



INVESTMENTS

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786 INVESTMENTS LIMITED

786 SMART FUND

**FOR THE NINE MONTHS & QUARTER
ENDED MARCH 31, 2020**

(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. Noman Shakir	
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 BankIslami Pakistan Limited	
Rating	PACRA: AA-(f)	



DIRECTORS' REPORT FOR THE QUARTER ENDED MARCH 31, 2020

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 the report on the affairs of the Fund for the quarter ended March 31, 2020. Your Fund continued its journey of success and composed for growth.

MARKET & ECONOMY REVIEW

Economy and Money Market Review:

Since the beginning of 2020, the pandemic (COVID-19) outbreak and rapidly spread across the world and triggered disruptions in economies worldwide. The impact of coronavirus spreading globally, demand for commodities specifically oil is witnessing a slowdown amid downward revision in global economic growth. Total revenue for the duration of 1HFY20 confirmed a healthy boom of 39% YoY amid the hefty increase in Non-tax revenue, while Total expenditure rose by way of 25% in the main due to a rise in domestic debt servicing. Inflation is set to descend in the coming quarters which will result in an economic policy easing cycle to start, resulting in market rerating amid attractive valuations and positive long-term outlook for Pakistan.

This quarter of FY20 was full of gloom and doom after the Coronavirus outbreak wreaked havoc on the global economy. The headline CPI inflation continued to ease as it grew by 10.2% YoY, the lowest level was once considered in the last eight months. The stress on inflation receded particularly as the government passed on the impact of declining crude oil prices to consumers. The MPC committee in its first meeting of the month reduced the interest rate by 75 bps citing the easing outlook on inflation.

State Bank of Pakistan for the first time slashed its policy rate in two spells, reversing the stance it has been pursuing due to the fact that the end of 2017. In the first spell, SBP introduced a reduction of seventy-five bps against the expectation of the market, citing easing food inflation and a fall in oil prices. Following the scheduled monetary meeting, the central bank held an emergent assembly whereby SBP referred to as an in-addition rate cut of one hundred fifty bps bringing the policy rate to 11%.

State Bank of Pakistan accepted bids well worth PKR 60.75 billion at a reduced off-price of 102.5295. In line with the discount on the policy rate, KIBOR fees confirmed a downward trend at some stage in the month whereby 3MK, 6MK, and 12MK have been down by means of 224bps, 229bps, and 265bps respectively and clocked in at 11.22%, 11.16% & 10.91%.

The downfall in the month of March erased all the features which the market had made on the grounds that the month of Aug-19 and accordingly, KMI-30 and KSE-100 index touched a new low of 41,365 factors and 27,229 points, respectively in Mar-20. However, in the last week of the month, attractive valuations and institutional aid helped the market to stage some mild recovery and KMI-30 and KSE-100 index ended the month at 45,056 points and 29,232 points, respectively. The outlook for inflation has accelerated in mild of the recent deceleration in domestic food prices, sharp fall in global oil prices, and the slowdown in external and domestic demand due to the Coronavirus pandemic.

Fund Performance:

As at March 31, 2020, net assets were PKR 670.39 million as compared to PKR 419.68 million as at March 31, 2020. Total operating income for the period was PKR 51.39 million as compared to PKR 44.70 million in the same period last year. Total expenses were PKR 9.14 million as compared to PKR 8.65 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 42.24 million as compared to PKR 36.05 million in the same period last year. Income already paid on unit redeemed was PKR 1.79 million. The Net Asset Value per unit was PKR 87.98 as at March 31, 2020.

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 in daily Net Asset Value (NAV).



Future Plans:

We have planned and significantly modify the financial and operational aspects of the company, also restructures our operations and develop a strategy to cut costs in an effective way to turn around the company. Our objective for the year is to grow Asset under Management (AUM) through Alternative Sales Personal ie bots and virtual sales. If a digital system for sales could be economically set up, it would be the easiest, and most scalable. As of now, the company is maintaining only one fund which categorized into Islamic Income Fund which is the surviving fund called 786 Smart Fund (formerly Dawood Income Fund) having AUM of PKR 670.39 million for the quarter ended March 31, 2020.

---SD---

Director

---SD---

Shafqat Sultana
Chairperson



ڈائریکٹرز کی رپورٹ

786 سمارٹ فنڈ (سابقہ داؤد اکھنڈ) کی مینجمنٹ کمپنی، 786 انویسٹمنٹ لمیٹڈ (786 ایڈی کمپنی) کے بورڈ آف ڈائریکٹرز کی جانب سے، میں 31 مارچ 2020 کو ختم ہونے والی نو ماہی کے فنڈ کے امور پر رپورٹ پیش کرتے ہوئے خوشی محسوس کرتا ہوں۔ آپ کی کمپنی نے کامیابی کا سفر جاری رکھا اور ترقی کے لئے تیار ہے۔

مارکیٹ اور اقتصادی جائزہ

اقتصادی اور ماضی مارکیٹ کا جائزہ:

2020 کے آغاز سے، وبائی بیماری (COVID-19) کی وبا پھیل گئی اور تیزی سے پوری دنیا کو اپنی لپیٹ میں لے لیا اور دنیا بھر کی معیشتوں کی بندش کا باعث بنی۔ عالمی سطح پر پھیلنے والے کووڈ وائرس کے اثرات، اجناس خاص طور پر تیل کی طلب عالمی معاشی نمو میں گراؤت کے باعث سست روی کا شکار ہے۔ نان ٹیکس محصولات میں زبردست اضافے کے دوران مالی سال 20 کی پہلی ششماہی کی مدت کے لئے سالانہ آمدنی نے 39 فیصد کی محنت مندر تیزی کی تصدیق کی، جبکہ مقامی ڈیٹ سروسنگ میں اضافے کی وجہ سے مجموعی اخراجات میں 25 فیصد اضافہ ہوا۔ آئندہ سہ ماہیوں میں افراط زر کی شرح کم ہوگی جس کے نتیجے میں معاشی پالیسی میں زمی کا آغاز ہوگا، جس کی بدولت پاکستان کے لئے پرکشش قیمتوں اور مثبت طویل مدتی نقطہ نظر کے مابین مارکیٹ کی بحالی ہوگی۔

کووڈ وائرس پھیلنے سے عالمی معیشت کی تباہی کے بعد مالی سال 20 کی یہ سہ ماہی انتہائی کشیدہ تھی۔ سی بی آئی افراط زر مسلسل تیزی سے کم ہوا کیونکہ اس میں سالہا سال 10.2 فیصد کا اضافہ ہوا، پچھلے آٹھ مہینوں میں کم ترین سطح پر آ گیا۔ مہنگائی پر داؤ خاص طور پر اس وقت کم ہوا جب حکومت نے صارفین کو خام تیل کی قیمتوں میں کمی کے اثرات منتقل کیے۔ MPC کمپنی نے مہینے کے پہلے اجلاس میں افراط زر پر بیوقوف نقطہ نظر کے حوالے سے سوڈی شرح کو 75bps تک کم کر دیا۔

اسٹیٹ بینک آف پاکستان نے پہلی بار اپنے پالیسی کی شرح کو دو مرحلوں میں کم کیا، اس موقف کو تبدیل کیا جو 2017 کے آخر میں اس حقیقت کی وجہ سے چل رہا ہے۔ پچھلے آٹھ مہینوں میں، SBP نے مارکیٹ کی توقع کے خلاف ایشیائی خورد و فروش کی مہنگائی کو کم کرنے اور تیل کی قیمتوں میں کمی کے حوالے سے 75bps کی کمی متعارف کرائی۔ شہد و مائٹری اجلاس کے بعد مرکزی بینک نے ایک ہنگامی آسٹیلی کا انعقاد کیا جس کے تحت اسٹیٹ بینک نے 150bps کی اضافی شرح میں کوئی کا حوالہ دیتے ہوئے پالیسی شرح کو 11 فیصد تک کم کر دیا۔

اسٹیٹ بینک آف پاکستان نے 102,5295 کی کم قیمت پر 60.75 ملین روپے کی بولی قبول کی۔ پالیسی شرح میں رعایت کے مطابق، KIBOR نہیں نے مہینہ میں چند مرحلوں پر گراؤت کے رجحان کی تصدیق کی ہے جس کے تحت 6MK، 3MK اور 12MK بالترتیب 224BS، 229BS اور 265bps نیچے چلا گیا اور 11.16 فیصد، 11.22 فیصد اور 10.91 فیصد پر پہنچ گیا ہے۔

مارچ کے مہینے میں ہونے والی گراؤت نے وہ ساری خصوصیات ختم کر دیں جو مارکیٹ نے اس بنیاد پر حاصل کی تھیں کہ اگست 19 اور اس کے بعد مارچ 20 میں، KMI-30 اور KSE-100 انڈیکس بالترتیب 41,365 عموماً اور 27,229 پوائنٹس کی نئی سطح پر پہنچ گیا۔ تاہم، مہینے کے آخری نصف میں، پرکشش قیمتوں اور ادارہ جاتی اعداد نے مارکیٹ کی بحالی میں مدد کی اور KMI-30 اور KSE-100 انڈیکس ماہ کے آخر میں بالترتیب 45,056 پوائنٹس اور 29,232 پوائنٹس پر بند ہوا۔ کئی غذائی قیمتوں میں حالیہ کمی، تیل کی عالمی قیمتوں میں تیزی سے کمی، اور کووڈ وائرس وبائی مرض کی وجہ سے بیرونی اور مقامی طلب میں سست روی کی بدولت مہنگائی کے نقطہ نظر میں تیزی آئی ہے۔

فنڈ کی کارکردگی

31 مارچ 2020 کو خالص ادا 670.39 ملین روپے جو کہ 31 مارچ 2019 کو 419.68 ملین روپے تھے۔ گزشتہ سال کی اسی مدت میں 44.70 ملین روپے کے مقابلے موجودہ مدت میں کمپنی کی مجموعی آمدنی 51.39 ملین روپے رہی۔ گزشتہ سال کی اسی مدت میں 8.65 ملین روپے کے مقابلے کل اخراجات 9.14 ملین روپے ہوئے۔ کل اخراجات گزشتہ سال کی اسی مدت کی تقریباً مساوی سطح پر ہی رہے۔ گزشتہ سال کی اسی مدت میں 36.05 ملین روپے کے مقابلے موجودہ مدت کے لئے خالص آمدنی 42.24 ملین روپے ہوئے۔ ریڈیم یونٹ پر پہلے ہی ادا شدہ آمدن 1.79 ملین روپے تھی۔ 31 مارچ 2020 کو فی یونٹ خالص اثاثہ کی قیمت 87.98 روپے ہے۔

انضمام نے بڑے پیمانے پر معیشتوں کے فوائد کو مؤثر طریقے سے سہولت فراہم کی جس نے ہمارے نقصانات کو منافع میں بدل دیا۔ اب بھی، فنڈ سے منافع میں اضافہ بڑھنے کا رجحان نظر آ رہا ہے جس کا مطلب یہ معیہ خالص اثاثہ قدر میں اضافہ (NAV) ہے۔



مستقبل کے منصوبے:

ہم نے کمپنی کے مالی اور آپریٹنگ پہلوؤں کی منصوبہ بندی اور نمایاں ترمیم کی ہے، کمپنی کے مؤثر انداز میں اخراجات کم کرنے کے لئے اپنے آپریٹنگ کی تنظیم نو اور ایک حکمت عملی بھی تیار کی ہے۔ سال کے لئے ہمارا مقصد متبادل سٹریٹجی بٹس اور ریورچول سٹریٹجی کے ذریعہ منجمنٹ کے تحت اثاثہ (AUM) کو بڑھانا ہے۔ اگر فروخت کے لئے ڈیجیٹل سسٹم معاشی طور پر مرتب کیا جاسکتا ہے تو، یہ سب سے آسان اور سب سے زیادہ توسیع پذیر ہوگا۔ ابھی تک، کمپنی صرف ایک فنڈ کو برقرار رکھے ہوئے ہے جس کو اسلامک انکم فنڈ کی درجہ بندی کی گئی ہے جو کہ سرو ایجوٹڈ فنڈ ہے جسے 1786 سارٹ فنڈ (سابقہ واؤڈ انکم فنڈ) کہا جاتا ہے جس کی 31 مارچ 2020 کو ختم ہونے والی سرمایہ میں 670.39 ملین پاکستانی روپے AUM ہے۔

---SD---
ڈائریکٹر

---SD---
شفقت سلطانہ
چیئر پرسن



**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UNAUDITED)
AS AT MARCH 31, 2020**

		(Un-Audited) March 31, 2020	Audited June 30, 2019
	Note	-----Rupees-----	
Assets			
Balances with Banks	7	581,294,733	331,391,795
Investments	8	86,166,389	116,722,434
Accrued Income/Profit	9	7,631,803	6,271,592
Security Deposits and Prepayments	10	6,156,912	100,000
Advance Income Tax		<u>7,923,448</u>	<u>73,763</u>
Total Assets		689,173,285	454,559,584
Liabilities			
Payable to 786 Investments Limited - Management Company	11	2,254,804	1,183,182
Payable to Trustees	12	96,144	70,640
Payable to Securities and Exchange Commission of Pakistan	13	92,507	354,912
Unclaimed Dividend		920,941	369,962
Accrued Expenses and Other Liabilities	14	15,415,430	6,889,115
Total Liabilities		18,779,826	8,867,811
Contingencies and Commitments	15		
Net Assets		<u>670,393,459</u>	<u>445,691,773</u>
Unit Holders' Funds		<u>670,393,459</u>	<u>445,691,773</u>
(Number)			
Number of Units in Issue	16	<u>7,619,962</u>	<u>5,541,116</u>
(Rupees)			
Net Assets Value Per Unit		<u>87.98</u>	<u>80.43</u>

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

For 786 Investments Limited
(Management Company)

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

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

----SD----
Director



CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE NINE MONTHS AND THREE MONTHS PERIOD ENDED MARCH 31, 2020

Note	Nine Months Period Ended March 31,		Three Months Period Ended March 31,	
	2020	2019	2020	2019
-----Rupees-----				
Income				
	-	(402,965)	-	-
	Net Realized Loss on Sale of Investments Income from Investments and Balances			
	With Banks			
17	43,001,677	32,485,866	17,651,987	13,805,615
	Reversal of Impairment on Investment At Fair Value Through Other Comprehensive Income			
8.1.1	8,377,578	12,566,367	-	4,188,789
	11,695	58,165	6,122	-
	Other Income			
	51,390,950	44,707,433	17,658,109	17,994,404
Expenses				
11.1	5,466,849	5,261,838	2,287,165	1,944,723
	Remuneration to the Management Company			
	Sindh Sales Tax on Remuneration to the Management Company			
11.2	710,691	684,037	297,333	252,814
11.3	364,456	330,790	152,477	129,649
	Accounting and Operational Charges			
	Remuneration to the MCB Financial Services Limited - Trustee			
12.1	546,686	536,253	228,717	194,475
12.2	71,070	69,716	29,734	25,282
	Sindh Sales Tax on Trustee Fee			
	Annual Fee to Securities & Exchange Commission of Pakistan			
13	72,893	263,092	30,498	97,236
	Auditor's Remuneration			
	422,990	453,411	141,891	127,237
	Fees and Subscription			
	132,825	105,471	34,897	34,644
	Securities Transactions Cost			
	103,316	53,357	94,474	44,538
	Printing and Related Charges			
	37,672	52,548	12,466	17,260
	Legal and Professional Charges			
14.2	266,243	101,793	134,952	33,436
	Provision for Sindh Workers' Welfare Fund			
	861,958	736,280	285,198	302,369
	Withholding Taxes - Written Off			
	76,500	-	-	-
	Bank Charges			
	12,821	8,436	8,316	1,971
	9,146,970	8,657,022	3,738,118	3,205,634
	Net Income for the Period Before Taxation			
	42,243,980	36,050,411	13,919,991	14,788,770
	Taxation			
18	-	-	-	-
	Net Income for the Period After Taxation			
	42,243,980	36,050,411	13,919,991	14,788,770
	Allocation of Net Income for the Period			
	Income Already Paid on Units Redeemed			
	(1,792,942)	(9,570,918)	-	-
	Accounting Income Available for Distribution:			
	40,451,038	26,479,493	13,919,991	14,788,770
	Relating to Capital Loss			
	-	(402,965)	-	-
	Excluding Capital Gain			
	40,451,038	26,882,458	13,919,991	14,788,770
	40,451,038	26,479,493	13,919,991	14,788,770

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 NINE MONTHS AND THREE MONTHS PERIOD ENDED MARCH 31, 2020**

	Nine Months Period Ended		Three Months Period Ended	
	March 31,		March 31,	
	2020	2019	2020	2019
Note	-----Rupees-----			
Net Income for the Period After Taxation	42,243,980	36,050,411	13,919,991	14,788,770
<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 (549,243)	47,908	95,773	(79,415)
Other Comprehensive (Loss)/Income	(549,243)	47,908	95,773	(79,415)
Total Comprehensive Income for the Period	41,694,737	36,098,319	14,015,764	14,709,355

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 NINE MONTHS PERIOD ENDED MARCH 31, 2020**

	March 31, 2020				March 31, 2019			
	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
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 4,176,550 Units (2019: 6,227,810 Units)								
- Capital Value (At Net Asset Value Per Unit At the Beginning of the Year)	335,934,967	-	-	335,934,967	497,146,818	-	-	497,146,818
- Element of Income	24,332,159	-	-	24,332,159	14,048,228	-	-	14,048,228
Total Proceeds on Issuance of Units	360,267,126	-	-	360,267,126	511,195,046	-	-	511,195,046
Redemption of 2,097,704 Units (2019: 5,142,185 Units)								
- Capital Value (At Net Asset Value Per Unit At the Beginning of the Year)	(168,725,732)	-	-	(168,725,732)	(410,484,678)	-	-	(410,484,678)
- Amount Paid Out of Element of Income	-	(1,792,942)	-	(1,792,942)	-	(9,570,918)	-	(9,570,918)
- Refund/Adjustment on Units As Element of Income	(6,741,503)	-	-	(6,741,503)	(9,958,696)	-	-	(9,958,696)
Total Payments on Redemption of Units	(175,467,235)	(1,792,942)	-	(177,260,177)	(420,443,374)	(9,570,918)	-	(430,014,292)
Net Income for the Period Before Taxation	-	42,243,980	(549,243)	42,243,980	-	36,050,411	47,908	36,050,411
Other Comprehensive (Loss)/Income	-	-	-	-	-	-	-	-
Distribution for the Year 2018 @ 8.53 Per Unit on July 4, 2018	-	-	-	-	-	(32,321,811)	-	(32,321,811)
	-	42,243,980	(549,243)	41,694,737	-	3,728,600	47,908	3,776,508
Net Assets At End of the Period	772,746,850	(102,526,582)	173,191	670,393,459	526,149,477	(107,184,011)	716,092	419,681,558
Undistributed Loss Brought Forward								
- Realized Loss		(142,977,620)				(101,341,693)		
Accounting Income Available for Distribution								
- Relating to Capital Loss		-				(402,965)		
- Excluding Capital Gain		40,451,038				26,882,458		
		40,451,038				26,479,493		
Distribution in the Month of July 04, 2018		-				(32,321,811)		
Undistributed Loss Carried Forward		(102,526,582)				(107,184,011)		
Undistributed Loss Carried Forward								
- Realized Loss		(102,526,582)				(107,184,011)		
		(102,526,582)				(107,184,011)		
Net Assets Value Per Unit At Beginning of the Period		80.43				88.31		
Net Assets Value Per Unit At End of the Period		87.96				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 NINE MONTHS PERIOD ENDED MARCH 31, 2020**

	Nine Months Period Ended	
	March 31, 2020	March 31, 2019
Note	-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income for the Period Before Taxation	42,243,980	36,050,411
Adjustments For:		
Net Realized Gain on Sale of Investments	-	-
Income on Bank Balances and Investments	(43,001,677)	(21,703,181)
Amortisation of Discount of Government Securities	-	(10,782,685)
Reversal of Impairment on Investment At Fair Value Through Other Comprehensive Income	(8,377,578)	(12,566,367)
Withholding Taxes - Written Off	(76,500)	-
Provision for Sindh Workers' Welfare Fund	861,958	736,280
Operating Loss Before Working Capital Changes	(50,593,797)	(44,315,953)
(Increase) in Assets		
Deposits and Prepayments	(6,056,912)	(6,857)
Increase/(Decrease) in Liabilities		
Payable to the Management Company	1,071,622	361,065
Payable to the Trustee	25,504	19,058
Annual Fee Payable to Securities and Exchange Commission of Pakistan	(262,405)	20,005
Dividend Payable	550,979	-
Accrued Expenses and Other Liabilities	7,664,357	(163,529)
	9,050,057	236,599
Proceeds From Investments - Net	38,384,380	68,023,152
Income Received on Investments and Balances With Banks	41,641,466	17,938,415
Advance Income Tax	(7,773,185)	(73,763)
Net Cash Generated From Operating Activities	66,895,989	77,852,004
Cash Flows From Financing Activities		
Amounts Received Against Issue of Units	360,267,126	511,195,046
Payment Made Against Redemption of Units	(177,260,177)	(430,014,292)
Dividend Paid	-	(32,321,811)
Net Cash Generated From Financing Activities	183,006,949	48,858,943
Net Increase in Cash and Cash Equivalents	249,902,938	126,710,947
Cash and Cash Equivalents At Beginning of the Year	331,391,795	178,611,620
Cash and Cash Equivalents At End of the Period	581,294,733	305,322,567

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

<p>-----SD----- Chief Executive Officer</p>	<p>For 786 Investments Limited (Management Company) -----SD----- Chief Financial Officer</p>	<p>-----SD----- Director</p>
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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2020**

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 March 31, 2020, the name of Dawood Income Fund has been changed to 786 Smart Fund with the approval of SECP and after registration of revised trust deed dated August 08, 2019, 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 Limited 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 two 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 follow:

Fund Name	Previous Units	Swap ratio	Units allotted
786 Rising Star Fund	974,266	1,2566	1,224,246
First Dawood Mutual Fund	6,160,807	0,2044	1,259,050

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

Description	786 Rising Star Fund	First Dawood Mutual Fund
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:

Fund Name	786 Rising Star Fund	First Dawood Mutual Fund
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 786SF (based on swap ratio) were issued to those eligible persons whose names appeared in the register of unit holders of 786RSF and 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 786RSF and 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 These condensed interim financial statements 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 These condensed interim financial statements are unaudited are being circulated to the unit holders as per the requirement of the NBFC regulations. 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) March 31, 2020	Audited June 30, 2019
	Note	-----Rupees-----	
7 BALANCES WITH BANKS			
- In profit and loss sharing PLS accounts	7.1	<u>581,294,733</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) March 31, 2020	Audited June 30, 2019
	Note	-----Rupees-----	
8 INVESTMENTS			
At Fair Value through Other Comprehensive Income			
Listed - Term Finance Certificates	8.1	-	-
Unlisted - Sukuk Certificates	8.2	<u>86,166,389</u>	<u>116,722,434</u>
		<u>86,166,389</u>	<u>116,722,434</u>



	As at July 01, 2019	Acquired as a Result of Merger	Matured/ Disposed During the Period	As at March 31, 2020	Cost/ Carrying Value	Market Value	% of Total Investment
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 March 31, 2020	Cost/ Carrying Value	Market Value	% of Total Investment
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	11,196,450
							13%
Commercial Bank							
Dubai Islamic Bank Limited	8.3.4	26	-	-	26	26,486,304	26,389,996
							31%
Engineering							
Agha Steel Industries Limited	8.3.5	15	-	-	15	15,000,000	15,000,000
							17%



	As at July 01, 2019	Acquired as a Result of Merger	Matured/ Disposed During the Period	As at March 31, 2020	Cost/ Carrying Value	Market Value	% of Total Investment	
Face value of Rs. 100,000/-each	Note		-----Number of certificates-----		-----Rupees-----			
Fertilizers								
Dawood Hercules Corporation Limited	8.3.6	300	100	-	400	31,908,500	32,106,634	37%
Fatima Fertilizer Company Limited	8.3.7	736	-	-	736	1,483,922	1,474,309	2%
Face value of Rs. 5,000/-each								
Power Generation & Distribution								
Hub Power Company Limited	8.3.8	8,000	-	8,000	-	-	-	0%
Face value of Rs. 2,933/-each								
Eden Housing Limited	8.3.9	984	-	-	984	2,887,171	-	-
Provision held	8.3				(2,887,171)	-	-	-
Face value of Rs. 5,000/-each								
Antex Limited	8.3.10	-	6,000	-	6,000	22,500,000	-	-
Provision held	8.3				(22,500,000)	-	-	-
<i>balance Carried Forward</i>					86,715,632	86,166,389		
<i>balance brought forward</i>					86,715,632	86,166,389		
Face value of Rs. 5,000/-each								
New Allied Electronics Industries (Private) Limited	8.3.11	-	1,000	-	1,000	5,027,500	-	-
Provision held	8.3				(5,027,500)	-	-	-
					86,715,632	86,166,389		

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)	-	-	-
Antex 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) March 31, 2020	Audited June 30, 2019
8.4 Unrealized Gain on Revaluation of Investments Classified as Fair Value through Other Comprehensive Income - Net	Note	-----Rupees-----	
Fair Value of Investments	8.2	86,166,389	61,656,476
Cost/Carrying Value of Investment		<u>(86,703,924)</u>	<u>(61,410,934)</u>
		(537,535)	245,542
Net Unrealized Loss in Fair Value of Investments - Opening		<u>(11,708)</u>	<u>(257,250)</u>
		<u>(549,243)</u>	<u>(11,708)</u>
9 ACCRUED INCOME/PROFIT			
Income form:			
- Profit and Loss Sharing (PLS) Accounts		5,437,740	3,577,346
- Sukuk Certificates		<u>2,194,063</u>	<u>2,694,246</u>
		<u>7,631,803</u>	<u>6,271,592</u>
10 SECURITY DEPOSITS AND PREPAYMENTS			
Prepayments - Annual PSX Fee		6,912	-
Deposits - Central Depository Company			
- Deposits - Central Depository Company 786SF		100,000	100,000
- Deposits - Central Depository Company FDMF		50,000	-
		150,000	100,000
Deposits - National Clearing Company of Pakistan			
- Deposits - National Clearing Company 786SF		2,500,000	-
- Deposits - National Clearing Company FDMF		3,500,000	-
		6,000,000	-
		<u>6,156,912</u>	<u>100,000</u>
11 PAYABLE TO 786 INVESTMENTS LIMITED - MANAGEMENT COMPANY			
Management Remuneration	11.1	850,815	627,856
Sindh Sales Tax Payable	11.2	131,091	102,105
Accounting and Operational Charges			
-786 Smart Fund	11.3	364,457	453,221
-First Dawood Mutual Fund	11.3	731,382	-
-786 Rising Star Fund	11.3	177,059	-
		1,272,898	453,221
		<u>2,254,804</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) March 31, 2020	Audited June 30, 2019
	Note	-----Rupees-----	
12 PAYABLE TO TRUSTEES			
Trustee Remuneration			
- Payable to MCB Financial Services Limited	12.1	85,082	62,511
- Sindh sales tax payable on Trustee remuneration	12.2	11,062	8,129
		96,144	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 The Sindh Provincial Government has levied sindh sales tax at the rate of 13% (June 2019: 13%) on trustee's remuneration.

13 PAYABLE 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) March 31, 2020	Audited June 30, 2019
	Note	-----Rupees-----	
14 ACCRUED EXPENSES AND OTHER LIABILITIES			
Federal Excise Duty on Remuneration	14.1	6,513,679	1,797,106
Provision for Sindh Workers' Welfare Fund	14.2	7,293,687	3,267,015
Accrued Expenses	14.3	800,657	657,443
Other Liabilities		553,020	-
Capital Gain Tax Payable		242,767	1,155,931
Zakat Payable and Withholding Tax		11,620	11,620
		15,415,430	6,889,115



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 March 31, 2020 would have been higher by Rs. 0.85 (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 March 31, 2020 would have been higher by Rs 0.96 per unit (June 30, 2019: Rs 0.59 per unit).

	(Un-Audited) March 31, 2020	Audited June 30, 2019
14.3 Accrued Expenses	-----Rupees-----	
Auditors' Remuneration Payable	401,791	340,601
Rating Fee Payable - PACRA	85,138	226,000
Printing and Related Expenditure Payable	29,673	40,000
Shariah and Tax Advisors Fee Payable	284,055	49,172
Other Payable	-	1,670
	<u>800,657</u>	<u>657,443</u>

15 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at March 31, 2020 and (June 30, 2019: Nil).

	(Un-Audited) March 31, 2020	Audited June 30, 2019
16 NUMBER OF UNITS IN ISSUE	-----Number of Units-----	
Total Outstanding as of	5,541,116	3,790,392
Issued During the Period	4,176,550	8,042,818
Redemption During the Period	(2,097,704)	(6,292,094)
Closing Units	<u>7,619,962</u>	<u>5,541,116</u>

	(Un-Audited) March 31, 2020	(Un-Audited) March 31, 2019
17 INCOME FROM INVESTMENTS AND BALANCES WITH BANKS	-----Rupees-----	
Income from:		
- Sukuk Certificates	10,893,629	5,101,030
- Government Securities	-	10,782,685
- Commercial Papers	-	1,804,712
- Profit and Loss Sharing (PLS) Account	32,108,048	14,616,535
- Term Deposits Receipts (TDR)	-	180,904
	<u>43,001,677</u>	<u>32,485,866</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 March 31, 2020 is 2.51% which includes 0.49% 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:

	Note	Nine Months Period Ended	
		2020	2019
		-----Rupees-----	
20.1 Transactions during the Period Ended			
786 Investments Limited - Management Company			
Remuneration of the management company	11.1	<u>5,466,849</u>	<u>5,261,838</u>
Sales tax on remuneration to the management company	11.2	<u>710,691</u>	<u>684,037</u>
Accounting and operational charges	11.3	<u>364,456</u>	<u>330,790</u>
Issue of Units: 849,869 (2019: 987,385)		<u>72,825,422</u>	<u>80,505,723</u>
Redemption of Units: 548,779 (2019: 244,208 Units)		<u>45,000,000</u>	<u>20,000,000</u>
MCB Financial Services Limited - Trustee			
Remuneration of the Trustee	12.1	<u>546,686</u>	<u>536,253</u>
Sales tax on Trustee fee	12.2	<u>71,070</u>	<u>69,716</u>
BRR Guardian Modaraba (Connected Person due to Group Company)			
Issue of Units: 380,439 (2018: Nil)		<u>32,620,729</u>	<u>-</u>
Redemption of Units: 11,386 (2019: Nil)		<u>1,000,000</u>	<u>-</u>
BRR Investment Limited (Connected Person due to Group Company)			
Issue of Units: 392 (2019: 422,359)		<u>31,581</u>	<u>33,135,625</u>
Redemption of Units: 300,164 (2019: 626,116)		<u>24,950,000</u>	<u>51,400,000</u>



	Nine Months Period Ended	
	March 31,	
	2020	2019
	-----Rupees-----	
Dawood Family Takaful Limited		
(Connected Person due to Group Company)		
Issue of Units: 389,417 (2018: Nil)	<u>33,390,553</u>	-
Dawood Family Takaful Limited - Employees contributory provident fund- Associate of Management Company		
Issue of Units: 52,905 (2018: Nil)	<u>4,536,356</u>	-
First Dawood Investment Bank Limited		
(Connected Person due to Group Company)		
Issue of Units: 1,991 (2019: 2,872,694 Units)	<u>160,223</u>	235,000,000
Redemption of Units: 1,991 (2018: 2,872,694 Units)	<u>161,617</u>	240,662,786
First Dawood Investment Bank Limited -Employees Contributory Provident Fund- Employee Benefit Fund of Group Company		
Issue of Units: 136,877 (2019: 41,415 Units)	<u>11,736,560</u>	2,074,545
Redemption of Units: 60,167 (2018: Nil)	<u>5,000,000</u>	-
BRR Financial Services (Pvt.) Limited		
(Connected Person due to Group Company)		
Issue of Units: 304,308 (2019: Nil Units)	<u>26,500,000</u>	-
Redemption of Units: 51,394 (2019: Nil Units)	<u>4,500,000</u>	-
Dawood International (Private) Limited		
(Connected Person due to Group Company)		
Issue of Units: 127,985 (2019: Nil Units)	<u>11,150,000</u>	-
Directors and Key Management Personnel of the Management Company		
Issue of Units: 6,583 (2019: 110,814 Units)	<u>564,453</u>	8,400,646
Redemption of Units: 34,255 (2019: 132,083 Units)	<u>2,856,000</u>	10,694,546
Other Connected Persons		
Issue of Units: 1,661,786 (2019: 478,287 Units)	<u>144,120,427</u>	39,750,133
Redemption of Units: 1,038,644 (2018: Nil)	<u>89,445,246</u>	-
	(Un-Audited)	Audited
	March 31,	June 30,
	2020	2019
20.2 Balance as at period ended	Note	-----Rupees-----
786 Investments Limited - Management Company		
Remuneration payable to the management company	11	<u>850,815</u> <u>627,856</u>
Sales tax payable on management company's remuneration	11	<u>131,091</u> <u>102,105</u>
Accounting and operational charges	11	<u>364,457</u> <u>453,221</u>
-Payable to CDC Trustee of First Dawood Mutual Fund	11	<u>731,382</u> <u>-</u>
-Payable to CDC Trustee of 786 Star Rising Fund	11	<u>177,059</u> <u>-</u>



	(Un-Audited) March 31, 2020	Audited June 30, 2019
Note	-----Rupees-----	
FED Payable on Management Company's Remuneration	<u>6,513,679</u>	<u>1,797,106</u>
Units Held: 1,673,191 (June 2019: 1,372,100)	<u>147,205,013</u>	<u>110,362,959</u>
MCB Financial Services Limited - Trustee		
Remuneration Payable to the Trustee	<u>12 85,082</u>	<u>62,511</u>
Sales Tax Payable on Trustee Fee	<u>12 11,062</u>	<u>8,129</u>
BRR Guardian Modaraba (Connected Person due to Group Company)		
Units Held: 369,053 (June 2019: Nil)	<u>32,468,739</u>	<u>-</u>
BRR Investment Limited (Connected Person due to Group Company)		
Units Held: 84,968 (June 2019: 384,739)	<u>7,475,364</u>	<u>30,945,909</u>
First Dawood Investment Bank Limited -Employees Contributory Provident Fund- Employee Benefit Fund of Group Company		
Units Held: 549,830 (June 2019: 473,120)	<u>48,373,303</u>	<u>38,054,757</u>
Dawood Family Takaful Limited (Connected Person due to Group Company)		
Units Held: 389,417 (June 2019: Nil)	<u>34,260,355</u>	<u>-</u>
Dawood Family Takaful Limited -Employees contributory provident fund- Associate of management company		
Units Held: 52,905 (June 2019: Nil)	<u>4,654,525</u>	<u>-</u>
BRR Financial Services (Pvt.) Limited (Connected Person due to Group Company)		
Units Held: 252,913 (June 2019: Nil)	<u>22,250,973</u>	<u>-</u>
Dawood International (Private) Limited (Connected Person due to Group Company)		
Units Held: 127,985 (June 2019: Nil)	<u>11,259,971</u>	<u>-</u>
Directors and key Management Personnel of the Management Company		
Units Held: 604,273 (June 2019: 631,945)	<u>53,163,061</u>	<u>50,829,625</u>
Other Connected Persons		
Units Held: 1,353,920 (June 2019: 858,661)	<u>119,115,945</u>	<u>69,065,176</u>



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 April 23, 2020.

For 786 Investments Limited
(Management Company)

____SD____
Chief Executive Officer

____SD____
Chief Financial Officer

____SD____
Director

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