



INVESTMENTS

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786 INVESTMENTS LIMITED



786 SMART FUND

**FOR THE
HALF YEAR ENDED
DECEMBER 31, 2021
(UN-AUDITED)**



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CORPORATE INFORMATION

Management Company	786 Investments Limited G-3 B.R.R. Tower, Hassan Ali Street, Off I.I. Chundrigar Road, Karachi - 74000 Pakistan Tel: (92-21) 32603751-54 Email: info@786investments.com Website: www.786investments.com	
Board of Directors	Mr. Ahmed Salman Munir Miss Tara Uzra Dawood Ms. Charmaine Hidayatullah Syed Shabhat Hussain Mr. Naveed Ahmed Syed Musharaf Ali Mr. Iqbal Shafiq	Chairperson Chief Executive Officer Director Director Director Director Director
Chief Financial Officer & Company Secretary	Mr. Noman Shakir	
Audit Committee	Syed Shabhat Hussain Mr. Naveed Ahmed Syed Musharaf Ali	Chairman Member Member
Human Resource Committee	Mr. Ahmed Salman Munir Miss Tara Uzra Dawood Mr. Naveed Ahmed	Chairperson Member Member
Trustee:	Digital Custodian Company Limited (formerly: MCB Financial Services Limited) 4th Floor, Pardasi House, 2/1 R-Y old Queens Road, Karachi	
Auditors	Reanda Haroon Zakaria & Company Chartered Accountants	
Legal Advisor	Rauf & Ghaffar Law Associates (Advocates & Consultants) Suite # 65, 5th Floor, Fareed Chamber, Abdullah Haroon Road, Saddar – Karachi, Pakistan.	
Registrars	F.D. Registrar Services (Pvt.) Ltd. Office# 1705, 17th Floor Saima Trade Tower. A, I.I. Chundrigar Road, Karachi-74000, Pakistan.	
Banker:	Dubai Islamic Bank Limited BankIslami Pakistan Limited	
Rating	PACRA: AA-(f)	



DIRECTORS' REPORT FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021

It is a matter of honor for me to present on behalf of the Board of Directors (BODs) of 786 Investments Limited ("786" or the "Company") the Management Company of 786 Smart Fund (Formerly Dawood Income Fund), the reviewed financial statements along with the auditors reviewed the report for the half-year ended December 31, 2021.

ECONOMY, MARKET & STOCK REVIEW

Economy Review & Outlook:

The latest Omicron mutant of the coronavirus has clouded the world economy with uncertainty. The spread of omicron has forced economists across the globe to cast a shadow of doubt on the ongoing global economic growth recovery. Global energy prices for November 2021 declined by 6.4%, while non-energy prices fell by 0.2% as compared to October 2021. Pakistan's economy has recovered after better performance at coping with the Covid-19 pandemic and resulting constraints.

SBP raised the policy rate by 100 basis points to 9.75 percent on 14th December 2021 to counter inflationary pressures. During 1st July - 03rd December, FY2022 money supply (M2) shows negative growth of 0.2 percent (Rs. -41.8 billion) compared to the growth of 1.73 percent (Rs. 361.3 billion) in last year. Within M2, Net Foreign Assets (NFA) decreased by Rs. 147.0 billion as compared to an increase of Rs. 515.9 billion in last year. On the other hand, the NDA of the banking sector increased by Rs. 105.2 billion as compared to a decline of Rs. 154.6 billion last year. Private Sector has borrowed Rs. 454.3 billion against the retirement of Rs. 15.6 billion last year.

Money Market Review & Outlook

Unfortunately all the three markets (stock market, money market, and exchange rate) are not reciprocating positively to the economic narrative being built by the economic managers, so downslide continues at an accelerated pace. The situation did not change on the ground mainly because the government had become desperate borrowers and commercial banks started dictating to the government on pitching higher offered rates for investing in T-bills.

The government had raised a total of Rs. 1,285 billion against the target of Rs1, 400 billion and against the maturity of Rs. 1,500 billion. The cut-off yields on three months, six months, and one year remained unchanged at 10.79pc, 11.50pc, and 11.51pc respectively. The Ministry of Finance raised Rs.805 billion (almost 63%) through three-month treasury bills, Rs.385 billion (almost 30%) for six months, and Rs.95 billion (around 7%) from one-year bills.

Stock Market Review & Outlook:

The Pakistan Stock Exchange (PSX) witnessed a tumultuous 365 days in 2021 as on the one hand it was classified among the best Asian bourses but on the other hand, downgraded from emerging markets to frontier markets by Morgan Stanley Capital International (MSCI).

Share prices of the top 100 companies listed at the PSX improved by a net 2% during 2021, pushing the benchmark KSE-100 index to 44,596.07 points at the close of trading on the last day of the year. On the flip side, the market showed the worst performance in 21 months on December 2, 2021, when the benchmark index plunged 2,135 points or 4.7%. It came after the country's trade deficit soared to a record high of \$5 billion in November and yields on T-bills jumped suddenly, signaling an aggressive hike in the benchmark interest rate, which later proved to be true.

Auditors' Report:

The Auditors in their review report on half-year ended December 31, 2021, concluded as under:

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



Fund Performance Review:

As of December 31, 2021, net assets were PKR 956.2 million as compared to PKR 555.49 million as of December 31, 2020. Total operating income for the period was PKR 41.9 million as compared to PKR 21.03 million in the same period last year. Total expenses amounted (PKR 9.56 million) which after netting off from the reversal of the cumulative provision of PKR 8.098 million for SWWF for the period May 21, 2015 to August 12, 2021 settled at (PKR 1.48 million) as compared to (PKR 6.82 million) in the same period last year. Net Income for the period was PKR 40.45 million as compared to PKR 14.21 million in the same period last year. The income already paid on the units redeemed was PKR 0.0127 million in comparison of PKR 1.26 million in (Dec-21) reflecting accounting income available for distribution of PKR 40.43 million as compared to PKR 12.95 million in December-2021. The Net Asset Value per unit was PKR 85.22 as of December 31, 2021.

Asset Allocation (% of Total Assets)		
Assets	Jan-22	Dec-21
TFC/ Sukuk	4.59%	4.89%
Bank Balances	38.49%	41.00%
Islamic Commercial Paper	24.99%	11.79%
TDR	30.88%	41.32%
Others	1.05%	0.99%

Asset Allocation (Credit Quality)		
Credit Quality	Jan-22	Dec-21
AA	66.42%	66.32%
AA-	15.91%	2.78%
A+	16.61%	29.91%
Unrated	1.06%	1.01%

Asset Allocation (Credit Quality)		
Periods	Returns	Benchmark
December 2021	6.98%	3.10%
FYTD 2022	9.85%	3.14%
Rolling 12 Months December 2021	7.75%	3.17%
FY 2021	5.12%	3.11%
FY 2020	10.93%	6.41%
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%
last 10 years	59.57%	9.77%

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

Acknowledgement:

The Directors wish to express their gratitude to the Securities & Exchange Commission of Pakistan (SECP) and other regulatory bodies for their valuable support, assistance, and guidance. The Board also thanks the employees of the Asset Management Company, the Trustee for their dedication and hard work, and the unitholders for their confidence in the Management.

----SD----

Director

----SD----

Ahmed Salman Munir
Chairperson



SMART FUND

ڈائریکٹرز کی رپورٹ

786 سمارٹ فنڈ (سابقہ ڈاؤڈا کم فنڈ) کی مینجمنٹ کمیٹی، 786 انویسٹمنٹ لمیٹڈ (786 یادی کمیٹی) کے بورڈ آف ڈائریکٹرز 31 دسمبر 2021 کو ختم ہونے والی سرماہی کے مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

اقتصادی، مارکیٹ اور اسٹاک کا جائزہ:

اقتصادی جائزہ اور مستقبل کا نقطہ نظر:

گورنر دوائس کے تازہ ترین اویٹیکرون تعبیرات کے عالمی معیشت پر غیر یقینی کے بادل چھائے ہوئے ہیں۔ اویٹیکرون کے پھیلاؤ نے دنیا بھر کے ماہرین اقتصادیات کو جاری عالمی اقتصادی ترقی کی بحالی پر شکوک کے سامنے ڈالنے پر مجبور کر دیا ہے۔ نومبر 2021 کے لیے توانائی کی عالمی قیمتوں میں 6.4 فیصد کمی واقع ہوئی، جبکہ اکتوبر 2021 کے مقابلے میں غیر توانائی کی قیمتوں میں 0.2 فیصد کمی واقع ہوئی۔ پاکستان کی معیشت کو 19- کی وبا اور اس کے نتیجے میں آنے والی رکاوٹوں سے نمٹنے میں بہتر کارکردگی کے بعد بحال ہوئی ہے۔

اسٹیٹ بینک پاکستان نے فراہم کردہ ڈاؤڈا کم کرنے کے لیے 14 دسمبر 2021 کو پالیسی ریٹ کو 100bps سے بڑھا کر 9.75 فیصد کر دیا۔ کیم جولائی سے 03 دسمبر کے دوران، مالی سال 2022 کی نئی سپلائی (M2) میں گزشتہ سال کی 1.73 فیصد (361.3 بلین روپے) کی نمو کے مقابلے میں 0.2 فیصد (41.8 بلین روپے) کی منفی نمو ظاہر ہوئی ہے۔ M2 کے اندر، خالص غیر ملکی اثاثوں (NFA) میں پچھلے سال 515.9 بلین روپے کے اضافے کے مقابلے میں 147.0 بلین روپے کی کمی واقع ہوئی۔ دوسری طرف، بینکنگ سیکٹر کے NDA میں پچھلے سال 154.6 بلین روپے کی کمی کے مقابلے میں 105.2 بلین روپے کا اضافہ ہوا۔ پرائیویٹ سیکٹرز نے پچھلے سال 15.6 بلین روپے کی ریٹائرمنٹ کے عوض 454.3 بلین روپے کا قرضہ لیا ہے۔

معی مارکیٹ کا جائزہ اور مستقبل کا نقطہ نظر:

بدقسمتی سے تمام تینوں منڈیاں (اسٹاک مارکیٹ، معی مارکیٹ، اور ایکسچینج ریٹ) اقتصادی مہینچرز کے تعبیر کئے گئے معاشی مہیے کا مثبت طور پر مقابلہ نہیں کر رہی ہیں، اس لیے متزنی تیز رفتاری سے جاری ہے۔ صورتحال بنیادی طور پر اس وجہ سے نہیں بدلی کہ حکومت مایوس کن قرضدار بن گئی اور کمرشل بینکوں نے حکومت کوئی بلز میں سرمایہ کاری کے لیے پیش کردہ زیادہ شرحوں پر حکم دینا شروع کر دیا تھا۔

حکومت نے مجموعی طور پر 1,400 بلین روپے کے ہدف اور 1,500 بلین روپے کی میچورٹی کے عوض کل 1,285 بلین روپے اکٹھے کئے۔ تین ماہ، چھ ماہ اور ایک سال کی کٹ آف پیداوار بالترتیب 10.79pc، 11.50pc، اور 11.51pc پر کوئی تبدیلی نہیں ہوئی۔ وزارت خزانہ نے تین ماہ کے ٹریڈری بلوں کے ذریعے 805 بلین روپے (تقریباً 63%)، چھ ماہ کے لیے 385 بلین روپے (تقریباً 30%) اور ایک سال کے بلوں سے 95 بلین روپے (تقریباً 7%) اکٹھے کیے ہیں۔

اسٹاک مارکیٹ کا جائزہ اور مستقبل کا نقطہ نظر:

پاکستان اسٹاک ایکسچینج (PSX) نے 2021 میں 365 دنوں میں ہنگامہ خیزی دیکھی کیونکہ ایک طرف اسے ایشیا کے بہترین بازاروں میں درجہ بندی کی گئی لیکن دوسری طرف مورگن اسٹیٹسٹیکسٹیل انڈیکسٹریل (MSCI) کی جانب سے اجرتی ہوئی مارکیٹوں سے فرسٹ ٹیر مارکیٹس میں درجہ بندی کی گئی تھی۔

PSX میں درج سر فرسٹ 100 کمپنیوں کے حصص کی قیمتوں میں 2021 کے دوران خالص 2 فیصد بہتری آئی، جس نے سال کے آخری دن ٹریڈنگ کے اختتام پر بیچ مارک KSE-100 انڈیکس کو 44,596.07 پوائنٹس پر پہنچا دیا۔ دوسری طرف، مارکیٹ نے 2 دسمبر 2021 کو 21 کمپنیوں میں بدترین کارکردگی دکھائی، جب بیچ مارک انڈیکس 2,135 پوائنٹس یا 4.7 فیصد گر گیا۔ یہ اس وقت ہوا جب ملک کا تجارتی خسارہ دسمبر میں 5 بلین ڈالر کی سب سے زیادہ بلندی پر پہنچ گیا اور فی بلز پر پیداوار اچانک بڑھ گئی، جو بیچ مارک سود کی شرح میں جارحانہ اضافے کا اشارہ ہے، جو بعد میں درست ثابت ہوا۔

آڈیٹرز کی رپورٹ:

آڈیٹرز نے 31 دسمبر 2021 کو ختم ہونے والے ششماہی پر اپنی جائزہ رپورٹ میں یہ نتیجہ اخذ کیا:

• ہمارے جائزے کی بنیاد پر، ہمارے علم میں ایسی کوئی چیز نہیں آئی ہے جس کی وجہ سے ہم یہ یقین کریں کہ تھمد عبوری مالیاتی حسابات، تمام مادی لحاظ سے، اکاؤنٹنگ اور رپورٹنگ کے معیارات جو کہ پاکستان میں عبوری مالیاتی رپورٹنگ کے لیے لاگو ہوتے ہیں کے مطابق تیار نہیں کیے گئے ہیں۔



کمپنی کی کارکردگی:

31 دسمبر 2020 کو 555.49 ملین روپے کے مقابلے 31 دسمبر 2021 کو خالص اثاثے 956.2 ملین روپے رہے۔ گزشتہ سال کی اسی مدت میں 21.03 ملین روپے کے مقابلے موجودہ مدت میں کل آپریٹنگ آمدنی 41.9 ملین روپے تھی۔ کل اخراجات کی رقم (9.56 ملین روپے) جو کہ گزشتہ سال کی اسی مدت میں (6.82 ملین روپے) کے مقابلے 21 مئی 2015 تا 12 اگست 2021 مدت میں SWWF کے لئے 8.098 ملین روپے کی مجموعی پروڈیون کی واپسی سے منہا کرنے کے بعد خالص (1.48 ملین روپے) طے کئے گئے۔ گزشتہ سال کی اسی مدت میں 14.21 ملین روپے کے مقابلے موجودہ مدت کے لئے خالص آمدنی 40.45 ملین روپے رہی۔ ریڈیم شدہ پینس پر پہلے سے ادا کی جانے والی آمدنی (دسمبر 2021) میں 12.95 ملین روپے کے مقابلے 0.0127 ملین روپے تھی جو کہ دسمبر 2021 میں 1.26 ملین روپے کے مقابلے میں 40.43 ملین روپے کی تقسیم کے لیے دستیاب اکاؤنٹنگ آمدنی کی عکاسی کرتی ہے۔ 31 دسمبر 2021 کو خالص اثاثہ کی نیٹ ویٹ قیمت 85.22 روپے تھی۔

Asset Allocation (% of Total Assets)		
Assets	Jan-22	Dec-21
TFC/ Sukuk	4.59%	4.89%
Bank Balances	38.49%	41.00%
Islamic Commercial Paper	24.99%	11.79%
TDR	30.88%	41.32%
Others	1.05%	0.99%

Asset Allocation (Credit Quality)		
Credit Quality	Jan-22	Dec-21
AA	66.42%	66.32%
AA-	15.91%	2.78%
A+	16.61%	29.91%
Unrated	1.06%	1.01%

Asset Allocation (Credit Quality)		
Periods	Returns	Benchmark
December 2021	6.98%	3.10%
FYTD 2022	9.85%	3.14%
Rolling 12 Months December 2021	7.75%	3.17%
FY 2021	5.12%	3.11%
FY 2020	10.93%	6.41%
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%
last 10 years	59.57%	9.77%

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

اظہار شکر

ڈائریکٹرز سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) اور ریگولیٹری اداروں کے قابل قدر تعاون، مدد اور رہنمائی کے لیے ان کا شکریہ ادا کرتے ہیں۔ یورڈا اثاثہ منجمنٹ کمپنی کے ملازمین، بزنس کا ان کی لگن اور محنت کے لیے، اور بونٹ ہولڈرز کا منجمنٹ پر ان کے اعتماد کے لیے بھی شکریہ ادا کرتے ہیں۔

---SD---

ڈائریکٹر

---SD---

احمد سلمان منیر

چیئر پرسن



REPORT OF THE TRUSTEE TO THE UNIT HOLDERS

786 SMART FUND

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

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

- I. 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 31st December 2021 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

The attention of the unit holders is drawn towards note 6.3 of financial statements where auditor have mentioned detail regarding non-compliant investments.

February 28, 2022



Authorize Signatory

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KARACHI OFFICE
Perdesi House | Old Queens Road | Karachi-74200
Tel: +92 51 2726543-4



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

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **786 Smart Fund** ("the fund") as at December 31, 2021 and the related condensed interim statement of profit or loss, statement of comprehensive income, condensed interim statement of movement in unit holders, condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management company (786 investment limited) is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of Review

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

Conclusion

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

Other Matter

The financial statements of the Company for the half yearly ended December 31, 2020, were reviewed by another firm of auditors who expressed an unmodified conclusion on those financial statements.

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


Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: February 28, 2022
UDIN: PR202110147HCU74t6zc



**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UNAUDITED)
AS AT DECEMBER 31, 2021**

		<i>Un-Audited</i> 31 December <i>2021</i>	<i>Audited</i> <i>30 June</i> <i>2021</i>
	<i>Note</i>	<i>----- Rupees -----</i>	
Assets			
Balances with Banks	5	396,902,495	607,530,032
Investments	6	561,521,497	150,592,202
Accrued Income/Profit	7	9,460,412	6,055,444
Security Deposits	8	150,000	150,000
Advance Income Tax		57,551	329,540
Total Assets		968,091,955	764,657,218
Liabilities			
Payable to 786 Investments Limited - Management Company	9	2,415,066	1,638,496
Payable to MCB Financial Services Limited - Trustee	10	136,956	102,891
Payable to Securities and Exchange Commission of Pakistan	11	87,183	117,824
Unclaimed Dividend		2,125,770	1,476,263
Accrued Expenses and Other Liabilities	12	7,125,955	15,214,621
Total Liabilities		11,890,930	18,550,095
Contingencies and Commitments	13		
Net Assets		956,201,025	746,107,123
Unit Holders' Funds		956,201,025	746,107,123
		<i>(Number)</i>	
Number of Units in Issue	14	11,220,923	9,190,455
		<i>(Rupees)</i>	
Net Assets Value per Unit		85.22	81.18

The annexed notes from 1 to 18 form an integral part of these financial statements.

For 786 Investments Limited
(Management Company)

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

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

----SD----
Director



CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE SIX MONTHS AND THREE MONTHS PERIOD ENDED DECEMBER 31, 2021

		<i>Six Months Period Ended</i>		<i>Three Months Period Ended</i>	
		<i>December 31,</i>		<i>December 31,</i>	
		2021	2020	2021	2020
Note		----- Rupees -----			
Income					
	Net Realized Loss on Sale of Investments	(1,175)	-	(1,175)	-
	Income From Investments and Balances With Banks	33,553,570	21,038,827	18,872,158	9,957,399
	Reversal of Impairment on Investment At Fair Value				
	Through Other Comprehensive Income	8,377,578	-	4,188,789	-
		41,929,973	21,038,827	23,059,772	9,957,399
Expenses					
	Remuneration to the Management Company	6,538,701	4,539,558	3,508,462	2,237,233
	Sindh Sales Tax on Remuneration to the Management Company	850,032	590,143	456,101	290,841
	Accounting and Operational Charges	435,913	302,637	233,897	149,149
	Remuneration to the Trustee	653,870	453,965	350,847	223,734
	Sindh Sales Tax on Trustee Fee	85,004	59,015	45,610	29,084
	Annual Fee to SECP	87,183	60,528	46,779	29,829
	Auditor's Remuneration	286,900	229,774	146,763	114,887
	Fees and Subscription	90,821	81,155	45,411	40,578
	Securities Transactions Cost	3,064	31,302	1,016	2,414
	Printing and Related Charges	24,198	25,206	12,099	12,603
	Legal and Professional Charges	187,335	152,968	90,668	76,484
	Provision for Sindh Workers' Welfare Fund	(8,098,489)	291,670	-	136,457
	Withholding Taxes - Written Off	329,540	-	-	-
	Charity Expense	-	-	-	-
	Bank Charges	3,376	4,161	1,718	3,825
		1,477,448	6,822,082	4,939,371	3,347,118
	Net Income for the Period Before Taxation	40,452,525	14,216,745	18,120,401	6,610,281
	Taxation	-	-	-	-
	Net Income for the Period After Taxation	40,452,525	14,216,745	18,120,401	6,610,281
Allocation of Net Income for the Period					
	Net Income for the Period	40,452,525	14,216,745	18,120,401	6,610,281
	Income Already Paid on Units Redeemed	(12,711)	(1,257,598)	(12,659)	(1,136,041)
	Accounting Income Available for Distribution:	40,439,814	12,959,147	18,107,742	5,474,240
	Relating to Capital Gain	(1,175)	-	(1,175)	-
	Excluding Capital Gain	40,440,989	12,959,147	18,107,742	5,474,240
		40,439,814	12,959,147	18,107,742	5,474,240

The annexed notes from 1 to 18 form an integral part of these financial statements.

For 786 Investments Limited
(Management Company)

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

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

----SD----
Director



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX MONTHS AND THREE MONTHS PERIOD ENDED DECEMBER 31, 2021**

	<i>Six Months Period Ended</i>		<i>Three Months Period Ended</i>	
	<i>December 31,</i>		<i>December 31,</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
<i>Note</i>	<i>----- Rupees -----</i>			
Net Income for the Period after Taxation	40,452,525	14,216,745	18,120,401	6,610,281
Items That Have Been Or May Be Re-Classified Subsequently to the Income Statement	-	-	-	-
Unrealized (Loss)/Gain on Revaluation of Investments Classified As Fair Value Through Other Comprehensive Income - Net	265,334	(679,475)	175,433	222,469
6.4	265,334	(679,475)	175,433	222,469
Total Comprehensive Income for the Period	40,717,859	13,537,270	18,295,834	6,832,750

The annexed notes from 1 to 18 form an integral part of these financial statements.

For 786 Investments Limited
(Management Company)

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

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

----SD----
Director



**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021**

	December 31, 2021				December 31, 2020			
	Capital Value	(Accumulated Loss) / Undistributed Income	Unrealized (Loss) on Investment	Total	Capital Value	(Accumulated Loss) / Undistributed Income	Unrealized Gains on Investment	Total
	----- Rupees -----				----- Rupees -----			
Net Assets at Beginning of the Year	894,606,747	(149,285,786)	786,162	746,107,123	766,034,989	(140,531,735)	1,000,484	626,503,738
Issue of 2,034,105 Units <i>(2020: 58,968 Units)</i>								
- Capital Value (At Net Asset Value per Unit at the Beginning of the Period)	165,134,346	-	-	165,134,346	4,776,441	-	-	4,776,441
- Element of Income	4,549,556	-	-	4,549,556	96,717	-	-	96,717
Total Proceeds on Issuance of Units	169,683,902	-	-	169,683,902	4,873,158	-	-	4,873,158
Redemption of 3,638 Units <i>(2020: 1,088,415 Units)</i>								
- Capital Value (At Net Asset Value per Unit at the Beginning of the Period)	(295,311)	-	-	(295,311)	(88,162,151)	-	-	(88,162,151)
- Amount Paid Out of Element of Income	-	(12,711)	-	(12,711)	-	(1,257,598)	-	(1,257,598)
- Refund/Adjustment on Units as Element of Income	162	-	-	162	202	-	-	202
Total Payments on Redemption of Units	(295,148)	(12,711)	-	(307,859)	(88,161,949)	(1,257,598)	-	(89,419,547)
Net Income for the Period Before Taxation	-	40,452,525	-	40,452,525	-	14,216,745	-	14,216,745
Other Comprehensive Income	-	-	265,334	265,334	-	-	(679,475)	(679,475)
	-	40,452,525	265,334	40,717,859	-	14,216,745	(679,475)	13,537,270
Net Assets At End of the Period	1,063,995,501	(108,845,972)	1,051,496	956,201,025	682,746,198	(127,572,588)	321,009	555,494,619
Undistributed (Loss)/Income Brought Forward								
- Realized Loss		(149,285,786)				(140,531,735)		
- Unrealized Income		-				-		
		(149,285,786)				(140,531,735)		
Accounting Income Available for Distribution								
- Relating to Capital Gain		(1,175)				-		
- Excluding Capital Gain		40,440,989				-		
		40,439,814				12,959,147		
Distribution during the Period		-				12,959,147		
Undistributed Loss Carried Forward		(108,845,972)				-		
		(108,845,972)				(127,572,588)		
Undistributed (Loss) Carried Forward								
- Realized Loss		(108,845,972)				(127,572,588)		
		(108,845,972)				(127,572,588)		
Net Assets Value per Unit at Beginning of the Year						(127,572,588)		
		81.18				(127,572,588)		
Net Assets Value per Unit at End of the Period								
		85.22						
						81.00		
						82.85		

The annexed notes from 1 to 18 form an integral part of these financial statements.

**For 786 Investments Limited
(Management Company)**

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

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

----SD----
Director



**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021**

	<i>Six Months Period Ended</i>	
	<i>December 31,</i>	
	<i>2021</i>	<i>2020</i>
<i>Note</i>	<i>----- Rupees -----</i>	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income for the Period Before Taxation	40,452,525	14,216,745
Adjustments For:		
Net Realized Gain on Sale of Investments	(1,175)	-
Markup/Interest Income on Bank Balances and Investments	(33,553,570)	(21,038,827)
Reversal of Impairment on Investment At Fair Value Through Other Comprehensive Income	(8,377,578)	-
Provision for Sindh Workers' Welfare Fund	(8,098,489)	291,670
Operating Loss Before Working Capital Changes	(50,030,812)	(20,747,157)
Decrease/(Increase) in Assets		
Deposits and Prepayments	-	5,986,362
Advance Income Tax	271,989	7,923,448
	271,989	13,909,810
Increase/(Decrease) in Liabilities		
Payable to the Management Company	776,570	267,411
Payable to the Trustee	34,065	(3,523)
Annual Fee Payable to Securities and Exchange Commission of Pakistan	(30,641)	(63,728)
Dividend Payable	649,507	-
Accrued Expenses and Other Liabilities	9,823	(4,767,906)
	1,439,324	(4,567,746)
Proceeds From Investments - Net	(402,285,208)	4,368,000
Markup/Interest Income Received on Investments and Balances With Banks	30,148,602	21,633,561
Net Cash (Used In)/Generated From Operating Activities	(380,003,580)	28,813,213
CASH FLOWS FROM FINANCING ACTIVITIES		
Amounts Received Against Issue of Units	169,683,902	4,873,158
Payment Made Against Redemption of Units	(307,859)	(89,419,547)
Dividend Paid	-	(4,628,199)
Net Cash Generated From Financing Activities	169,376,043	(89,174,588)
Net Increase/(Decrease) in Cash and Cash Equivalents	(210,627,537)	(60,361,375)
Cash and Cash Equivalents At Beginning of the Year	607,530,032	548,128,655
Cash and Cash Equivalents At End of the Period	396,902,495	487,767,280

The annexed notes from 1 to 18 form an integral part of these financial statements.

For 786 Investments Limited
(Management Company)

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

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

----SD----
Director



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021**

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Dawood Income Fund (the Fund) was established under a Restated Trust Deed executed on April 08, 2003 between 786 Investments Limited as Management Company and Bank AL-Habib Limited (BAHL) as Trustee. In June 2011, BAHL retired and MCB Financial Services Limited (MCBFSL) was appointed as the new trustee of the Fund and the name of the Fund was also changed from "Dawood Money Market Fund" to "Dawood Income Fund". These changes, after necessary regulatory approvals, were duly incorporated in the Trust Deed of the Fund by way of First Supplemental Trust Deed. On January 20, 2017, the Management Company has changed its name to 786 Investments Limited after completing regulatory formalities.
- 1.2 The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the SECP to undertake Asset Management Services. The registered office of the Management Company is situated at G3, Ground floor, B.R.R Tower, Hassan Ali Street, I.I Chundrigar Road, Karachi, Pakistan.
- 1.3 The Fund is an open end mutual Fund and is listed on Pakistan Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering them to the Fund.
- 1.4 The objective of the Fund is to provide competitive risk adjusted returns to its investors by investing in a diversified portfolio of long, medium and short term Shariah compliant debt instruments while taking into account liquidity considerations.
- 1.5 Title to the assets of the Fund are held in the name of MCBFSL as the Trustee of the Fund (except for term finance certificate of New Allied industries limited as mentioned in note 7.3.1 which is a non-performing term finance certificate hence being unable to be transferred until final settlement, which is held in the name of BAHL being the previous Trustee of the Fund).
- 1.6 The Fund is categorized as "Shariah complaint islamic scheme" as per the criteria laid down by the SECP for categorization of open-end Collective Investment Schemes (CIS).
- 1.7 The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of "AM3" to the Management Company as at December 24, 2020 and stability rating of "AA-(f)" to the Fund as at April 16, 2021.
- 1.8 Due to the enactment of the Sindh Trusts Act, 2020 (as amended vide Sindh Trusts (Amended) Act, 2021), the Trusts including Collective Investment, private Funds etc., being Specialized Trusts are required to be registered with the Assistant Director of Industries and Commerce (Trust Wing), Government of Sindh under Section 12A of the Sindh Trusts Act, 2020. For this purpose, management has initiated the process of execution of Re-stated Trust Deeds between the Management Company and the trustees of the trust deed and necessary documents will be submitted with Assistant Director of Industries and Commerce (Trust Wing), Government of Sindh.

1.9 Significant events or transactions

There are no significant events or transactions during the period.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprises of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of the directives issued under the Companies Act, 2017 along with part 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 requirements of Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations and the requirement of the Trust Deed differ from the IFRS, the provision of and the directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and the requirement of the Trust Deed have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for investments which are valued at fair value as stated in notes 6.1, 6.2 and 6.3 below.

2.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupees which is the Fund's functional and presentation currency.

3 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgements about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied unless otherwise stated.

		<i>Un-Audited</i>	<i>Audited</i>
		<i>31 December</i>	<i>30 June</i>
		<i>2021</i>	<i>2021</i>
	<i>Note</i>	<i>----- Rupees -----</i>	
5 BALANCES WITH BANKS			
- Saving accounts	5.1	<u>396,902,495</u>	<u>607,530,032</u>
5.1	These saving accounts carry profit at rates ranging from 5.5% to 10.25% (June 30, 2021: 5% to 8%) per annum.		
		<i>Un-Audited</i>	<i>Audited</i>
		<i>31 December</i>	<i>30 June</i>
		<i>2021</i>	<i>2021</i>
6 INVESTMENTS	<i>Note</i>	<i>----- Rupees -----</i>	
At fair value through other comprehensive income			
Listed - Term finance certificates	6.1	-	-
Unlisted - Sukuk certificates	6.2	<u>47,363,361</u>	<u>50,592,202</u>
		<u>47,363,361</u>	<u>50,592,202</u>
At amortised cost			
Term Deposit Receipts (TDRs)	6.5	<u>400,000,000</u>	100,000,000
Commercial Paper	6.6	<u>114,158,136</u>	-
		<u>561,521,497</u>	<u>150,592,202</u>



6.1 At fair value through other comprehensive income

		As at July 01, 2021	Purchases during the period	Matured/ Disposed During the period	As at December 31, 2021	Cost/ Carrying Value	Market Value	% of Total Investment
Note		----- Number of certificates -----			----- Rupees -----			
Listed - Term finance certificates								
face value of Rs. 5,000/-each								
Construction and material								
	Dewan cement company limited	6.1.1	13,404	-	1,676	11,729	58,643,046	-
	Provision held	6.3				(58,643,046)	-	-

6.1.1 Dewan cement limited (DCL) is classified as non-performing by MUFAP. Accordingly, the security has been fully provided in accordance with the requirements of SECP's circular No. 1 of 2009 and the board's approved provisioning policy. The Fund has entered into a compromise agreement with DCL on May, 09 2016 whereby the remaining debt will be paid in thirty one equal quarterly installments in arrears. The Fund has recognized reversal of impairment amounting to Rs. 8.3718 millions on receipt basis in current period. The Fund has suspended mark-up there against.

6.2 At fair value through other comprehensive income

		As at July 01, 2021	Purchases during the period	Matured/ Disposed During the period	As at December 31, 2021	Cost/ Carrying Value	Market Value	% of Total Investment
Note		----- Number of certificates -----			----- Rupees -----			
Unlisted - term finance certificates								
face value of Rs. 2,207/-each								
Cable and electric goods								
	New Allied Industries Limited	6.3.1	11,523	-	-	11,523	25,433,190	-
	Provision held	6.3				(25,433,190)	-	-
	New Allied Industries Limited	6.3.2	3,417	-	-	3,417	7,222,749	-
	Provision held	6.3				(7,222,749)	-	-
At fair value through other comprehensive income								
Unlisted - Sukuk certificates								
Face Value of Rs. 1,000,000/-each								
Cable and Electric Goods								
	TPL Corporation Limited	6.3.3	15	-	-	15	5,625,000	5,650,341
								1%
Face Value of Rs. 1,000,000/-each								
Commercial Bank								
	Dubai Islamic Bank Limited	6.3.4	26	-	-	26	26,727,142	26,871,000
								5%
Engineering								
	Agha Steel Industries Limited	6.3.5	15	-	-	15	14,745,885	14,842,020
								3%
Face value of Rs. 2000/-each								
Fertilizers								
	Fatima Fertilizer Company Ltd	6.3.6	736	-	736	-	-	0%
Face value of Rs. 2,933/-each								
	Eden Housing Limited	6.3.7	2,933	-	-	2,933	2,887,171	-
	Provision held	6.3				(2,887,171)	-	-
Face value of Rs. 5,000/-each								
	Amtex limited	6.3.8	6,000	-	-	6,000	22,500,000	-
	Provision held	6.3				(22,500,000)	-	-
Face value of Rs. 5,000/-each								
	New Allied Electronics Industries (Private) Limited	8.3.9	1,000	-	-	1,000	5,027,500	-
	Provision held	6.3				(5,027,500)	-	-
						47,098,027	47,363,361	



6.3 Details of non-compliant investments

The Securities & Exchange Commission of Pakistan (SECP), vide its circular No. 16 dated July 07, 2010, has prescribed certain disclosures for non-compliances, either with the minimum investment criteria specified for the category assigned to the Collective Investment Schemes or with the investment requirements of their constitutive documents.

Name of non compliant investment	Type of Investment	Value of Investment before provision	Provision held if any	Value of Investment after provision	% of net assets	% of Gross Assets
Note		----- Rupees -----				
Dewan Cement Limited - Restructured	6.1.1 Pre-IPO investment	58,643,046	(58,643,046)	-	-	-
New Allied Industries Limited	6.3.1 Term finance certificates	25,433,190	(25,433,190)	-	-	-
New Allied Industries Limited	6.3.2 Term finance certificates	7,222,749	(7,222,749)	-	-	-
New Allied Industries Limited	6.3.9 Sukuk certificates	5,027,500	(5,027,500)	-	-	-
Eden Housing Limited	6.3.7 Sukuk certificates	2,887,171	(2,887,171)	-	-	-
Amtex Limited	6.3.8 Sukuk certificates	22,500,000	(22,500,000)	-	-	-

6.3.1 New Allied Electronics Industries Limited defaulted on its payment of principal and mark-up due on December 25, 2008. Consequently, the security was classified as non-performing by MUFAP on January 09, 2009 and accrual on the same was suspended. This security has been fully provided in accordance with the provisioning circulars of SECP and the Board's approved provisioning policy. These TFCs are held in CDC investor account of the previous trustee and will only be transferred upon final settlement.

6.3.2 New Allied Electronics Industries (Private) Limited defaulted on its payment of principal and mark-up due on 25 December 2008. Consequently, the security was classified as non-performing by MUFAP on 9 January 2009 and accrual of income on the same was suspended. This security has been fully provided in accordance with the provisioning circulars issued by the SECP and the Board's approved provisioning policy.

6.3.3 These sukuk certificates carry profit equal to 1 year KIBOR plus 3% receivable quarterly in arrears and will mature in April 2021. The principal amount is redeemable in four six monthly installments of Rs. 0.25 million per certificate Each commencing from October 2019. These sukuk certificates are secured by hypothecation charge over the hypothecated assets of Rs. 625 million and pledge of shares of TPL Properties Limited in favour of the Trustee of the issuer for the benefit of the certificate holders.

6.3.4 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.

6.3.5 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.

6.3.6 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 ljarah 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.

6.3.7 Eden Housing Limited defaulted on its payment of principal and mark-up due on April 21, 2011. Consequently, the security was classified as non-performing by MUFAP on May 06, 2011 and accrual on the same was suspended. This security has been fully provided in accordance with the provisioning circulars of SECP and the Board's approved provisioning policy. These sukuks are held in CDC investor account of the Fund.

6.3.8 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.

6.3.9 New Allied Electronics Industries (Private) Limited defaulted on its payment of principal and mark-up due on 27 October 2008. Consequently, the security was classified as non-performing by MUFAP on 9 January 2009 and accrual on the same was suspended. Management has recognised full provision there against and the accrual of income has been suspended in line with provisioning policy of the Fund duly approved by the Board as per applicable SECP provisioning circulars.

		<i>Un-Audited</i>	<i>Audited</i>
		<i>31 December</i>	<i>30 June</i>
		<i>2021</i>	<i>2021</i>
	Note	----- Rupees -----	
6.4 Unrealized gain on revaluation of investments classified as fair value through other comprehensive income - net			
Fair value of investments	6.2	47,363,361	150,592,202
Less: Cost/Carrying Value of Investment		<u>(111,342,597)</u>	<u>(86,401,882)</u>
		(63,979,236)	64,190,320
Less: Net unrealized gain in fair value of investments - Opening		<u>64,244,570</u>	54,250
		<u>265,334</u>	<u>64,244,570</u>
6.5	This represents term deposit receipts placed with BankIslami Pakistan Limited carrying mark-up at the rate of 7.25% (2021: 7.25%) per annum and will be matured on November 3, 2021.		
6.6	This represents commercial paper placed with Mughal Iron and Steel Industries carrying mark-up at the rate of 9.44% (2021: Nil) per annum and will be matured on July 26, 2022.		
		<i>Un-Audited</i>	<i>Audited</i>
		<i>31 December</i>	<i>30 June</i>
		<i>2021</i>	<i>2021</i>
7 ACCRUED INCOME/PROFIT		----- Rupees -----	
- Income from profit and loss sharing (PLS) accounts		2,810,688	3,445,372
- Income from sukuk certificates		1,434,313	1,438,154
- Income from term deposit receipt (TDR)		<u>5,215,411</u>	<u>1,171,918</u>
		<u>9,460,412</u>	<u>6,055,444</u>
		<i>Un-Audited</i>	<i>Audited</i>
		<i>31 December</i>	<i>30 June</i>
		<i>2021</i>	<i>2021</i>
8 SECURITY DEPOSITS	Note	----- Rupees -----	
<i>Deposits - Central Depository Company</i>			
- Deposits - Central depository company 786SF		100,000	100,000
- Deposits - Central depository company FDMF		<u>50,000</u>	<u>50,000</u>
		<u>150,000</u>	<u>150,000</u>
9 PAYABLE TO 786 INVESTMENTS LIMITED - MANAGEMENT COMPANY			
Management remuneration	9.1	1,211,996	910,526
Sindh sales tax payable	9.2	178,044	138,853
Accounting and operational charges	9.3	<u>1,025,026</u>	<u>589,117</u>
		<u>2,415,066</u>	<u>1,638,496</u>



- 9.1 According to the provisions of the Trust Deed of the Fund, the Management Company has charged its remuneration at the rate of 1.5% (June 2021: 1.5%) per annum on the average annual net assets of the Fund calculated on a daily basis.
- 9.2 The Sindh Provincial Government has levied Sindh Sales tax at the rate of 13% (June 2021: 13%) on Management Company's remuneration.
- 9.3 In accordance with the provisions of the NBFC Regulations amended vide S.R.O 1160(I)/2015 dated November 25, 2015, the Management Company of the Fund is entitled for reimbursement of fee and expenses incurred by the Management Company in relation to registrar service, accounting, operation and valuation services related to the Fund maximum up to 0.1% of average annual net assets of the scheme or actual which ever is less. Accordingly, the Management Company has charged accounting and operating expenses to the Fund at a rate of 0.1% per annum of the average annual net assets of the Fund for the year ended June 30, 2021.

		<i>Un-Audited</i>	<i>Audited</i>
		31 December	30 June
		2021	2021
	<i>Note</i>	<i>----- Rupees -----</i>	
10 PAYABLE TO MCB FINANCIAL SERVICES LIMITED - TRUSTEE			
Trustee Remuneration	10.1	121,200	91,053
Sindh sales tax payable on Trustee remuneration	10.2	15,756	11,838
		<u>136,956</u>	<u>102,891</u>

- 10.1 According to the provisions of the Trust Deed of the 786 Smart Fund, the Trustee is entitled to monthly remuneration for services rendered to the Fund as follows:

On net assets:

- Up to Rs.1 billion Rs.0.6 million or 0.15% per annum of the net assets of the Fund computed on a daily basis whichever is higher.
- Exceeding Rs.1 Billion Rs.0.6 million plus 0.09% per annum of the net assets of the Fund computed on a daily basis exceeding Rs.1 billion.

- 10.2 The Sindh Provincial Government has levied sindh sales tax at the rate of 13% (June 2020: 13%) on trustee's remuneration.

11 ANNUAL FEE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

This represents annual fee payable to SECP in accordance with SRO 714(I)/2019 dated July 1, 2019 as amended in clause "c" of Schedule II of NBFC Regulation 2008, read with regulation 62 of NBFC Regulation 2008, applicable from July 1, 2019 whereby the Fund is required to pay SECP an amount equal to 0.02% of the average daily net assets. Earlier this fee was 0.085% of the average daily net assets.

		<i>Un-Audited</i>	<i>Audited</i>
		31 December	30 June
		2021	2021
	<i>Note</i>	<i>----- Rupees -----</i>	
12 ACCRUED EXPENSES AND OTHER LIABILITIES			
Federal Excise Duty on Remuneration	12.1	6,513,679	6,513,679
Provision for Sindh Workers' Welfare Fund	12.2	-	8,098,489
Accrued expenses	12.3	595,541	541,237
Other liabilities		5,115	49,596
Zakat payable and withholding tax		11,620	11,620
		<u>7,125,955</u>	<u>15,214,621</u>



- 12.1** The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from June 13, 2013. As the asset management services rendered by the Management Company of the Fund were already subject to provincial sales tax levied by Sindh Revenue Board, which is being charged to the Fund, the Management Company was of the view that further levy of FED was not justified. On September 04, 2013, a Constitutional Petition was filed in the Honorable Sindh High Court (SHC) jointly by various asset management companies, together with their representative collective investment schemes.

The SHC while disposing the Constitutional Petition relating to levy of FED on mutual funds has declared the said provisions to be ultra vires and as a result no FED is payable with effect from July 01, 2011 (i.e. the date on which Sindh Sales Tax on Services Act, 2011 came into force). In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Honorable Supreme Court of Pakistan (SCP). Thereafter, during the pendency of the present civil petition, SCP has suspended the operation of the impugned judgement of the SHC. The matter is still pending adjudication. With effect from July 01 2016, FED on services provided or rendered on non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of Management Company with effect from July 01, 2016. However, as a matter of abundant caution the provision made for FED for the period from June 13, 2013 till June 30, 2016 aggregating to Rupees.1.797 million (June 30, 2020: Rupees. 1.797 million) is being retained in the financial statements of the Fund as the matter is pending before the SCP. Had the said provision of FED not been recorded in the financial statements of the Fund, the net asset value per unit of the Fund as at September 30, 2021 would have been higher by Rs. 0.58 (June 30, 2021: Rs. 0.71) per unit.

- 12.2** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF.

In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, MUFAP recommended that, as a matter of abundant caution, provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015). The Funds have accordingly made provision in respect of SWWF as recommended by MUFAP in the financial statements as at June 30, 2021.

During the period ended September 30, 2021, SRB through its letter dated August 12, 2021 has intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and has also been taken up with the SECP and all the Asset Management Companies, in consultation with SECP, have reversed the cumulative provision for SWWF recognised in the financial statements of the Funds, for the period from May 21, 2015 to August 12, 2021, on August 13, 2021. The SECP has given its concurrence for prospective reversal of provision for SWWF. Accordingly, going forward, no provision for SWWF would be recognised in the financial statements of the Fund.



	<i>Un-Audited</i>	<i>Audited</i>
	<i>31 December</i>	<i>30 June</i>
	<i>2021</i>	<i>2021</i>
	<i>----- Rupees -----</i>	
12.3 Accrued expenses		
Auditors' remuneration payable	218,187	309,287
Rating fee payable - PACRA	76,958	-
PSX fee payable	13,863	-
Printing and related expenditure payable	22,198	25,000
Shariah and tax advisors fee payable	264,335	206,950
	<u>595,541</u>	<u>541,237</u>
13 CONTINGENCIES AND COMMITMENTS		
There were no contingencies and commitments as at December 31, 2021 and June 30, 2021.		
	<i>Un-Audited</i>	<i>Audited</i>
	<i>31 December</i>	<i>30 June</i>
	<i>2021</i>	<i>2021</i>
	<i>----- Number of Units -----</i>	
14 NUMBER OF UNITS IN ISSUE		
Total outstanding as of July 01	9,190,455	7,734,563
Issued during the period	2,034,105	4,550,285
Redemption during the period	(3,638)	(3,094,393)
Closing units	<u>11,220,923</u>	<u>9,190,455</u>
	<i>Six Months Period Ended</i>	
	<i>December 31,</i>	
	<i>2021</i>	<i>2020</i>
	<i>----- Rupees -----</i>	
15 INCOME FROM INVESTMENTS AND BALANCES WITH BANKS		
<i>Income from:</i>		
- Sukuk certificates	2,103,345	3,662,936
- Profit and loss sharing (PLS) account	18,839,392	17,375,891
- Term deposits receipts (TDR)	8,101,820	-
- Commercial Paper	4,509,013	-
	<u>33,553,570</u>	<u>21,038,827</u>
15.1 Total Expense Ratio		

The total expense ratio (TER) of the Fund for the period ended December 31, 2021 is 2.20% which includes 0.31% 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".



16.1 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	Six Months Period Ended	
		December 31, 2021	2020
		----- Rupees -----	
16.1 Transactions during the Period Ended			
786 Investments Limited - Management Company			
Remuneration of the management company	9.1	<u>6,538,701</u>	<u>4,539,558</u>
Sales tax on remuneration to the management company	9.2	<u>850,032</u>	<u>590,143</u>
Accounting and operational charges	9.3	<u>435,913</u>	<u>302,637</u>
Digital Custodian Company (formerly MCB Financial Services Limited) - Trustee			
Remuneration of the Trustee	10.1	<u>653,870</u>	<u>453,965</u>
Sales tax on Trustee fee	10.2	<u>85,004</u>	<u>59,015</u>
Dawood Family Takaful Limited (Connected person due to group company)			
Issue of units: 25,699 (2020: Nil)		<u>2,086,902</u>	<u>-</u>
First Dawood Investment Bank Limited-Employees Contributory Provident Fund - Employee Benefit Fund of Group Company			
Issue of units: Nil (2020: 21,732)		<u>-</u>	<u>1,800,000</u>
Redemption of units: Nil (2020: 36,665)		<u>-</u>	<u>3,000,000</u>
Dawood International (Private) Limited (Connected Person due to Group Company)			
Issue of units: Nil (2020: 19,318)		<u>-</u>	<u>1,600,000</u>
Redemption of units: Nil (2020: 109,708)		<u>-</u>	<u>9,065,244</u>
Directors and Key Management Personnel of the Management Company			
Redemption of units: Nil (2020: 73,787)		<u>-</u>	<u>6,000,000</u>
Unit Holders having 10% or more units			
Redemption of units: Nil (2020: 127,898)		<u>-</u>	<u>10,400,000</u>



16.2 Balance as at period ended	Note	Un-Audited 31 December 2021	Audited 30 June 2021
		----- Rupees -----	
786 Investments Limited - Management Company			
Remuneration payable to the management company	9	<u>1,211,996</u>	<u>910,526</u>
Sales tax payable on management company's remuneration	9	<u>178,044</u>	<u>138,853</u>
Accounting and operational charges	9	<u>1,025,026</u>	<u>589,117</u>
FED payable on management company's remuneration		<u>6,513,679</u>	<u>6,513,679</u>
Units held: 2,130,273 (June 2021: 2,130,273)		<u>181,533,165</u>	<u>172,941,561</u>
MCB financial services limited - Trustee			
Remuneration payable to the Trustee	10	<u>121,200</u>	<u>91,053</u>
Sales tax payable on Trustee fee	10	<u>15,756</u>	<u>11,838</u>
BRR Guardian Modaraba (Connected person due to group Company)			
Units held: 396,776 (June 2021: 396,776)		<u>33,811,586</u>	<u>32,211,387</u>
First Dawood Investment Bank Limited -Employees Contributory Provident Fund- Employee Benefit Fund of Group Company			
Units held: 319,842 (June 2021: 480,710)		<u>27,255,618</u>	<u>25,965,664</u>
Dawood Family Takaful Limited (Connected Person due to Group Company)			
Units held: 2,918,608 (June 2021: 2,892,909)		<u>248,711,830</u>	<u>234,854,435</u>
Dawood Family Takaful Limited - Employees contributory			
provident fund - Associate of Management Company			
Units held: 61,339 (June 2021: 61,339)		<u>5,227,046</u>	<u>4,979,660</u>
BRR Financial Services (Private) Limited (Connected Person due to Group Company)			
Units held: 29,968 (June 2021: 29,968)		<u>2,553,733</u>	<u>2,432,870</u>
Directors and key management personnel of the Management Company			
Units held: 611,972 (June 2021: 611,972)		<u>52,092,326</u>	<u>49,681,606</u>
Unit Holders having 10% or more units			
Units held: 944,787 (June 2021: 944,787)		<u>80,510,894</u>	<u>76,700,473</u>



16.3 The transactions with related parties/connected persons are in the normal course of business at contracted rates and terms, determined in accordance with market rates.

17 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue by the board of directors of the Management Company on _____.

18 GENERAL

Figures have been rounded off to the nearest rupee.

For 786 Investments Limited
(Management Company)

____SD____
Chief Executive Officer

____SD____
Chief Financial Officer

____SD____
Director



BOOK POST



If undelivered, please return to:
786 SMART FUND
G-3, B.R.R. Tower,
Hassan Ali Street,
Off I.I. Chundrigar Road,
Karachi - 74000 Pakistan



Managed By:
786 Investments Limited
Trustee: Digital Custodian Company
G-3, B.R.R. Tower, Hassan Ali Street,
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