



# 786 Smart Fund (Formerly Dawood Income Fund) December '19

## Fund Manager Report

### Investment Objective

To provide competitive risk adjusted returns to its investors by investing in a diversified portfolio of long, medium and short term Shariah compliant debt instruments while taking in to account liquidity considerations.

### Fund Manager's Comments

During the month, the fund size increased from PKR 397.71 mn to PKR 550.41 mn. The Fund made monthly annualized return of 9.77% for the month ended December 31, 2019 as compared to its benchmark return of 6.70% during the same period. 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.

Fund Statistics	
Name of Fund	786 Smart Fund (Formerly Dawood Income Fund)
Type	Open End
Category	Shariah Compliant Income Scheme
Net Assets	PKR 550.41 million
Net Assets Value per unit	PKR 85.9881
Wt. average Time to maturity	0.71 years
Benchmark	Six Month average deposit rates of three (3) A rated schedules Islamic banks or Islamic windows of conventional banks as selected by MUFAP
Trustee & Custodian	MCB Financial Services Limited
Auditor	Grant Thornton Anjum Rahman
Registrar	M/s F.D. Registrar Services (SMC-Pvt) Limited
Launch Date	19-May-2003
Listing	PSX
Duration	Perpetual
Management Fee	1.50% per annum
Total Expense Ratio*	2.55%* p.a
Sales Load	1% Front End
Pricing Mechanism	Forward
Leverage	Nil
Risk Profile	Medium
AMC Rating	AM3 (27 Dec 2019)
Stability Rating	AA-(f) by PACRA (28 Oct 2019)
Subscription	PKR. 5,000/-

\* This includes 0.54% representing government levy, SWWF and SECP fee. (Annualized)

Asset Allocation (% of Total Assets)		
Assets	Dec-19	Nov-19
TFC / Sukuk	15.83%	17.71%
Bank Balances	80.37%	80.81%
Others	3.80%	1.48%

Asset Allocation (Credit Quality)		
Credit Quality	Dec-19	Nov-19
AA	6.30%	6.63%
AA-	0.27%	0.02%
A+	89.62%	91.87%
Unrated	3.81%	1.48%

Fund Returns		
Periods	Returns	Benchmark
December 2019	9.77%	6.70%
*FYTD 2020 (till July 2019)	8.51%	13.43%
**FYTD 2020 (from Aug 2019 tilldate)	14.65%	6.26%
*Rolling 12 Months Dec 19 (Till July 19)	13.19%	10.60%
**Rolling 12Months Dec 19 (Aug19 todote)	13.19%	5.33%
FY 2019	8.78%	12.93%
FY 2018	11.89%	6.22%
FY 2017	16.29%	5.98%
FY 2016	22.61%	6.50%
FY 2015	6.41%	9.00%
FY 2014	6.18%	9.80%
last 10 years	59.57%	9.77%

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

\* As per Old benchmark \*\* As per New benchmark

TOP TEN DEBT SECURITIES		
INVESTE COMPANY	Type	% of Total Assets
Dawood Hercules Corporation Limited	SUKUK	6.30%
Dubai Islamic Bank Limited	SUKUK	4.57%
Agha Steel Industries Limited	SUKUK	2.64%
TPL Corp Ltd. (Formerly: TPL Trakker Ltd.)	SUKUK	2.05%
Fatima Fertilizer Company Ltd.	SUKUK	0.26%

Investment Committee	
Tara Uzra Dawood	Chief Executive Officer
Noman Shakir	Chief Financial Officer
Muhammad Abbas	AVP Finance

Details of Non-Compliant Investment						
Name of Investment	Type	Value before Provision	Provision (if any)	Value after Provision	% of Net Assets	% of Gross Assets
Dewan Cement Limited	Pre-IPO Investment	71,209,413	71,209,413	-	0.00%	0.00%
New Allied Electronics Industries Limited	TFC	32,655,939	32,655,939	-	0.00%	0.00%
New Allied Electronics Industries Limited	Sukuk	5,027,500	5,027,500	-	0.00%	0.00%
Eden Housing Ltd.	Sukuk	2,887,171	2,887,171	-	0.00%	0.00%
Amtex Limited	Sukuk	22,500,000	22,500,000	-	0.00%	0.00%

Registered Address
786 Investments Limited
G3, Ground Floor BRR Tower, Hassan Ali Street, Off I. I. Chundrigar Road, Karachi 74000, Pakistan
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Cut-off Timings		
Business / Dealing Days	Business Hours	Cut-off Timings
Monday - Friday	09:00 am - 6:00 pm	9:00 am - 4:00 pm

**Other Information**  
The calculation of performance does not include cost of Front End Load. This return includes reversal of provisioning.

The Scheme holds certain Non-Compliant investments. Before making any investment decision, investors should review the latest monthly Fund Manager Report and Financial Statements.

786SF has provided annualize return 14.65 % due to agreement executed between the Management Company and Dewan Cement Ltd. for recovery of fully provided TFC of Dewan Cement Ltd.

### SWWF Disclosure

The Scheme has maintained provisions against Sindh Workers' Welfare Fund's liability to the tune of Rs. 7.01 million Had that not been provided, the NAV per unit/return for the period would have been higher by Rs. 1.09 / 1.27%. For details investors are advised to read the Note 10.1 of the latest Financial Statements of the Scheme for the period ended September 30, 2019.

### Disclaimer

This publication is for informational purposes only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell any fund. All investments in mutual funds are subject to market risks. Past performance is not necessarily indicative of future results. Please read the Offering Document to understand investment policies and the risks involved.

(MUFAP's recommended format)