



**INVESTMENTS**

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**786 INVESTMENTS LIMITED**

**786 SMART FUND**

**FOR THE HALF YEAR ENDED  
DECEMBER 31, 2019  
(UN-AUDITED)**



## CONTENTS

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Corporate Information	2
Directors' Report	3
ڈائریکٹرز کی رپورٹ	6
Trustee Report	9
Auditor's Report	10
Condensed Interim Statement of Assets and Liabilities	11
Condensed Interim Income Statement	12
Condensed Interim Statement of Comprehensive Income	13
Condensed Interim Cash Flow Statement	14
Condensed Interim Statement of Movement in Unitholders' Fund	15
Notes to the Condensed Interim Financial Statements	16



## CORPORATE INFORMATION

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<b>Management Company</b>	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	
<b>Board of Directors</b>	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
<b>Chief Financial Officer &amp; Company Secretary</b>	Mr. Noman Shakir	
<b>Audit Committee</b>	Syed Shabahat Hussain Mr. Tahir Mehmood Syed Farhan Abbas	Chairman Member Member
<b>Human Resource Committee</b>	Ms. Shafqat Sultana Miss Tara Uzra Dawood Mr. Tahir Mehmood	Chairperson Member Member
<b>Trustee:</b>	MCB Financial Services Limited 4th Floor, Pardasi House, 2/1 R-Y old Queens Road, Karachi	
<b>Auditors</b>	Grant Thornton Anjum Rahman Chartered Accountants	
<b>Legal Advisor</b>	Rauf & Ghaffar Law Associates (Advocates & Consultants) Suite # 65, 5th Floor, Fareed Chamber, Abdullah Haroon Road, Saddar – Karachi, Pakistan.	
<b>Registrars</b>	F.D. Registrar Services (SMC-Pvt.) Ltd. Office# 1705, 17th Floor Saima Trade Tower. A, I.I. Chundrigar Road, Karachi-74000, Pakistan.	
<b>Banker:</b>	Al Baraka Bank (Pakistan) Limited JS Bank Limited BankIslami Pakistan Limited	
<b>Rating</b>	PACRA: AA-(f)	

## DIRECTORS' REPORT FOR THE HALF YEAR ENDED DECEMBER 31, 2019

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It gives me immense pleasure to present on behalf of the Board of Directors of **786 Investments Ltd** "786 or the Company" the Management Company of **786 Smart Fund** (Formerly Dawood Income Fund), I am pleased to present reviewed financial statements along with auditors reviewed report for the half year ended December 31, 2019.

### MARKET & ECONOMY REVIEW

#### Economy and Money Market Review:

The first six months of FY2020 saw stability in interest charges because the State Bank of Pakistan (SBP) kept the policy price unchanged considering July 2019. SBP referred to several effective developments consisting of an extensive reduction in current account deficit, exchange rate balance, and expected slowdown in inflation to targeted degrees. The economy still faces several challenges as inflationary pressures over the last years have significantly accelerated working capital requirements for groups in surroundings of high interest rates. That is often exacerbated through slowdown in demand and Geo-Political tensions creating uncertainty.

On December 02, 2019, Moody's upgraded Pakistan's outlook from 'negative' to 'stable' and re-affirmed the B3 rating. Asian Development Bank also approved a USD 1.3 billion loan to support the domestic economy. Pakistan's status on FATF is relatively secure for now; however, a continuous fulfilment of FATF targets is a must in order to avoid any negative action. Monetary policy easing is predicted throughout remaining half of 2020 in line with slowdown in future inflation. The Government is focusing on CPEC Phase II. While the first phase emphasized energy and roads, the second phase will focus on industrialization, agriculture, and socioeconomic development, with a particular emphasis on special economic zones. Global economic outlook is also favorable for next year which can help boost exports even though stress is still evident, overall the subsequent six months are expected to remain tight as the economy undergoes the stabilization phase

Stabilization measures pursued by the government have commenced to bear fruits because the Balance of Payment situation continues to enhance the Current Account Deficit contracted by approximately 75% on a Year on Year basis to USD 2.1 billion within the half of financial year 2019-20. Imports of products and services continued to nosedive because it compressed by 18.5% while exports of products and services increased by 4.8% within the half of fiscal year. Remittances provided a moderate buffer, increasing by 3.3% to USD 11.4 billion during the period. Foreign exchange reserves increased by a massive USD 4.1 billion during the period as Pakistan received flows from International fund (IMF) and multilateral institutions, while the outflow from Current account Deficit remained restrained.

The Gross Domestic Product growth ranged in between 2.5% to 3.5% consistent with various institutions. However, as lately, it had been expected to stay on the lower side as weak production outlook of major crops alongside a lower industrial growth arising out of weaker than expected Large Scale Manufacturing growth is predicted to require a depression on the general growth. Large Scale Manufacturing (LSM) posted a decline of roughly 5.9% within the first five months of FY20, with most of the decline emanating from cyclical sectors. Both Autos and Steel manufacturing saw demand compression of 37.7% and 13.8% respectively.

Provisional numbers of collections were also encouraging as Federal Board of Revenue collected PKR 2,080 billion within the half of the existing financial year, which was 17% higher compared to the corresponding period of the last year. Dissecting the performance in terms of domestic and international collection, the performance was even better as domestic tax income grew by 28% Year on Year. The target for primary deficit is additionally expected to be met because the Government had generated significant buffer during the primary quarter.

During the period under review, yield curve moved downwards inferable from huge interest for longer tenor securities as market participants drew comfort from adjustment gauges and foreseen viewpoint of lower inflation. Close by, interest from remote speculators at such a phenomenal scale without precedent for the first time in the local bond market brought in extra pool of liquidity pushing the yields down. Three (3) Year bonds dialed down by 221 basis points while the more drawn out tenor (10Y) bonds eased off by around 300 basis points during the first half. While, the State Bank of Pakistan (SBP) left the Policy Rate unaltered at 13.25% all-

monetary policies held in the quarter, referring to the attitude toward close to term inflation be that as it may, it pledged to cut down expansion to 5-7% through the span of next 2 years.

In last month of the 1st Quarter of FY2020 Inflation at 11.4% taking the average CPI to 10.08% compared to 10.5% to the last month. KIBOR rates showed downward trend during this period whereby 3MK was down by 8bps and clocked in at 13.85%. During the month of December 2019 last month of 2nd Quarter FY2020 Inflation for the settled at 12.63% taking average CPI to 11.11% compared to 12.3% last month of the same quarter. KIBOR rates showed a downward trend during this month.

### **Economy & Market - Future Outlook**

Strategy changes by the Central Bank will bring about macroeconomic combination consequently confining the financial development in low single digits for the present year. Universal Monetary Fund conjectures Pakistan total national output development to back off to 2.5% in FY20, in the wake of fixing strategies sought after by the Government. Mechanical development will stay quieted especially for the import-driven utilization-based divisions. Be that as it may, trade driven mechanical organizations can give some reprieve as the Government has boosted the abovementioned, while expanded force supply likewise takes out bottleneck for them.

Our forecast at exceptionally preservationist suppositions is that Current Account Deficit will settle at 2.3% of Gross Domestic Product. We have expected crude oil prices at USD 70/barrel for the remaining part of the year, which are right now floating close USD 60/barrel. After signing up an International Monetary Fund program, Pakistan will have the option to back its gross finance necessities by taking advantage of global avenues. We expect foreign exchange reserves to increment to around USD 14 billion before the finish of the current financial year. With PKR adjusted to its harmony levels and current record deficiency in an economical range, PKR should now devalue ostensibly dependent on its historical average.

In any case, with a steady currency and high base impact, we expect inflation to dial down in the following year and decline to a normal of roughly 8. 8%. We accept current genuine financing cost is adequate to provide food for the close term expansion.

### **Fund Performance:**

As at December 31, 2019, net assets were PKR 550.41 million as compared to PKR 386.37 million as at December 31, 2018. Total operating income for the period was PKR 33.73 million as compared to PKR 26.71 million in the same period last year. Total expense was PKR 5.40 million as compared to PKR 5.45 million in the same period last year. Total expense maintained almost at same level as compared to same period last year Net Income for the period was PKR 28.32. Income already paid on unit redeemed was PKR 5.31 million. The Net Asset Value per unit was PKR 85.99 as at December 31, 2019.

The Company got approval from the Securities & Exchange Commission of Pakistan (SECP) through its vide letter having reference No: SCD/AMCW/786IL/153/2019, on dated December 02, 2019 for the merger of three funds.

The effective date merger was announced by the Board of Directors as December 20, 2019 and successfully executed and completed. The Merging Schemes stood merged with and into the surviving scheme 786 Smart Fund on the basis of swap ratio calculated on the basis of Net Asset values (NAV) of the Merging and the Surviving Schemes at the close of the business day on December 19, 2019 (the day immediately preceding the effective date of merger). For one unit of 786 Rising Star Fund (786RSF), 1.256 units of 786 Smart Fund (786SF) were issued, and for one unit of First Dawood Mutual Fund (FDMF) 0.2044 units of 786 Smart Fund (786SF) were issued. Assets and Liabilities of 786 Rising Star Fund (RSF) and First Dawood Mutual Fund (FDMF) have been recorded / Merged at the fair value as of the merging date.

As a result of this Merger, an appropriate number of units of 786 Smart Fund (786SF) (based on Swap ratio) were issued to those eligible persons whose names appeared in the Register of Unitholders of 786 Rising Star Fund (786RSF) and First Dawood Mutual Fund (FDMF) as at the close of business day on December 19, 2019 (the day immediately preceding the effective date of merger) without charge of any load by the Management. Upon the allotment of units of 786 Smart Fund (786SF) to the eligible persons, all units representing their holding in 786 Rising Star Fund (786RSF) and First Dawood Mutual Fund (FDMF) stood cancelled.



All formalities of merger were done with the consent of Central Depository Company of Pakistan Limited (CDC), the Trustee of 786 Rising Star Fund and First Dawood Mutual Fund, MCB Financial Services Ltd (MCBFSL), the Trustee of 786 Smart Fund and Al-Hilal our Shariah advisor and SECP.

The merger effectively facilitated the benefit of economies of scale turned our losses into profits. As of now, the return from the fund is also showing an upward/increasing trend which means an increase on daily Net Asset Value (NAV).

#### **Future Plans:**

Our objective for the year is to grow Asset Under Management (AUM) through formation of effective sales strategy. As of now, company is maintaining only one fund which categorized into Islamic Income Fund which is the surviving fund called as 786 Smart Fund (formerly Dawood Income Fund) having AUM of PKR 550.41 million for the half year ended December 31, 2019.

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**Director**

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**Shafqat Sultana  
Chairperson**

### ڈائریکٹرز کی رپورٹ

786 سمارٹ فنڈ (سابقہ واؤڈ انکم فنڈ) کی مینجمنٹ کمپنی، 786 انویسٹمنٹ لمیٹڈ (786 یادی کمپنی) کے بورڈ آف ڈائریکٹرز کی جانب سے، میں 31 دسمبر 2019 کو ختم ہونے والی ششماہی کے دوبارہ نظر ثانی شدہ مالیاتی گوشارے معہ ڈائریکٹرز کی دوبارہ نظر ثانی شدہ رپورٹ پیش کرتے ہوئے خوشی محسوس کرتا ہوں۔

مارکیٹ اور اقتصادی جائزہ

اقتصادی اور مٹی مارکیٹ کا جائزہ:

مالی سال 2020 کے پہلی ششماہی میں سود کے چارج میں استحکام آیا کیونکہ انٹیٹ بینک آف پاکستان (ایس پی پی) نے جولائی 2019 کو مد نظر رکھتے ہوئے پالیسی قیمت میں کوئی تبدیلی نہیں کی۔ ایس پی پی نے کرنٹ اکاؤنٹ خسارے میں ایک وسیع پیمانے پر کمی، شرح تبادلہ ٹینس، اور متوقع ڈگری تک افراط زر میں متوقع سست روی کی موافقت کی متعدد مؤثر پیئر فٹوں کو ترجیح دی۔ معیشت کو اب بھی متعدد چیلنجز درپیش ہیں کیونکہ گزشتہ سالوں سے افراط زر کے دباؤ نے اعلیٰ شرح سود میں گروپوں کے ورکنگ سرمائے کی ضروریات کو نمایاں طور پر بڑھا دیا ہے۔ یہ اکثر طلب میں سست روی اور جیوسیسی تناؤ سے غیر یقینی صورتحال پیدا ہونے کی وجہ سے بڑھ جاتی ہے۔

02 دسمبر، 2019 کو، مؤدی کے پاکستان کے نقطہ نظر کو مدغنی سے بڑھا کر مستحکم کر دیا اور B3 کی درجہ بندی کی توثیق کی۔ ایٹین ڈیولپمنٹ بینک نے بھی معیشت کی مدد کے لئے 1.3 بلین ڈالر قرض کی منظوری دے دی۔ فنیٹ پر پاکستان کی حیثیت فی الحال نسبتاً محفوظ ہے۔ تاہم، کسی بھی مٹنی کارروائی سے بچنے کے لئے فنیٹ کے امداد کی مسلسل تکمیل ضروری ہے۔ مستقبل میں افراط زر میں سست روی کے ساتھ 2020 دوسری ششماہی میں مانیٹری پالیسی میں نرمی کی پیش گوئی کی گئی ہے۔ حکومت سی پیک فیئر 11 پروجیکٹ دے رہی ہے۔ جہاں پہلے مرحلے میں توانائی اور سڑکوں پر زور دیا گیا ہے، دوسرے مرحلے میں صنعتی، زراعت، اور معاشی ترقی پر خصوصی توجہ دی جائے گی، جس میں خصوصی اقتصادی زونوں پر خصوصی زور دیا جائے گا۔ عالمی معاشی نقطہ نظر سال کے لئے بھی سازگار رہے جو واضح تناؤ ہونے کے باوجود برآمدات کو بڑھانے میں مدد فراہم کر سکتا ہے۔ مجموعی طور پر اگلے چھ مہینوں تک سختی رہنے کی توقع کی جارہی ہے کیونکہ معیشت استحکام کے مرحلے سے گزر رہی ہے بنیادی طور پر معیشت استحکام کے مرحلے سے گزرنے کی وجہ سے اگلے چھ ماہ سخت رہنے کا امکان ہے۔

حکومت کی طرف سے اٹھائے گئے استحکام کے اقدامات کے نتائج آنا شروع ہو گئے ہیں کیونکہ بٹایا ادا ایگنی کی صورتحال سالانہ بنیاد پر کرنٹ اکاؤنٹ خسارے میں تقریباً 75 فیصد اضافہ کیا جو مالی سال 2019-20 کی ششماہی کے اندر اندر 2.1 بلین ڈالر تک زیادہ ہوا ہے۔ مصنوعات اور خدمات کی درآمدات ناگوار گزرا کیوں کہ اس میں 18.5 فیصد کمی واقع ہوئی ہے جبکہ مالی سال کی ششماہی میں مصنوعات اور خدمات کی برآمدات میں 4.8 فیصد کا اضافہ ہوا ہے۔ ترسیلات زر نے اعتدال پسند بفر فراہم کیا، اس مدت میں 3.3 فیصد اضافے سے 11.4 بلین امریکی ڈالر رہا۔ بین الاقوامی فنڈ (آئی ایم ایف) اور کثیرالچلتی اداروں کی طرف سے پاکستان وصول ہونے والے بہاؤ میں مدت کے دوران غیر ملکی زرمبادلہ کے ذخائر میں 4.1 ارب ڈالر کا زبردست اضافہ ہوا ہے، جبکہ کرنٹ اکاؤنٹ خسارے سے آؤٹ فلو محدود رہا۔

مجموعی ڈومیسٹک مصنوعات کی نمونہ مختلف اداروں کے مطابق 2.5 فیصد سے 3.5 فیصد کے درمیان ہے۔ تاہم، حال ہی میں، یہ کم ہی رہنے کی توقع کی جارہی تھی کیونکہ توقع سے زیادہ کم پیدا ہونے والی کم صنعتی نمو کے ساتھ ساتھ بڑی فصلوں کے کم پیداواری نقطہ نظر کی پیش گوئی کی جارہی ہے کہ عام نمونہ کی بات ہے۔ لارج اسکیل مینوفیکچرنگ (ایل ایس ایم) نے مالی سال 20 کے پہلے پانچ ماہ کے دوران تقریباً 5.9 فیصد کی کمی درج کی گئی، جس میں زیادہ تر کمی گزشتہ سیکلوز سے ہوتی ہے۔ دونوں آؤٹ اور اسکیل مینوفیکچرنگ کی طلب میں بالترتیب 37.7 فیصد اور 13.8 فیصد کمی دیکھنے میں آئی۔

وصولیوں کے صوبائی اعداد و شمار بھی حوصلہ افزا ہے، تھے کیوں کہ فیڈرل بورڈ آف ریونیو نے موجودہ مالی سال ششماہی میں 2,080 بلین پاکستانی روپے جمع کیے، جو گزشتہ سال کی اسی مدت کے مقابلہ میں 17 فیصد زیادہ تھے۔ ملکی اور بین الاقوامی محصولات کے لحاظ سے کارکردگی کے پیش نظر، کارکردگی بھی بہتر تھی کیونکہ مقامی ٹیکس آمدنی میں سالہا سال 28 فیصد کا اضافہ ہوا ہے۔ بنیادی خسارے کا بھد پورا ہونے کی امید ہے کیونکہ حکومت نے ابتدائی سہ ماہی کے دوران نمایاں اضافہ حاصل کیا تھا۔

زیر جائزہ مدت کے دوران، طویل عرصے سے سیکورٹیز کے لئے زیادہ انٹر بٹ سٹسپید اور اکاؤنٹ قابل برداشت حد تک گر گیا کیونکہ مارکیٹ کے شرکاء نے ایڈجسٹمنٹ گچھ اور کم افراط زر کے قریب پیش نظر، ریموٹ قیاس آرائیوں سے انٹریجاس طرح کے غیر معمولی پیمانے پر پہلی بار لوکل بانڈ مارکیٹ میں لیکویڈیٹی کے اضافہ میں راحت محسوس کی۔ جن کی پیداوار کم ہو رہی ہے۔ تین (3) سال کے بانڈز میں 221 بیس پوائنٹس کی کمی ہوئی جبکہ پہلی ششماہی کے دوران (10Y) بانڈز میں تقریباً 300 بیس پوائنٹس کی کمی آئی۔



جبکہ اسٹیٹ بینک آف پاکستان (SBP) نے سہ ماہی میں منعقدہ تمام مالیاتی پالیسیوں پر پالیسی شرح کو 13.25% پر برقرار رکھا، جس کی وجہ سے اگلے دو سالوں کے عرصہ میں 7%-5% ہونگائی کم ہو سکتی ہے۔

مالی سال 2020 کی پہلی سہ ماہی کے آخری مہینے میں 11.4 فیصد افراط زر اوسط سی پی آئی 10.08 فیصد رہ گیا ہے جبکہ گزشتہ اسی مہینے میں 10.5 فیصد تھا۔ KIBOR کی شرحوں نے اس مدت کے دوران مندی کا رجحان دکھایا جہاں 3 ماہ کیور 8 بی پی ایس سے کم ہوا اور 13.85 فیصد پر جا پہنچا۔ مالی سال 2020 کی دوسری سہ ماہی کے آخری مہینے دسمبر 2019 کے دوران افراط زر اسی سہ ماہی کے کے آخری مہینے میں 12.3 فیصد کے مقابلے میں اوسط سی پی آئی کو 11.11 فیصد پر لاتے ہوئے 12.63 فیصد طے پایا۔ رواں ماہ کے دوران KIBOR کی شرحوں میں مندی کا رجحان دیکھا گیا۔

معیشت اور مارکیٹ - مستقبل کا نقطہ نظر:

سنٹرل بینک کی حکمت عملی میں تبدیلیاں معاشی اقتصادی امتزاج لائیں گی جس کے نتیجے میں موجودہ سال کے لئے واحد ہندسہ میں مالی ترقی محدود رہے گی۔ حکومت کی طرف سے طے کی جانے والی حکمت عملیوں کے نتیجے میں یونیورسل مانیٹری فنڈ نے مالی سال 20 سال میں پاکستان کی مجموعی قومی ترقی کو واپس 2.5 فیصد تک پہنچا دیا ہے۔ مکینیکل ترقی خاص طور پر درآمد سے چلنے والے استعمالات پر مبنی ڈویژنوں کے لئے خاموش رہے گی۔ جوں جوں یہ ہو سکتا ہے، تجارت سے چلنے والی مکینیکل تنظیمیں کچھ فائدہ اٹھا سکتی ہیں کیونکہ حکومت نے مذکورہ بالا کو فروغ دیا ہے جبکہ اسی طرح توسیعی قوت کی فراہمی بھی ان کے لئے رکاوٹ بنتی ہے۔

غیر معمولی تحفظ پسند قیاس آرائیوں پر ہماری پیش گوئی یہ ہے کہ کرنٹ اکاؤنٹ خسارہ مجموعی ملکی مصنوعات کے 2.3 فیصد پر طے ہو جائے گا۔ ہم سال کے باقی عرصے کے لئے نام تیل کی قیمت 70 امریکی ڈالر فی بیرل کی توقع کرتے ہیں، جو ابھی 60 امریکی ڈالر فی بیرل کے قریب ہے۔ بین الاقوامی مالیاتی فنڈ پروگرام پر دستخط کرنے کے بعد، پاکستان کو عالمی مواقعوں سے فائدہ اٹھاتے ہوئے اپنی مجموعی مالیاتی ضروریات کو پورا کرنے کا اختیار حاصل ہوگا۔

ہم توقع کرتے ہیں کہ رواں مالی سال کے اختتام سے قبل زرمبادلہ کے ذخائر بڑھ کر 14 بلین امریکی ڈالر ہو جائیں گے۔ معاشی حد میں پاکستانی روپیہ کو اپنی ہم آہنگ سطح اور موجودہ رویکار ڈک کی مطابق ایڈجسٹ کرنے کے ساتھ، پاکستانی روپیہ کو اب اپنی تاریخی اوسط پر انحصار کرنا چاہئے۔

کسی بھی صورت میں، مستحکم کرنسی اور اعلیٰ بیس اسٹاک کے ساتھ، ہم توقع کرتے ہیں کہ اگلے سال میں افراط زر کم ہو کر تقریباً 8 فیصد کی عام سطح پر آ جائے گا۔ ہم موجودہ حقیقی مالی اعانت کو قبول کرتے ہیں کہ قریبی مدت میں توسیع کے لئے خوراک فراہم کرنے کے لئے کافی ہے۔ جیسا کہ ہو سکتا ہے، حقیقی قرضوں کے اخراجات میں اضافے کو دیکھتے ہوئے، ہم اگلے مالی سال کے آغاز میں رقم سے متعلق سہولیات کو ترک نہیں کرتے ہیں۔ افراط زر کے ہمارے نقطہ نظر کی روشنی میں، ہم توقع کرتے ہیں کہ اگلے سال میں سود کی شرح 150-200 تک کم ہو جائے گی۔

فنڈ کی کارکردگی

31 دسمبر 2019 کو خالص اثاثے 550.41 ملین روپے ہیں جو 30 دسمبر 2018 کو 386.37 ملین روپے تھے۔ گزشتہ سال کی اسی مدت میں 26.71 ملین روپے کے مقابلے میں موجودہ مدت کے لئے کل آپریٹنگ آمدنی 33.73 ملین روپے رہی۔ مدت کے دوران کل اخراجات 5.40 ملین روپے ہوئے جو گزشتہ سال کی اسی مدت میں 5.45 ملین روپے تھے۔ گزشتہ سال کی اسی مدت میں خالص آمدنی 28.32 ملین روپے کے مقابلے میں اخراجات اسی لیول پر برقرار رہے۔۔ فی فنڈ موصول پہلے ہی ادا شدہ آمدنی 5.31 ملین روپے تھی۔ 31 دسمبر 2019 کو فی فنڈ خالص اثاثے کی قدر 85.99 روپے ہو گئی۔

کینیڈین نے سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) سے اس کے مراسلہ بروئے ریفرنس نمبر: SCD/AMCW/786IL/153/2019 مورخہ 02 دسمبر، 2019 کے ذریعے تین فنڈز کے انضمام کی منظوری حاصل کی ہے:

بورڈ آف ڈائریکٹرز کی طرف سے انضمام کی موثر تاریخ 20 دسمبر 2019 اعلان کی گئی تھی اور کامیابی سے سرانجام اور تکمیل پائی۔ مرجنگ اسکیمیں 19 دسمبر 2019 (انضمام کی موثر تاریخ سے ایک دن پہلے) کو کاروباری دن کے اختتام پر مرجنگ اور سروائیونگ اسکیموں کی خالص اثاثہ قیمت (NAV) کی بنیاد پر شمار کردہ متبادل تناسب پر مبنی سروائیونگ اسکیم 786 سمارٹ فنڈ کے ساتھ اور میں مدغم ہوئیں۔ 786 رانزنگ سمارٹ فنڈ (786RSF) کے ایک یونٹ کے لئے 786 سمارٹ فنڈ (786SF) کے 1.256 یونٹس جاری کئے گئے، اور فرسٹ داؤد میوچل فنڈ (FDMF) کے ایک یونٹ کے لئے 786 سمارٹ فنڈ (786SF) کے 0.2044 یونٹس جاری کئے گئے۔ 786 رانزنگ سمارٹ فنڈ (RSF) اور فرسٹ داؤد میوچل فنڈ (FDMF) کے اثاثے اور واجب ادائیگیاں انضمام تاریخ کے مطابق فیئر قیمت پر درج المدغم کی گئیں۔

اس انضمام کے نتیجے میں، 786 سمارٹ فنڈ (786SF) کے یونٹس کی ایک مناسب تعداد (متبادل تناسب پر مبنی) ان اہل افراد کو انتظامیہ کی طرف سے کسی لوڈ کے چارج کئے بغیر جاری کی گئی جن کے نام 786 رانزنگ سمارٹ فنڈ (786RSF) اور فرسٹ داؤد میوچل فنڈ (FDMF) کے یونٹ ہولڈرز کے رجسٹر میں 19 دسمبر، 2019 کو کاروباری دن کے اختتام پر (انضمام کی موثر تاریخ سے قبل کا دن) درج تھے۔ اہل افراد کو 786 سمارٹ فنڈ (786SF) کے یونٹس کی الاٹمنٹ کے بعد، 786 رانزنگ سمارٹ فنڈ (786RSF) اور فرسٹ داؤد میوچل فنڈ (FDMF) میں ان کے ملکیتی نمائندگی کرنے والے تمام یونٹ منسوخ ہو گئے۔

انضمام کی تمام فارملٹیز سینٹرل ڈیپازٹری کمپنی آف پاکستان لمیٹڈ (سی ڈی سی)، 786 رانزنگ سمارٹ فنڈ اور فرسٹ داؤد میوچل فنڈ، ایم سی بی فنانشل سروسز لمیٹڈ (MCBFSL) کے کڑی، 786 سمارٹ فنڈ اور الہلال ہمارے شرعی مشیر اور SECP کے کڑی کی رضامندی سے کی گئیں۔

انضمام نے بڑے پیمانے پر معیشتوں کے فوائد کو موثر طریقے سے سہولت فراہم کی جس سے ہمارے نقصانات منافع میں بدل گئے۔ ابھی تک، فنڈ سے منافع میں بھی اضافہ/بڑھتا ہوا رجحان نظر آ رہا ہے جس کا مطلب ہے یومیہ خالص اثاثہ ویلیو (NAV) میں اضافہ۔

مستقبل کے منصوبے:

سال کے لئے ہمارا مقصد سلیڈیم کے قیام اور فروخت کی موثر حکمت عملی کے ذریعہ ایسٹ انڈین بینکنٹ (ایس یو ایم) کو بڑھانا ہے۔ اب کمپنی صرف ایک فنڈ کو برقرار رکھے ہوئے ہے جس کو اسلاک انکم فنڈ کا درجہ دیا گیا ہے جو سروائیونگ فنڈ ہے جسے 786 سمارٹ فنڈ (سابقہ داؤد انکم فنڈ) کہا جاتا ہے جس کے 31 دسمبر، 2019 کو ختم ہونے والی ششماہی کے لئے 550.41 ملین روپے کے AUM ہیں۔

---SD---  
ڈائریکٹر

---SD---  
شفقت سلطانہ  
چیئر پرسن

کراچی: 28 فروری 2020ء



## MCB FINANCIAL SERVICES LIMITED

### 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 MCB Financial Services Limited (MCBFSL) 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 (Formerly Dawood Income Fund) during the period ended 31<sup>st</sup> December 2019 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

Khawaja Anwar Hussain  
Chief Executive Officer

Karachi: February 20, 2020

MCB Financial Services Limited



Grant Thornton

An instinct for growth™

## INDEPENDENT AUDITORS' REVIEW REPORT TO THE UNIT HOLDERS' OF 786 SMART FUND

GRANT THORNTON ANJUM RAHMAN

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Modern Motors House  
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Karachi 75530

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### Introduction

We have reviewed the accompanying interim statement of assets and liabilities of 786 Smart Fund ("the fund") as at December 31, 2019 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of movement in unit holders' fund together with the notes forming part thereof (here-in-after referred to as the "interim financial statements") for the six months period then ended. Management Company (786 Investments Limited) is responsible for the preparation and presentation of the interim statements in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim 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 approved accounting standards as applicable in Pakistan for interim financial reporting.

### Other Matter

The figures of the condensed interim income statement and the condensed interim statement of comprehensive income for the three months period ended December 31, 2019 and 2018 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2019.

Date: February 28, 2020  
Karachi

*Grant Thornton Anjum Rahman*

Grant Thornton Anjum Rahman  
Chartered Accountants  
Muhammad Khalid Aziz  
Engagement Partner

**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UNAUDITED)  
AS AT DECEMBER 31, 2019**

		(Un-Audited) December 31, 2019	Audited June 30, 2019
	Note	-----Rupees-----	
<b>Assets</b>			
Balances with Banks	7	457,409,361	331,391,795
Investments	8	90,070,616	116,722,434
Accrued Income/Profit	9	7,553,546	6,271,592
Security Deposits and Prepayments	10	6,163,638	100,000
Advance Income Tax		7,923,448	73,763
<b>Total Assets</b>		569,120,609	454,559,584
<b>Liabilities</b>			
Payable to 786 Investments Limited - Management Company	11	2,754,359	1,183,182
Payable to Trustees	12	91,927	70,640
Payable to Securities and Exchange Commission of Pakistan	13	62,009	354,912
Unclaimed Dividend		897,788	369,962
Accrued Expenses and Other Liabilities	14	14,902,813	6,889,115
<b>Total Liabilities</b>		18,708,896	8,867,811
<b>Contingencies and Commitments</b>	15		
<b>Net Assets</b>		550,411,713	445,691,773
<b>Unit Holders' Funds</b>		550,411,713	445,691,773
		(Number)	
<b>Number of Units in Issue</b>	16	6,401,025	5,541,116
		(Rupees)	
<b>Net Assets Value per Unit</b>		85.99	80.43

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.

For 786 Investments Limited  
(Management Company)

---SD---  
Chief Executive Officer

---SD---  
Chief Financial Officer

---SD---  
Director

**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)**  
**FOR THE SIX MONTHS AND THREE MONTHS PERIOD ENDED DECEMBER 31, 2019**

	Note	Six Months Period Ended December 31,		Three Months Period Ended December 31,	
		2019	2018	2019	2018
		-----Rupees-----			
<b>Income</b>					
Net Realized Loss on Sale of Investments		-	(402,965)	-	(404,382)
Income from Investments and Balances with Banks	17	25,349,690	18,680,251	12,519,939	10,848,538
Reversal of Impairment on Investment At Fair Value Through Other Comprehensive Income	8.1.1	8,377,578	8,377,578	4,188,789	4,188,789
Other Income		5,573	58,165	3,433	58,165
		<b>33,732,841</b>	<b>26,713,029</b>	<b>16,712,161</b>	<b>14,691,110</b>
<b>Expenses</b>					
Remuneration to the Management Company	11.1	3,179,684	3,317,115	1,576,612	1,773,879
Sindh Sales Tax on Remuneration to The Management Company	11.2	413,358	431,223	204,960	230,603
Accounting and Operational Charges	11.3	211,979	201,141	105,108	118,258
Remuneration to the MCB Financial Services Limited - Trustee	12.1	317,969	341,778	157,663	190,528
Sindh Sales Tax on Trustee Fee	12.3	41,336	44,434	20,497	24,773
Annual Fee to Securities & Exchange Commission of Pakistan	13	42,395	165,856	21,020	88,692
Auditor's Remuneration		281,099	326,174	137,649	161,659
Fees and Subscription		97,928	70,827	60,015	35,414
Securities Transactions Cost		8,842	8,819	5,783	3,851
Printing and Related Charges		25,206	35,288	12,603	3,403
Legal and Professional Charges		131,291	68,357	74,427	34,200
Provision for Sindh Workers' Welfare Fund	14.2	576,760	433,911	283,968	237,836
Withholding Taxes - Written Off		76,500	-	-	-
Bank Charges		4,505	6,465	1,496	3,580
		<b>5,408,852</b>	<b>5,451,388</b>	<b>2,661,801</b>	<b>2,906,676</b>
<b>Net Income for the Period Before Taxation</b>		<b>28,323,989</b>	<b>21,261,641</b>	<b>14,050,360</b>	<b>11,784,434</b>
<b>Taxation</b>	18	-	-	-	-
<b>Net Income for the Period After Taxation</b>		<b>28,323,989</b>	<b>21,261,641</b>	<b>14,050,360</b>	<b>11,784,434</b>
<b>Allocation of Net Income for the Period</b>					
Income Already Paid on Units Redeemed		(5,316,311)	(6,009,025)	-	-
<b>Accounting Income Available for Distribution:</b>		<b>23,007,678</b>	<b>15,252,616</b>	<b>14,050,360</b>	<b>11,784,434</b>
Relating to Capital Loss		-	(402,965)	-	(404,382)
Excluding Capital Gain		23,007,678	15,655,581	14,050,360	12,188,816
		<b>23,007,678</b>	<b>15,252,616</b>	<b>14,050,360</b>	<b>11,784,434</b>

The annexed notes from 1 to 22 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, 2019**

	<b>Six Months Period Ended</b>		<b>Three Months Period Ended</b>	
	<b>December 31,</b>		<b>December 31,</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Note</b>	<b>-----Rupees-----</b>			
Net Income for the Period after Taxation	<b>28,323,989</b>	21,261,641	<b>14,050,360</b>	11,784,434
<i>Items That Have Been Or May Be Re-Classified Subsequently to the Income Statement</i>	-	-	-	-
Unrealized (Loss)/Gain on Revaluation of Investments Classified As Fair Value Through Other Comprehensive Income - Net	8.4 <b>(645,016)</b>	127,323	<b>(514,176)</b>	139,031
Other Comprehensive (Loss)/Income	<b>(645,016)</b>	127,323	<b>(514,176)</b>	139,031
<b>Total Comprehensive Income for the Period</b>	<b>27,678,973</b>	<b>21,388,964</b>	<b>13,536,184</b>	<b>11,923,465</b>

The annexed notes from 1 to 22 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, 2019

	December 31, 2019				December 31, 2018			
	Rupees				Rupees			
	Capital Value	(Accumulated Loss)/ Undistributed Income	Unrealized (Loss)/Gains on Investment	Total	Capital Value	(Accumulated Loss)/ Undistributed Income	Unrealized Gains on Investment	Total
<b>Net Assets at Beginning of the Year</b>	587,946,959	(142,977,620)	722,434	445,691,773	435,397,805	(101,341,693)	668,184	334,724,296
<b>Net Income for the Period Before Taxation</b>								
<b>Issue of 2,497,401 Units</b> (2018: 4,174,120 Units)								
- Capital Value (At Net Asset Value Per Unit at The Beginning of the Year)	200,875,065	-	-	200,875,065	333,207,151	-	-	333,207,151
- Element of Income	13,192,061	-	-	13,192,061	5,677,895	-	-	5,677,895
<b>Total Proceeds on Issuance of Units</b>	214,067,126	-	-	214,067,126	338,885,046	-	-	338,885,046
<b>Redemption of 1,637,492 Units</b> (2018: 3,350,400 Units)								
- Capital Value (At Net Asset Value Per Unit at The Beginning of the Year)	(131,709,194)	-	-	(131,709,194)	(267,452,033)	-	-	(267,452,033)
- Amount Paid Out of Element Of Income	-	(5,316,311)	-	(5,316,311)	-	(6,009,025)	-	(6,009,025)
- Refund/Adjustment on Units As Element of Income	(654)	-	-	(654)	(2,843,643)	-	-	(2,843,643)
<b>Total Payments on Redemption of Units</b>	(131,709,848)	(5,316,311)	-	(137,026,159)	(270,295,676)	(6,009,025)	-	(276,304,701)
<b>Net Income for the Period Before Taxation</b>	-	28,323,989	(645,016)	28,323,989	-	21,261,641	127,323	21,261,641
<b>Other Comprehensive (Loss)/Income</b>	-	-	-	(645,016)	-	-	-	127,323
<b>Distribution for the Year 2018</b> @ 8.53 Per Unit on July 4, 2018	-	-	-	-	-	(32,321,811)	-	(32,321,811)
	-	28,323,989	(645,016)	27,678,973	-	(11,060,170)	127,323	(10,932,847)
<b>Net Assets at End of the Period</b>	670,304,237	(119,969,942)	77,418	550,411,713	503,987,175	(118,410,888)	795,507	386,371,794
<b>Undistributed (Loss)/Income</b>								
- Brought Forward								
- Realized Loss		(142,977,620)		(142,977,620)		(101,341,693)		(101,341,693)
<b>Accounting Income Available For Distribution</b>								
- Relating To Capital Loss		-		-		(402,965)		(402,965)
- Excluding Capital Gain		23,007,678		23,007,678		15,655,581		15,655,581
		23,007,678		23,007,678		15,252,616		15,252,616
<b>Distribution During The Year July 04, 2018</b>		-		-		(32,321,811)		(32,321,811)
<b>Undistributed Loss Carried Forward</b>		(119,969,942)		(119,969,942)		(118,410,888)		(118,410,888)
<b>Undistributed (Loss) Carried Forward</b>								
- Realized Loss		(119,969,942)		(119,969,942)		(118,410,888)		(118,410,888)
		(119,969,942)		(119,969,942)		(118,410,888)		(118,410,888)
<b>Net Assets Value Per Unit at Beginning of the Period</b>	80.43			80.43	88.31			88.31
<b>Net Assets Value Per Unit at End of the Period</b>	85.99			85.99	83.74			83.74

The annexed notes from 1 to 22 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, 2019**

	Six Months Period Ended	
	December 31,	December 31,
	2019	2018
Note	-----Rupees-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income for the Period Before Taxation	28,323,989	21,261,641
<b>Adjustments For:</b>		
Net Realized Gain on Sale of Investments	-	-
Markup/Interest Income on Bank Balances and Investments	(25,349,690)	(7,897,566)
Amortisation of discount of government securities	-	(10,782,685)
Reversal of Impairment on Investment At Fair Value Through Other Comprehensive Income	(8,377,578)	(8,377,578)
Withholding Taxes - Written Off	(76,500)	-
Provision for Sindh Workers' Welfare Fund	576,760	433,911
<b>Operating Loss Before Working Capital Changes</b>	<b>(33,227,008)</b>	<b>(26,623,918)</b>
<b>(Increase)/Decrease in Assets</b>		
Deposits and Prepayments	(6,063,638)	(13,637)
<b>Increase/(Decrease) in Liabilities</b>		
Payable to the Management Company	1,571,177	174,201
Payable to the Trustee	21,287	45,964
Annual Fee Payable to Securities and Exchange Commission of Pakistan	(292,903)	(77,231)
Dividend Payable	527,826	-
Accrued Expenses and Other Liabilities	7,436,938	(443,672)
	9,264,325	(300,738)
Proceeds from Investments - Net	34,384,380	62,608,335
Markup/Interest Income Received on Investments and Balances with Banks	24,067,736	6,611,179
Advance income tax	(7,773,185)	-
<b>Net Cash Generated From Operating Activities</b>	<b>48,976,599</b>	<b>63,542,862</b>
<b>Cash Flows From Financing Activities</b>		
Amounts Received Against Issue of Units	214,067,126	338,885,046
Payment Made Against Redemption of Units	(137,026,159)	(276,304,701)
Dividend Paid	-	(32,321,811)
<b>Net Cash Generated From Financing Activities</b>	<b>77,040,967</b>	<b>30,258,534</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>126,017,566</b>	<b>93,801,396</b>
Cash and Cash Equivalents At Beginning of the Year	331,391,795	178,611,620
<b>Cash and Cash Equivalents At End of the Period</b>	<b>457,409,361</b>	<b>272,413,016</b>

The annexed notes from 1 to 22 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, 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, BAHL 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 period ended June 30, 2017, 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 8.3.1 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).
- 1.5** The Fund is categorized as "Shariah complaint Islamic 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 December 27, 2019 and stability rating of "AA-(f)" to the Fund as at October 28, 2019.
- 1.7** During the Year, the SECP vide its letter reference No: SCD/AMCW/786IL/153/2019 dated December 02, 2019 granted approval under regulation 58(1)(m) of Non -Banking finance companies and notified entities regulations, 2008 (NBFC Regulations, 2008) read with circular no: 20 of June 23, 2009 for the merger of 786 Rising Star Fund (786RSF), First Dawood Mutual Fund (FDMF) with and into 786 Smart Fund (786SF) surviving scheme in terms of scheme of merger as approved by the board of directors of 786 investments ltd and the unit holders of the respective scheme of merger in their general meeting held on September 23, 2019 and October 16, 2019 respectively. The merger, as per the above referred "scheme", is effective as of December 20, 2019.

### **2 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS**

Merger of the 2 Funds Rising Star Fund and First Dawood Mutual Fund took place during the year, the details of which are disclosed in the note 3 of the condensed interim financial information.

### **3 MERGER**

- 3.1** The merging schemes stood merged with and into the surviving scheme on the basis of swap ratio calculated on the basis of net asset values (NAV) of the merging and the surviving schemes at the close of the business day on December 19, 2019 (the day immediately preceding the effective date of merger). For one unit of 786

Rising Star Fund (786RSF) 1.256 units of 786 Smart Fund (786SF) were issued and For one unit of first dawood mutual fund (FDMF) 0.2044 units of 786 Smart Fund (786SF) were issued. Assets and liabilities of 786 Rising Star Fund (RSF) and First Dawood Mutual Fund (FDMF) have been recorded/merged at the fair value as of the merging date.

The swap ratios for the merging Funds based on the net assets as of December 19, 2019 for every unit is as follows:

<b>Fund Name</b>	<b>Previous Units</b>	<b>Swap ratio</b>	<b>Units allotted</b>
786 Rising Star Fund	974,266	1.256583309	1,224,246
First Dawood Mutual Fund	6,160,807	0.204364467	1,259,050

None of the operations, resulting from the business combination are being disposed off. The whole of the undertaking 786 Rising Star Fund (786RSF) and First Dawood Mutual Funds (FDMF) which includes all assets, rights, liabilities, bank balances, obligations, mandates, undertaking, securities, contracts documents, record etc. were transferred to and vested in 786 Smart Fund (786SF) from December 20, 2019 ("Effective Date of Merger"). Accordingly, the balances as of December 19, 2019 for 786 Rising Star Fund (786RSF), First Dawood Mutual Fund (FDMF) are as follows:

<b>Description</b>	<b>786 Rising Star Fund</b>	<b>First Dawood Mutual Fund</b>
Assets	107,015,830	116,526,613
Less: Liabilities	(2,042,844)	(8,569,389)
Net Assets	104,972,986	107,957,224

The summarised results of the merging Funds before amalgamation for the period from June 30, 2019 to December 19, 2019 included in these condensed interim financial statements as follows:

<b>Fund Name</b>	<b>786 Rising Star Fund</b>	<b>First Dawood Mutual Fund</b>
Realised Income	4,973,231	2,978,495
Unrealised loss on investment - net	(1,646)	-
Total income	4,971,585	2,978,495
Total expenditure	(1,526,379)	(1,861,758)
Net Income	3,445,206	1,116,736

As a result of merger, an appropriate number of units of 786 smart fund (786SF) (based on swap ratio) were issued to those eligible persons whose names appeared in the register of unit holders of 786 Rising Star Fund (786RSF) and First Dawood Mutual Fund (FDMF) as at the close of business day on December 19, 2019 (the day immediately preceding the effective date of merger) without charge of any load by the management. Upon the allotment of units of 786 Smart Fund (786SF) to the eligible persons, all units representing their holding in 786 Rising Star Fund (786RSF) and First Dawood Mutual Fund (FDMF) stood cancelled.

#### **4 BASIS OF PREPARATION**

##### **4.1 Statement of Compliance**

**4.1.1** 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.

**4.1.2** This condensed interim financial statement 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 June 30, 2019.

**4.1.3** This condensed interim financial statement 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 statement gives a true and fair view of the state of affairs of the Fund.

## 5 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial statements 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 statements, 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 June 30, 2019.

## 6 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 June 30, 2019.

		(Un-Audited) December 31, 2019	Audited June 30, 2019
7	7	Rupees	
<b>BALANCES WITH BANKS</b>	<b>Note</b>		
- In profit and loss sharing (pls) accounts	7.1	<u>457,409,361</u>	<u>331,391,795</u>

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

		(Un-Audited) December 31, 2019	Audited June 30, 2019
8	8	Rupees	
<b>INVESTMENTS</b>	<b>Note</b>		
<b>At fair value through other comprehensive income</b>			
Listed - Term finance certificates	8.1	-	-
Unlisted - Sukuk certificates	8.2	<u>90,070,616</u>	<u>116,722,434</u>
		<u>90,070,616</u>	<u>116,722,434</u>

As at July 01, 2019	Acquired as a Result of Merger	Matured/ Disposed During the Period	As at December 31, 2019	Cost/ Carrying Value	Market Value	% of Total Investment
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8.1 At fair value through other comprehensive income Note -----Number of certificates-----Rupees-----

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

**Construction and material**

Dewan cement company limited	8.1.1	15,917	-	1,675	14,242	71,209,413	-	-
Provision held	8.3					(71,209,413)		
						<u>-</u>	<u>-</u>	

8.1.1 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. 4.19 millions on receipt basis in current period. The Fund has suspended mark-up there against.

As at July 01, 2019	Acquired as a result of merger	Matured/ Disposed During the Period	As at December 31, 2019	Cost/ Carrying Value	Market Value	% of Total Investment
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8.2 At fair value through other comprehensive income Note -----Number of certificates-----Rupees-----

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

**Cable and electric goods**

New allied industries limited	8.3.1	11,523	-	-	11,523	25,433,190	-	-
Provision held	8.3					(25,433,190)		
New allied industries limited	8.3.2	-	3,417	-	3,417	7,222,749	-	-
Provision held	8.3					(7,222,749)		
						<u>-</u>	<u>-</u>	

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	8.3.3	5	10	-	15	11,836,906	11,678,141	13%
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**Commercial Bank**

Dubai Islamic bank limited	8.3.4	26		-	26	26,486,304	26,026,000	29%
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**Engineering**

Agha steel industries limited	8.3.5	15	-	-	15	15,000,000	15,000,000	17%
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Face value of Rs. 100,000/-each

**Fertilizers**

Dawood Hercules Corporation Limited	8.3.6	300	100	-	400	35,908,500	35,882,892	40%
Fatima Fertilizer Company Limited	8.3.7	736	-	-	736	1,483,922	1,483,583	2%

Face value of rs. 5,000/-each

	As at July 01, 2019	Acquired as a result of merger	Matured/ Disposed During the Period	As at December 31, 2019	Cost/ Carrying Value	Market Value	% of Total Investment
Note	-----Number of certificates-----				-----Rupees-----		
8.3.8	8,000	-	8,000	-	-	-	0%
8.3.9	984	-	-	984	2,887,171	-	-
8.3					(2,887,171)		
					-	-	
8.3.10	-	6,000	-	6,000	22,500,000	-	-
8.3					(22,500,000)		
					-	-	
					90,715,632	90,070,616	
					90,715,632	90,070,616	
8.3.11	-	1,000	-	1,000	5,027,500	-	-
8.3					(5,027,500)		
					-	-	
					90,715,632	90,070,616	

### 8.3 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	8.1.1	Pre-IPO investment	71,209,413	(71,209,413)	-	-	-
New Allied Industries Limited	8.3.1	Term finance certificates	25,433,190	(25,433,190)	-	-	-
New Allied Industries Limited	8.3.2	Term finance certificates	7,222,749	(7,222,749)	-	-	-
New Allied Industries Limited	8.3.11	Sukuk certificates	5,027,500	(5,027,500)	-	-	-
Eden Housing Limited	8.3.9	Sukuk certificates	2,887,171	(2,887,171)	-	-	-
Amtex Limited	8.3.10	Sukuk certificates	22,500,000	(22,500,000)	-	-	-

**8.3.1** 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.

**8.3.2** 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.

- 8.3.3** These sukuk certificates carry profit equal to 1 year KIBOR plus 3% receivable quarterly in arrears and will mature in April 2021. The principal amount is redeemable in four six monthly installments of Rs. 0.25 million per certificate Each commencing from October 2019. These sukuk certificates are secured by hypothecation charge over the hypothecated assets of Rs. 625 million and pledge of shares of TPL Properties Limited in favour of the Trustee of the issuer for the benefit of the certificate holders.
- 8.3.4** These sukuk certificates are unsecured and carry profit equal to 6 month KIBOR plus 0.50% receivable half-yearly in arrears and will mature in July 2027.
- 8.3.5** This is the Pakistan's 1st over the counter listed sukuk issue, priced through competitive bidding process by Agha Steel Industries Limited backed by diminishing musharaka and carry profit equal to 3 month KIBOR plus 0.8% and will completely mature in October 2024. Pak Brunei Limited is appointed as trustee and the issue agent of the sukuk. These sukuk certificates are secured by hypothecation charge over the present and future fixed assets of the issuer in favour of the Trustee of the issuer for the benefit of the certificate holders.
- 8.3.6** 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.
- 8.3.7** These sukuk certificates carry profit equal to 6 month KIBOR plus 1.1% receivable semi-annually in arrears and will mature in 5 years from 28 November 2016. The principal amount is redeemable in ten equal semi-annual instalments from the Ijarah commencement date. These certificates are secured by 1st ranking hypothecation charge of all present and future fixed assets excluding land and building of the issuer with a minimum 25% margin, 1st ranking mortgage over land and building of the issuer with a minimum 25% margin, establishment of and assignment of a Debt Payment Account, assignment over all rights and benefits of the issuer under any and all project insurances and cut-through agreements for reinsurance.
- 8.3.8** 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.
- 8.3.9** 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.
- 8.3.10** 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 non 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.
- 8.3.11** 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.

		(Un-Audited) December 31, 2019	Audited June 30, 2019
		Note	-----Rupees-----
<b>8.4 Unrealized Gain on Revaluation of Investments Classified as Fair Value through Other Comprehensive Income - Net</b>			
Fair Value of Investments	8.2	90,070,616	61,656,476
Less: Cost/Carrying Value of Investment		<u>(90,703,924)</u>	<u>(61,410,934)</u>
		(633,308)	245,542
Less: Net unrealized gain in fair value of investments - Opening		<u>(11,708)</u>	<u>(257,250)</u>
		<u>(645,016)</u>	<u>(11,708)</u>
<b>9 ACCRUED INCOME/PROFIT</b>			
<b>Income form:</b>			
- Profit and loss sharing (PLS) accounts		4,522,364	3,577,346
- Sukuk certificates		<u>3,031,182</u>	<u>2,694,246</u>
		<u>7,553,546</u>	<u>6,271,592</u>
<b>10 SECURITY DEPOSITS AND PREPAYMENTS</b>			
Prepayments - Annual PSX fee		13,638	-
<b>Deposits - Central Depository Company</b>			
- Deposits - Central depository company 786SF		100,000	100,000
- Deposits - Central depository company FDMF		50,000	-
		150,000	100,000
<b>Deposits - National Clearing Company of Pakistan</b>			
- Deposits - National clearing company 786SF		2,500,000	-
- Deposits - National clearing company FDMF		3,500,000	-
		6,000,000	-
		<u>6,163,638</u>	<u>100,000</u>
<b>11 PAYABLE TO 786 INVESTMENTS LIMITED - MANAGEMENT COMPANY</b>			
Management remuneration	11.1	591,859	627,856
Sindh sales tax payable	11.2	97,426	102,105
Accounting and operational charges			
-786 Smart Fund	11.3	665,200	453,221
-First Dawood Mutual Fund	11.3	1,023,980	-
-786 Rising Star Fund	11.3	375,894	-
		2,065,074	453,221
		<u>2,754,359</u>	<u>1,183,182</u>

**11.1** 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.

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

**11.3** 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) December 31, 2019	Audited June 30, 2019
Note	-----Rupees-----	

## 12 PAYABLE TO TRUSTEES

### Trustee Remuneration

- Payable to MCB Financial Services Limited

- 786 Smart Fund

- Payable to CDCPL - Rising Star Fund

- Payable to CDCPL - First Dawood Mutual Fund

12.1	<b>59,188</b>	62,511
12.2	<b>10,958</b>	-
12.2	<b>11,208</b>	-
	<b>81,354</b>	62,511

### Sindh sales tax payable on Trustee remuneration

-786 Smart Fund

-786 Rising Star Fund

-786 First Dawood Mutual Fund

12.3	<b>7,696</b>	8,129
12.3	<b>1,413</b>	
12.3	<b>1,464</b>	
	<b>10,573</b>	8,129
	<b>91,927</b>	70,640

- 12.1** 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.

- 12.2** According to the provisions of the Trust Deed of Rising Star Fund and First Dawood Mutual 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.0.7 million or 0.20% per annum of the net assets of the Fund computed on a daily basis whichever is higher.
- Exceeding Rs.1 Billion                      Rs.2 million plus 0.10% per annum of the net assets of the Fund computed on a daily basis exceeding Rs.1 billion.

- 12.3** The Sindh Provincial Government has levied sindh sales tax at the rate of 13% (June 2019: 13%) on trustee's remuneration.

## 13 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) December 31, 2019	Audited June 30, 2019
<b>14 ACCRUED EXPENSES AND OTHER LIABILITIES</b>	<b>Note</b>	<b>-----Rupees-----</b>	
Federal Excise Duty on Remuneration	14.1	<b>6,513,679</b>	1,797,106
Provision for Sindh Workers' Welfare Fund	14.2	<b>7,008,489</b>	3,267,015
Accrued Expenses	14.3	<b>515,774</b>	657,443
Other Liabilities		<b>684,892</b>	-
Capital Gain Tax Payable		<b>168,359</b>	1,155,931
Zakat Payable and Withholding Tax		<b>11,620</b>	11,620
		<b><u>14,902,813</u></b>	<b><u>6,889,115</u></b>

**14.1** There is no change in the status of the appeal pending in the Supreme Court of Pakistan against the decision of Sindh High Court as more fully disclosed in the annual financial statements for the year ended June 30, 2019. The Management Company, as a matter of abundant caution, is carrying provision for FED for the period from June 13, 2013 to June 30, 2016 aggregating to Rs. 6.514 million (June 30, 2019 Rs. 1.797 million). Had the provision not been made, Net asset Value per unit of the Fund as at December 31, 2019 would have been higher by Rs. 1.02 (June 30, 2019: Rs. 0.32) per unit.

**14.2** The status of initial chargeability of SWWF is the same as disclosed in the annual financial statements for the year ended June 30, 2019. Had the provision for SWWF not been recorded in the financial statements of the Fund, the net asset value of the Fund as at December 31, 2019 would have been higher by Rs 1.09 per unit (June 30, 2019: Rs 0.59 per unit).

		(Un-Audited) December 31, 2019	Audited June 30, 2019
<b>14.3 Accrued Expenses</b>		<b>-----Rupees-----</b>	
Auditors' Remuneration Payable		<b>259,900</b>	340,601
Rating Fee Payable - PACRA		<b>56,965</b>	226,000
Printing and Related Expenditure Payable		<b>27,206</b>	40,000
Shariah and Tax Advisors Fee Payable		<b>171,703</b>	49,172
Other Payable		<b>-</b>	1,670
		<b><u>515,774</u></b>	<b><u>657,443</u></b>

## **15 CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments as at December 31, 2019 and June 30, 2019.

		(Un-Audited) December 31, 2019	Audited June 30, 2019
<b>16 NUMBER OF UNITS IN ISSUE</b>		<b>-----Number of Units-----</b>	
Total outstanding as of July 01		<b>5,541,116</b>	3,790,392
Issued during the period		<b>2,497,401</b>	8,042,818
Redemption during the period		<b>(1,637,492)</b>	(6,292,094)
Closing units		<b><u>6,401,025</u></b>	<b><u>5,541,116</u></b>

(Un-Audited) December 31, 2019	Audited June 30, 2019
-----Number of Units-----	

## 17 INCOME FROM INVESTMENTS AND BALANCES WITH BANKS

Income from:

- Sukuk certificates	7,734,044	2,911,107
- Government securities	-	10,782,685
- Commercial papers	-	1,226,028
- Profit and loss sharing (pls) account	17,615,646	3,579,527
- Term deposits receipts (tdr)	-	180,904
	<u>25,349,690</u>	<u>18,680,251</u>

## 18 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.

## 19 TOTAL EXPENSE RATIO

The total expense ratio (TER) of the Fund for the period ended December 31, 2019 is 2.55% which includes 0.54% 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".

## 20 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:

		Six Months Period Ended	
		December 31,	
		2019	2018
20.1 Transactions during the Period Ended	Note	-----Rupees-----	
<b>786 Investments Limited - Management Company</b>			
Remuneration of the management company	11.1	3,179,684	3,317,115
Sales tax on remuneration to the management company	11.2	413,358	431,223
Accounting and operational charges	11.3	211,979	201,141
Issue of units: 849,869 (2018: 629,730)		72,825,422	50,505,723
Redemption of units: 548,779 (2018: 172,586 units)		45,000,000	14,000,000
<b>MCB Financial Services Limited - Trustee</b>			
Remuneration of the Trustee	12.1	317,969	341,778
Sales tax on Trustee fee	12.3	41,336	44,434
<b>BRR Guardian Modaraba (Connected Person due to Group Company)</b>			
Issue of units: 380,439 (2018: Nil)		32,620,729	-
<b>BRR Investment Limited (Connected Person due to Group Company)</b>			
Issue of units: 392 (2018: 422,359)		31,581	33,135,625
Redemption of units: 239,545 (2018: 478,813)		19,650,000	38,800,000
<b>Dawood Family Takaful Limited (Connected Person due to Group Company)</b>			
Issue of Units: 389,417 (2018: Nil)		33,390,553	-
<b>Dawood Family Takaful Limited -Employees contributory provident fund- Associate of Management Company</b>			
Issue of units: 52,905 (2018: Nil)		4,536,356	-
<b>First Dawood Investment Bank Limited (Connected Person due to Group Company)</b>			
Issue of units: 1,991 (2018: 1,918,160)		160,223	155,000,000
Redemption of Units: 1,991 (2018: 1,918,160)		161,617	158,609,583
<b>First Dawood Investment Bank Limited -Employees Contributory Provident Fund- Employee Benefit Fund of Group Company</b>			
Issue of units: 136,877 (2018: 37,602)		11,736,560	2,074,545
Redemption of units: 60,167 (2018: Nil)		5,000,000	-
<b>Directors and Key Management Personnel of the Management Company</b>			
Issue of units: 6,583 (2018: 92,909)		564,453	6,900,646
Redemption of units: 30,482 (2018: 130,835)		2,530,922	10,859,519

		Six Months Period Ended	
		December 31,	
		2019	2018
Note		-----Rupees-----	
<b>Other Connected Persons</b>			
	Issue of units: 421,265 (2018: 353,712)	<b>36,120,427</b>	29,250,133
	Redemption of units: 735,514 (2018: Nil)	<b>62,945,246</b>	-
		<b>(Un-Audited)</b>	Audited
		<b>December 31,</b>	June 30,
		<b>2019</b>	<b>2019</b>
		-----Rupees-----	
<b>20.2 Balance as at Period Ended</b>			
<b>786 Investments Limited - Management Company</b>			
	Remuneration payable to the management company	<b>591,859</b>	627,856
	Sales tax payable on management company's remuneration	<b>97,426</b>	102,105
	Accounting and operational charges	<b>665,200</b>	453,221
	-Payable to CDC Trustee of First Dawood Mutual Fund	<b>1,023,980</b>	-
	-Payable to CDC Trustee of 786 Star Rising Fund	<b>375,894</b>	-
	FED payable on management company's remuneration	<b>6,513,679</b>	1,797,106
	Units held: 1,673,191 (June 2019: 1,372,100)	<b>143,874,526</b>	110,362,959
<b>MCB Financial Services Limited - Trustee</b>			
	Remuneration payable to the Trustee	<b>59,188</b>	62,511
	Sales tax payable on Trustee fee	<b>7,696</b>	8,129
<b>CDCPL - Trustee</b>			
	First Dawood Mutual Fund	<b>11,208</b>	-
	Sales tax payable on Trustee fee	<b>1,464</b>	-
	786 Rising Star Fund	<b>10,958</b>	-
	Sales tax payable on Trustee fee	<b>1,413</b>	-
<b>BRR Guardian Modaraba</b>			
<b>(Connected Person due to Group Company)</b>			
	Units Held: 380,439 (June 2019: Nil)	<b>32,713,214</b>	-
<b>BRR Investment Limited</b>			
<b>(Connected Person due to Group Company)</b>			
	Units Held: 145,586 (June 2019: 384,739)	<b>12,518,680</b>	30,945,909
<b>First Dawood Investment Bank Limited -Employees</b>			
<b>Contributory Provident Fund- Employee Benefit Fund of</b>			
<b>Group Company</b>			
	Units held: 549,830 (June 2019: 473,120)	<b>47,278,865</b>	38,054,757
<b>Dawood Family Takaful Limited</b>			
<b>(Connected Person due to Group Company)</b>			
	Units held: 389,417 (June 2019: Nil)	<b>33,485,220</b>	-

(Un-Audited) December 31, 2019	Audited June 30, 2019
--------------------------------------	-----------------------------

-----Rupees-----

**Dawood Family Takaful Limited -Employees Contributory  
Provident Fund- Associate of Management Company**

Units held: 52,905 (June 2019: Nil)

4,549,217	-
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**Directors and Key Management Personnel  
of the Management Company**

Units held: 608,046 (June 2019: 631,945)

52,284,731	50,829,625
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**Other Connected Persons**

Units held: 416,528 (June 2019: 858,661)

35,816,466	69,065,176
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**20.3** 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.

**21 GENERAL**

**21.1** The corresponding figures have been re-arranged wherever necessary.

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

**22 DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements were authorized for issue by the board of directors of the Management Company on February 28, 2020.

For 786 Investments Limited  
(Management Company)

----SD-----  
 \_\_\_\_\_  
 Chief Executive Officer

----SD-----  
 \_\_\_\_\_  
 Chief Financial Officer

----SD-----  
 \_\_\_\_\_  
 Director

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