نے 6 ماہ کی اوسطاً کٹ آف کی بلز پینس 65 بیس پوائنٹس (لاست کٹ آف) پر محیط ٹولنگ ریت بانڈز (FRB) پرمٹ تین نمایاں منعقد کیں۔ مجموعی شرکت کا مشاہدہ 206bn روپے کیا گیا تھا جبکہ ایس بی پی نے 133bn روپے رقم کی منظوری دی ہے۔

زیر جائزہ مدت کے دوران ایس بی پی نے کوئی نئی اپنی جاریہ سبک آکشن کا انعقاد نہیں کیا۔

فنڈ کی کارکردگی

30 ستمبر 2019 کو خالص اثاثے 387.87 بلین روپے ہیں جو 30 جون 2019 کو 445.69 بلین روپے تھے۔ گزشتہ سال کی اسی مدت میں 12.15 بلین روپے آمدنی کے مقابلے اس مدت کے دوران فنڈ کی کل آمدنی 17.02 بلین روپے رہی۔ مدت کے دوران کل اخراجات 2.74 بلین روپے ہوئے جو گزشتہ سال کی اسی مدت میں 2.54 بلین روپے تھے۔ اس مدت کے دوران کی یونٹ خالص اثاثے کی قیمت (NAV) 83.19 روپے سے کم ہو کر 80.43 روپے ہو گئی۔

اظہار تشکر

میجسٹریٹ کمیٹی کے بورڈ آف ڈائریکٹرز قابل قدر معاونت، مدد اور رہنمائی پر سکورٹیز اینڈ ایڈمنسٹریشن کمیٹی آف پاکستان اور پاکستان اسٹاک ایکسچینج لمیٹڈ کی انتظامیہ کے شکر گزار ہیں۔ ڈائریکٹرز عزم، لگن اور محنت پر کمیٹی کے مائزین اور انتظامیہ کا اور کمیٹی میں اعتماد پر بیشتر ہولڈرز کا بھی شکریہ ادا کرتے ہیں۔

ڈائریکٹر

چیف ایگزیکٹو آفیسر

کراچی: 22 اکتوبر 2019ء

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UNAUDITED)
AS AT SEPTEMBER 30, 2019

| | | Un-Audited 30 September 2019 | Audited 30 June 2019 |
|---|------|------------------------------------|----------------------------|
| | Note | -----Rupees----- | |
| Assets | | | |
| Balances with Banks | 5 | 277,013,622 | 331,391,795 |
| Investments | 6 | 113,591,594 | 116,722,434 |
| Accrued Income/Profit | | 4,975,228 | 6,271,592 |
| Security Deposits and Prepaymentns | | 120,569 | 100,000 |
| Advance Income Tax | | - | 73,763 |
| Total Assets | | 395,701,013 | 454,559,584 |
| Liabilities | | | |
| Payable to 786 Investments Limited - Management Company | 7 | 1,143,054 | 1,183,182 |
| Payable to MCB Financial Services Limited - Trustee | 8 | 56,249 | 70,640 |
| Payable to Securities and Exchange Commission of Pakistan | 9 | 21,372 | 354,912 |
| Unclaimed Dividend | | 369,962 | 369,962 |
| Accrued Expenses and Other Liabilities | 10 | 6,235,737 | 6,889,115 |
| Total Liabilities | | 7,826,374 | 8,867,811 |
| Contingencies and Commitments | 11 | | |
| Net Assets | | 387,874,639 | 445,691,773 |
| Unit Holders' Funds | | 387,874,639 | 445,691,773 |
| | | (Number) | |
| Number of Units in Issue | 12 | 4,662,527 | 5,541,116 |
| | | (Rupees) | |
| Net Assets Value per Unit | | 83.19 | 80.43 |

The annexed notes from 1 to 18 form an integral part of these 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 QUARTER ENDED 30 SEPTEMBER 2019

| | | Quarter Ended 30 September 2019 | Quarter Ended 30 September 2018 |
|---|-------|---------------------------------------|---------------------------------------|
| | Note | -----Rupees----- | |
| Income | | | |
| Net Realized Gain on Sale of Investments | | - | 1,417 |
| Income from Investments and Balances With Banks | 13 | 12,829,751 | 7,962,169 |
| Reversal of Impairment on Investment At Fair Value Through Other Comprehensive Income | 6.1.1 | 4,188,789 | 4,188,789 |
| Other Income | | 2,140 | - |
| | | 17,020,680 | 12,152,375 |
| Expenses | | | |
| Remuneration to the Management Company | 7.1 | 1,603,072 | 1,543,236 |
| Sindh Sales Tax on Remuneration to the Management Company | 7.2 | 208,398 | 200,620 |
| Accounting and Operational Charges | 7.3 | 106,871 | 82,883 |
| Remuneration to the Trustee | 8.1 | 160,306 | 151,250 |
| Sindh Sales Tax on Trustee Fee | 8.2 | 20,839 | 19,661 |
| Annual Fee to Securities & Exchange Commission of Pakistan | 9 | 21,375 | 77,164 |
| Auditor's Remuneration | | 143,450 | 164,515 |
| Fees and Subscription | | 37,913 | 35,413 |
| Securities Transactions Cost | | 3,059 | 4,968 |
| Printing and Related Charges | | 12,603 | 31,885 |
| Legal and Professional Charges | | 56,864 | 34,157 |
| Provision for Sindh Workers' Welfare Fund | 10.1 | 292,792 | 196,075 |
| Withholding Taxes - Written Off | | 76,500 | - |
| Bank Charges | | 3,009 | 2,885 |
| | | 2,747,051 | 2,544,712 |
| Net Income for the Period Before Taxation | | 14,273,629 | 9,607,663 |
| Taxation | 14 | - | - |
| Net Income for the Period After Taxation | | 14,273,629 | 9,607,663 |
| Allocation of Net Income for the Period | | | |
| Income Already Paid on Units Redeemed | | (1,293,540) | (1,932,527) |
| Accounting Income Available for Distribution: | | 12,980,089 | 7,675,136 |
| | | | |
| Relating to Capital Gain | | - | 1,417 |
| Excluding Capital Gain | | 12,980,089 | 7,673,719 |
| | | 12,980,089 | 7,675,136 |

The annexed notes from 1 to 18 form an integral part of these 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 QUARTER ENDED 30 SEPTEMBER 2019**

| | | Quarter Ended 30 September 2019 | Quarter Ended 30 September 2018 |
|--|-------------|--|---------------------------------------|
| | Note | | |
| Net Income for the Period After Taxation | | 14,273,629 | 9,607,663 |
| <i>Items That Have Been Or May Be Re-Classified Subsequently To The Income Statement</i> | | | |
| Unrealized Gain on Revaluation of Investments Classified As Fair Value Through Other Comprehensive Income - Net | 6.4 | (130,840) (130,840) | (11,708) (11,708) |
| Total Comprehensive Income for the Period | | 14,142,789 | 9,595,955 |

The annexed notes from 1 to 18 form an integral part of these 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 QUARTER ENDED 30 SEPTEMBER 2019

| | 30 September 2019 | | | | 30 September 2018 | | | |
|--|-------------------|-----------------------------|---|--------------|-------------------|-----------------------------|---|---------------|
| | Rupees | | | | Rupees | | | |
| | Capital Value | Undistributed Income/(Loss) | Unrealized (Losses)/Gains on Investment | Total | Capital Value | Undistributed Income/(Loss) | Unrealized (Losses)/Gains on Investment | Total |
| Net Assets at Beginning of the Year | 587,946,959 | (142,977,620) | 722,434 | 445,691,773 | 435,397,805 | (101,341,693) | 668,184 | 334,724,296 |
| Net Income for the Period Before Taxation | | | | | | | | |
| Issue of 14,105 Units | | | | | | | | |
| (2018: 2,341,093 Units) | | | | | | | | |
| - Capital Value (at Net Asset Value per Unit at the Beginning of the Year) | 1,134,633 | - | | 1,134,633 | 186,882,186 | - | | 186,882,186 |
| - Element of income | 2,283 | - | | 2,283 | 1,236,355 | - | | 1,236,355 |
| Total Proceeds on Issuance of Units | 1,136,916 | - | | 1,136,916 | 188,118,541 | - | | 188,118,541 |
| Redemption of 892,695 Units | | | | | | | | |
| (2018: 1,516,098 Units) | | | | | | | | |
| - Capital Value (at Net Asset Value per Unit at the Beginning of the Year) | (71,802,645) | - | | (71,802,645) | (121,025,375) | - | | (121,025,375) |
| - Amount Paid out of Element of Income | - | (1,293,540) | | (1,293,540) | - | (1,932,527) | | (1,932,527) |
| - Refund/adjustment on Units as Element of Income | (654) | - | | (654) | (293,113) | - | | (293,113) |
| Total Payments on Redemption of Units | (71,803,299) | (1,293,540) | | (73,096,839) | (121,318,488) | (1,932,527) | - | (123,251,015) |
| Total Comprehensive Income for the Period | | 14,273,629 | (130,840) | 14,142,789 | | 9,607,663 | (11,708) | 9,595,955 |
| Distribution for the Year 2018 | | | | | | | | |
| @ 8.53 per unit on July 4, 2018 | | - | | - | | (32,321,811) | | (32,321,811) |
| | - | 14,273,629 | (130,840) | 14,142,789 | - | (22,714,148) | (11,708) | (22,725,856) |
| Net Assets at End of the Period | 517,280,576 | (129,997,531) | 591,594 | 387,874,639 | 502,197,858 | (125,988,368) | 656,476 | 376,865,966 |
| Undistributed (Loss)/Income Brought Forward | | (142,977,620) | | | | (101,341,693) | | |
| Cash and Cash Equivalents at End of the Period | | - | | | | | | |
| - Unrealized Income | | (142,977,620) | | | | (101,341,693) | | |
| Accounting Income Available for Distribution | | | | | | | | |
| - Relating to Capital Gain | | - | | | | 1,417 | | |
| - Excluding Capital Gain | | 12,980,089 | | | | 7,673,719 | | |
| | | 12,980,089 | | | | 7,675,136 | | |
| Distribution during the Year July 04, 2018 | | - | | | | (32,321,811) | | |
| Undistributed Loss Carried Forward | | (129,997,531) | | | | (125,988,368) | | |
| Undistributed Income/(Loss) Carried Forward | | | | | | | | |
| - Realized Loss | | (129,997,531) | | | | (125,988,368) | | |
| - Unrealized Income | | - | | | | - | | |
| | | (129,997,531) | | | | (125,988,368) | | |
| Net assets Value per Unit at Beginning of the Year | | 80.43 | | | | 88.31 | | |
| Net assets Value per Unit at end of the Period | | 83.19 | | | | 81.65 | | |

The annexed notes from 1 to 18 form an integral part of these 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 QUARTER ENDED 30 SEPTEMBER 2019

| | Quarter Ended 30 September 2019 | Quarter Ended 30 September 2018 |
|---|---------------------------------------|---------------------------------------|
| Note | -----Rupees----- | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net Income for the Period Before Taxation | 14,273,629 | 9,607,663 |
| Adjustments for: | | |
| Net Realized Gain on Sale of Investments | - | - |
| Markup/Interest Income on Bank Balances and Investments | (12,829,751) | - |
| Reversal of Impairment on Investment at Fair Value Through Other Comprehensive income | (4,188,789) | (4,188,789) |
| Withholding Taxes - Written Off | - | - |
| Provision for Sindh Workers' Welfare Fund | 292,792 | 196,075 |
| Operating Loss Before Working Capital Changes | (16,725,748) | (3,992,714) |
| Increase/(Decrease) in Assets | | |
| Deposits and Prepayments | (20,569) | (20,569) |
| Advance Income Tax | 73,763 | (18,493) |
| | 53,194 | (39,062) |
| (Decrease)/Increase in Liabilities | | |
| Payable to the Management Company | (40,128) | 78,112 |
| Payable to the Trustee | (14,391) | (284) |
| Annual Fee Payable to Securities and Exchange Commission of Pakistan | (333,540) | (165,923) |
| Dividend Payable | - | 90,525 |
| Accrued Expenses and Other Liabilities | (946,170) | 205,464 |
| | (1,334,229) | 207,894 |
| Proceeds/(Payments) from Investments - Net | 7,188,789 | (185,585,610) |
| Markup/Interest Income Received on Investments and Balances with Banks | 14,126,115 | 270,660 |
| Net Cash Generated From/(Used in) Operating Activities | 17,581,750 | (179,531,169) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Amounts Received Against Issue of Units | 1,136,916 | 188,118,541 |
| Payment Made Against Redemption of Units | (73,096,839) | (123,251,015) |
| Dividend Paid | - | (32,321,811) |
| Net Cash Generated From Financing Activities | (71,959,923) | 32,545,715 |
| Net Decrease in Cash and Cash Equivalents | (54,378,173) | (146,985,454) |
| Cash and Cash Equivalents at Beginning of the Year | 331,391,795 | 178,611,620 |
| Cash and Cash Equivalents at End of the Period | 277,013,622 | 31,626,166 |

The annexed notes from 1 to 18 form an integral part of these 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 QUARTER ENDED 30 SEPTEMBER 2019

1 LEGAL STATUS and NATURE OF BUSINESS

- 1.1** Dawood Income Fund (the Fund) was established under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules). The Fund was constituted under a 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. During the last year, the registered office of the Management Company was changed and is now situated at G3, Ground floor, B.R.R Tower, Hassan Ali Street, I.I Chundrigar Road, Karachi, Pakistan.

During the last year, the name of Dawood Income Fund has been changed to 786 Smart Fund with the approval of SECP vide its letter number SCD/AMCW/786RSF/147/2018, dated October 29, 2018, in compliance of regulation 44(6) of the Non Banking Finance Companies and Notified Entities regulations 2008.

- 1.2** 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.
- 1.3** The principal activity of the Fund is to make investment in spread transactions and debt based securities including government securities, commercial papers and other money market instruments and placement of funds.
- 1.4** 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 6.3.1, 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).
- 1.5** The Fund is categorized as "Islamic Income Scheme" in accordance with Circular No. 07 of 2009 issued by the Securities and Exchange Commission of Pakistan (SECP).
- 1.6** The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of "AM3" to the Management Company as at June 28, 2019 and stability rating of "AA-(f)" to the Fund as at April 30, 2019.
- 1.7** The Board of Directors of management company in their meeting held on September 23, 2019 decided to merge the 786 Rising Star Fund with 786 Smart Fund (Formerly Dawood Income Fund). Subsequently unit holder meeting was called on October 16, 2019 for obtaining their consent. Management Company obtained more than 3/4th unit holder majority in favor of scheme of merger. Management Company will submit application to SECP for approval of merger.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

- 2.1.1** These condensed interim 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,
- Provision 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 requirement of Trust Deed.

Where provision 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.

2.1.2 This condensed interim financial information does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual audited financial statements of the Fund for the year ended 30 June 2019.

2.1.3 This condensed interim financial information is unaudited are being circulated to the unit holders as per the requirement of the NBFC regulations. However, a limited scope review has been performed by the external auditors of the fund. The Board of Directors of the Management Company declare that this condensed interim financial information gives a true and fair view of the state of affairs of the Fund.

3 ACCOUNTING ESTIMATES AND JUDGEMENTS

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

In preparing this condensed interim financial information, significant judgments made by management in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited financial statements as at and for the year ended 30 June 2019.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the method of computation adopted in the preparation of these condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year ended 30 June 2019.

5 BALANCES WITH BANKS

| | Un-Audited 30 September 2019 | Audited 30 June 2019 |
|---|------------------------------------|----------------------------|
| Note | -----Rupees----- | |
| - In Profit and Loss Sharing (PLS) Accounts | 5.1 <u>277,013,622</u> | 331,391,795 |
| | <u>277,013,622</u> | <u>331,391,795</u> |

5.1 Profit rates on PLS accounts range from 10.75% to 11% (30 June 2019: 3% to 11%) per annum.

6 INVESTMENTS

| | Un-Audited 30 September 2019 | Audited 30 June 2019 |
|------|------------------------------------|----------------------------|
| Note | -----Rupees----- | |

At Fair Value Through Other Comprehensive Income

Listed - Term Finance Certificates

| | | |
|-----|---|---|
| 6.1 | - | - |
|-----|---|---|

Unlisted - Term Finance and Sukuk Certificates

| | | |
|-----|-------------|-------------|
| 6.2 | 113,591,594 | 116,722,434 |
|-----|-------------|-------------|

113,591,594 116,722,434

| As at July 01, 2019 | Acquired during the Period | Matured/ disposed during the Period | As at September 30, 2019 | Cost/ Carrying Value | Market Value | % of Total Investment |
|------------------------|----------------------------------|--|--------------------------------|-------------------------|--------------|--------------------------|
|------------------------|----------------------------------|--|--------------------------------|-------------------------|--------------|--------------------------|

At Fair Value Through Other Comprehensive Income Note -----Number of certificates-----Rupees-----

6.1 Listed - Term Finance Certificates

Face Value of Rs 5,000/-Each

Construction and Material

| | | | | | | | | |
|------------------------------|-------|--------|---|-----|--------|--------------|----------|---|
| Dewan Cement Company Limited | 6.1.1 | 15,917 | - | 837 | 15,080 | 75,398,202 | - | - |
| Provision Held | 6.3 | | | | | (75,398,202) | | |
| | | | | | | <u>-</u> | <u>-</u> | |

6.1.1 Dewan Cement Limited (DCL) has 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. 4.19 millions on receipt basis in current period. The Fund has suspended mark-up there against.

| As at July 01, 2019 | Acquired during the Period | Matured/ Disposed During the Period | As at September 30, 2019 | Cost/ Carrying Value | Market Value | % of Total Investment |
|---------------------|----------------------------|-------------------------------------|--------------------------|----------------------|--------------|-----------------------|
|---------------------|----------------------------|-------------------------------------|--------------------------|----------------------|--------------|-----------------------|

At Fair Value Through Other Comprehensive Income Note -----Number of certificates----- -----Rupees-----

6.2 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) | |

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 | 6.3.2 | 5 | - | - | 5 | 5,296,130 | 5,210,590 | 5% |
|-------------------------|-------|---|---|---|---|-----------|-----------|----|

Commercial Bank

| | | | | | | | | |
|----------------------------|-------|----|---|---|----|------------|------------|-----|
| Dubai Islamic Bank Limited | 6.3.3 | 26 | - | - | 26 | 26,486,304 | 26,486,304 | 23% |
|----------------------------|-------|----|---|---|----|------------|------------|-----|

Engineering

| | | | | | | | | |
|-------------------------------|-------|----|---|---|----|------------|------------|-----|
| Agha Steel Industries Limited | 6.3.4 | 15 | - | - | 15 | 15,000,000 | 15,000,000 | 13% |
|-------------------------------|-------|----|---|---|----|------------|------------|-----|

Face value of Rs. 100,000/-Each

Fertilizers

| | | | | | | | | |
|-------------------------------------|-------|-----|---|---|-----|------------|------------|-----|
| Dawood Hercules Corporation Limited | 6.3.5 | 300 | - | - | 300 | 26,940,000 | 26,894,700 | 24% |
|-------------------------------------|-------|-----|---|---|-----|------------|------------|-----|

Face value of Rs. 5,000/-Each

Power Generation & Distribution

| | | | | | | | | |
|---------------------------|-------|-------|---|---|-------|------------|------------|-----|
| Hub Power Company Limited | 6.3.6 | 8,000 | - | - | 8,000 | 40,000,000 | 40,000,000 | 34% |
|---------------------------|-------|-------|---|---|-------|------------|------------|-----|

Face value of Rs. 2,933/-Each

| | | | | | | | | |
|----------------------|-------|-----|---|---|-----|--------------------|--------------------|---|
| Eden Housing Limited | 6.3.7 | 984 | - | - | 984 | 2,887,171 | - | - |
| Provision held | 6.3 | | | | | (2,887,171) | | |
| | | | | | | <u>113,722,434</u> | <u>113,591,594</u> | |

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 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.

6.3.3 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 These sukuk certificates carry profit equal to 3 month KIBOR plus 1% receivable quarterly in arrears and will mature in February 2023. The instrument is structured to redeem 60% of the issue amount during the first 4 years and remaining 40% in last two equal semi-annual installments of 20% Each. The instrument is secured against pledge of shares of Engro Corporation Limited, inclusive of 50% margin, in a designated CDC account. In the event of any sale and repurchase of security, the trustee will have a lien over subsequent cash, which is to be deposited in a specified bank account and further, floating or hypothecation charge on all present and future assets of the Company inclusive of 25% margin security.

6.3.6 These sukuk certificates are unsecured and carry profit equal to 3 month KIBOR plus 1% receivable quarterly in arrears and will mature in November 2019.

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 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 | Note | Type of Investment | Value of Investment Before Provision | Provision Held If Any | Value of Investment After Provision | % of Net Assets | % of Gross Assets |
|-------------------------------------|-------|---------------------------|--------------------------------------|-----------------------|-------------------------------------|-----------------|-------------------|
| -----Rupees----- | | | | | | | |
| Dewan Cement Limited - Restructured | 6.1.1 | Pre-IPO investment | 75,398,202 | (75,398,202) | - | - | - |
| New Allied Industries Limited | 6.3.1 | Term finance certificates | 25,433,190 | (25,433,190) | - | - | - |
| Eden Housing Limited | 6.3.7 | Sukuk certificates | 2,887,171 | (2,887,171) | - | - | - |

6.4 Unrealized Gain on Revaluation of Investments Classified as Fair Value Through Other Comprehensive Income - Net

| | Note | Un-Audited 30 September 2019 | Audited 30 June 2018 |
|--|------|------------------------------------|----------------------------|
| -----Rupees----- | | | |
| Fair Value of Investments | 6.2 | 113,591,594 | 61,656,476 |
| Less: Cost/Carrying Value of Investment | | <u>(113,710,726)</u> | <u>(61,410,934)</u> |
| | | (119,132) | 245,542 |
| Less: Net Unrealized Gain in Fair Value of Investments - Opening | | <u>(11,708)</u> | <u>(257,250)</u> |
| | | <u>(130,840)</u> | <u>(11,708)</u> |

| | | Un-Audited 30 September 2019 | Audited 30 June 2019 |
|---|---|------------------------------------|----------------------------|
| 7 | PAYABLE TO 786 INVESTMENT LIMITED - MANAGEMENT COMPANY | -----Rupees----- | |
| | Management Remuneration | 7.1 497,769 | 627,856 |
| | Sindh Sales Tax Payable | 7.2 85,193 | 102,105 |
| | Accounting and Operational Charges | 7.3 560,092 | 453,221 |
| | | <u>1,143,054</u> | <u>1,183,182</u> |

7.1 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 2019: 1.5%) per annum on the average annual net assets of the Fund calculated on a daily basis.

7.2 The Sindh Provincial Government has levied Sindh Sales tax at the rate of 13% (June 2019: 13%) on Management Company's remuneration.

7.3 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 June 30, 2019.

| | | Un-Audited 30 September 2019 | Audited 30 June 2019 |
|---|--|------------------------------------|----------------------------|
| 8 | PAYABLE TO MCB FINANCIAL SERVICES LIMITED - TRUSTEE | -----Rupees----- | |
| | Trustee Remuneration | 8.1 49,777 | 62,511 |
| | Sindh Sales Tax Payable | 8.2 6,472 | 8,129 |
| | | <u>56,249</u> | <u>70,640</u> |

8.1 According to the provisions of the Trust Deed of the 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.

8.2 The Sindh Provincial Government has levied Sindh Sales tax at the rate of 13% (June 2019: 13%) on trustee's remuneration.

9 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.

| | | Un-Audited 30 September 2019 | Audited 30 June 2019 |
|----|---|------------------------------------|----------------------------|
| 10 | ACCRUED EXPENSES and OTHER LIABILITIES | -----Rupees----- | |
| | Federal Excise Duty on Remuneration | 1,797,106 | 1,797,106 |
| | Provision for Sindh Workers' Welfare Fund | 10.1 3,559,807 | 3,267,015 |
| | Accrued Expenses | 10.2 836,273 | 657,443 |
| | Capital Gain Tax Payable | 30,931 | 1,155,931 |
| | Zakat Payable and Withholding Tax | 11,620 | 11,620 |
| | | <u>6,235,737</u> | <u>6,889,115</u> |

- 10.1 The Management Company has recognized SWWF charge for the period from May 21, 2015 to September 30, 2019. Had the SWWF not been provided, the NAV per unit of the Fund would have been higher by Re 0.76 (June 30, 2019: Re 0.59).

| | | Un-Audited 30 September 2019 | Audited 30 June 2019 |
|------|--|------------------------------------|----------------------------|
| 10.2 | Accrued Expenses | -----Rupees----- | |
| | Auditors' Remuneration Payable | 457,051 | 340,601 |
| | Rating Fee Payable - PACRA | 254,483 | 226,000 |
| | Printing and Related Expenditure Payable | 52,603 | 40,000 |
| | Shariah and Tax Advisors Fee Payable | 72,136 | 49,172 |
| | Other Payable | - | 1,670 |
| | | <u>836,273</u> | <u>657,443</u> |

11 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at September 30, 2019 and June 30, 2019.

| | | Un-Audited 30 September 2019 | Audited 30 June 2019 |
|----|---------------------------------|------------------------------------|----------------------------|
| 12 | NUMBER OF UNITS IN ISSUE | -----Rupees----- | |
| | Total Outstanding as of July 01 | 5,541,116 | 3,790,392 |
| | Issued During the Period | 14,105 | 8,042,818 |
| | Redemption During the Period | (892,695) | (6,292,094) |
| | Total Outstanding as of June 30 | <u>4,662,527</u> | <u>5,541,116</u> |

| | | Quarter Ended 30 September 2019 | Quarter Ended 30 September 2018 |
|----|--|---------------------------------------|---------------------------------------|
| 13 | INCOME FROM INVESTMENTS AND BALANCES WITH BANKS | -----Rupees----- | |
| | Income from: | | |
| | - Sukuk Certificates | 4,119,865 | 1,100,135 |
| | - Government Securities | - | 4,526,381 |
| | - Commercial Papers | - | 323,671 |
| | - Profit and Loss Sharing (PLS) Account | 8,709,886 | 1,700,622 |
| | - Term Deposits Receipts (TDR) | - | 311,360 |
| | | <u>12,829,751</u> | <u>7,962,169</u> |

14 TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Provided that for the purpose of determining distribution of at least 90 percent of accounting income, the income distributed

through bonus units shall not be a dividend. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulation, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders. The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance 2001.

15 TOTAL EXPENSE RATIO

The total expense ratio (TER) of the Fund for the period ended September 30, 2019 is 2.57% which includes 0.58% 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% prescribed under the NBFC Regulations for a collective investment scheme categorized as an "Islamic Income" scheme.

16 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:

| | | Quarter Ended 30 September 2019 | Quarter Ended 30 September 2018 |
|---|------|---------------------------------------|---------------------------------------|
| 16.1 Transactions during the Period Ended | Note | -----Rupees----- | |
| 786 Investments Limited - Management Company | | | |
| Remuneration of the Management Company | 7.1 | <u>1,603,072</u> | <u>1,543,236</u> |
| Sales Tax on Remuneration to the Management Com | 7.2 | <u>208,398</u> | <u>200,620</u> |
| Accounting and Operational Charges | 7.3 | <u>106,871</u> | <u>82,883</u> |
| Issue of Units: 8,878 (2018: 405,700) | | <u>714,618</u> | <u>32,005,723</u> |
| Redemption of Units: 548,779 (2018: 172,586 Units) | | <u>45,000,000</u> | <u>14,000,000</u> |
| MCB Financial Services Limited - Trustee | | | |
| Remuneration of the Trustee | 8.1 | <u>160,306</u> | <u>151,250</u> |
| Sales tax on Trustee fee | 8.2 | <u>20,839</u> | <u>19,661</u> |
| BRR Investment Limited (Connected Person due to Group Company) | | | |
| Issue of Units: 392 (2018: 135,830) | | <u>31,581</u> | <u>9,335,625</u> |
| Redemption of Units: 197,059 (2018: 326,117) | | <u>16,000,000</u> | <u>26,300,000</u> |
| First Dawood Investment Bank Limited (Connected Person due to Group Company) | | | |
| Issue of Units: 1,991 (2018: 938,895) | | <u>160,223</u> | <u>75,000,000</u> |
| Redemption of Units: 1,991 (2018: 938,895) | | <u>161,617</u> | <u>76,621,285</u> |

| Quarter Ended 30 September 2019 | Quarter Ended 30 September 2018 |
|---------------------------------------|---------------------------------------|
| -----Rupees----- | |

**First Dawood Investment Bank Limited -
Employees Contributory Provident Fund-
Employee Benefit Fund of Group Company**

| | | |
|---|------------------|-----------|
| Issue of Units: Nil (2018: 37,602) | - | 1,763,630 |
| Redemption of Units: 60,167 (2018: Nil) | 5,000,000 | - |

Directors and Key Management Personnel of the Management Company

| | | |
|---|------------------|-----------|
| Issue of Units: Nil (2018: 68,480) | - | 4,889,213 |
| Redemption of Units: 30,482 (2018: Nil) | 2,530,922 | - |

Other Connected Persons

| | | |
|---|------------------|-----------|
| Issue of Units: 175 (2018: 55,164) | 14,075 | 5,059,451 |
| Redemption of Units: 34,512 (2018: Nil) | 2,777,926 | - |

16.2 Balance as at Period Ended

786 Investments Limited - Management Company

| | Note | Un-Audited 30 September 2019 | Audited 30 June 2019 |
|--|------|------------------------------------|----------------------------|
| -----Rupees----- | | | |
| Remuneration Payable to the Management Company | 7 | 497,769 | 627,856 |
| Sales tax Payable on Management Company's remuneration | 7 | 85,193 | 102,105 |
| Accounting and Operational Charges | 7 | 560,092 | 453,221 |
| FED Payable on Management Company's Remuneration | | 1,797,106 | 1,797,106 |
| Units Held: 832,200 (June 2019: 1,372,100) | | 69,230,533 | 110,362,959 |

MCB Financial Services Limited - Trustee

| | | | |
|-------------------------------------|---|---------------|--------|
| Remuneration Payable to the Trustee | 8 | 49,777 | 62,511 |
| Sales Tax Payable on Trustee fee | 8 | 6,472 | 8,129 |

**BRR Investment Limited
(Connected Person due to Group Company)**

| | | |
|--|-------------------|------------|
| Units Held: 188,072 (June 2019: 384,739) | 15,645,644 | 30,945,909 |
|--|-------------------|------------|

**First Dawood Investment Bank Limited -
Employees Contributory Provident Fund-
Employee Benefit Fund of Group Company**

| | | |
|--|-------------------|------------|
| Units Held: 412,953 (June 2019: 473,120) | 34,353,464 | 38,054,757 |
|--|-------------------|------------|

Directors and Key Management Personnel of the Management Company

| | | |
|--|-------------------|------------|
| Units Held: 601,463 (June 2019: 631,945) | 50,035,604 | 50,829,625 |
|--|-------------------|------------|

Other Connected Persons

| | | |
|--|-------------------|------------|
| Units Held: 824,324 (June 2019: 858,661) | 68,575,322 | 69,065,176 |
|--|-------------------|------------|

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 22 October, 2019.

18 GENERAL

The corresponding figures have been re-arranged wherever necessary.

Figures have been rounded off to the nearest rupee. Unless otherwise stated.

For 786 Investments Limited
(Management Company)

____SD____
Chief Executive Officer

____SD____
Chief Financial Officer

____SD____
Director

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Managed By:
786 Investments Limited
Trustee: MCB Financial Services Limited
G-3 Ground Floor, 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