



INVESTMENTS

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786 INVESTMENTS LIMITED



786 SMART FUND

**FOR THE
QUARTER ENDED
MARCH 31, 2023
(UN-AUDITED)**

CONTENTS

Corporate Information	2
Directors' Report	3
ڈائریکٹرز کی رپورٹ	5
Condensed Interim Statement of Assets and Liabilities	7
Condensed Interim Income Statement	8
Condensed Interim Statement of Comprehensive Income	9
Condensed Interim Statement of Movement in Unitholders' Fund	10
Condensed Interim Cash Flow Statement	11
Notes to the Condensed Interim Financial Statements	12



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 Syed Shabahat Hussain Mr. Naveed Ahmed Syed Musharaf Ali Mr. Iqbal Shafiq Mr. Ahmer Zia Sarwar	Chairperson Chief Executive Officer Director Director Director Director Director
Chief Financial Officer & Company Secretary	Mr. Noman Shakir	
Audit Committee	Syed Shabahat 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 Compaany 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 QUARTER ENDED MARCH 31, 2023

It is 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, the reviewed financial statements the three months period ended March 31, 2023.

Economy Review & Outlook:

Global growth prospects at the end of first quarter of 2023 have improved since December, 2022. This improvement is due to China's reopening, a material easing of the European natural gas crisis and resilience in US consumer demand. Since start of the Russia-Ukraine conflict, this is the first upward world growth forecast. Fitch forecast world growth at 2.0% in 2023, revised up from 1.4% in the December 2022. This was mainly due to China's 2023 growth forecast to 5.2% from 4.1%, eurozone growth to 0.8% from 0.2% and US growth to 1.0% from 0.2%. However, lowered global growth in 2024 would reflect the lagged impact of rapid Fed and ECB interest rate hikes. The European gas crisis has eased sharply in recent months with gas supply holding up, inventories improving relative to seasonal norms and wholesale prices are falling significantly. This is helping Eurozone growth prospects and easing headline inflation pressures.

Money Market Review & Outlook:

The Central Bank of Pakistan raised its key interest rate by 100bps to 21% on April 4, 2023, pushing borrowing costs to their highest level since records began in 1992. The MPC noted that inflation rose further to 35.4% in March, the highest since December of 1973, and is expected to remain high in the near term. Looking ahead, the MPC considered the current monetary policy stance appropriate and stressed that the decision, along with previous accumulated monetary tightening, will help achieve the medium-term inflation target over the next 8 quarters.

In January 2023, CPI stands at 27.6 percent on a year-on-year basis, which is higher than 24.5 percent in the previous month and 13.0 percent in January 2022. On average, the CPI inflation was recorded at 25.4 percent during Jul-Jan FY2023, which is higher than the 10.3 percent recorded in the same period last year.

Stock Market Review & Outlook:

Pakistan Stock Exchange (PSX) witnessed an overall lackluster week ended on March 10, 2023. The news about US\$500 million inflow from China boosted reserves up to US\$4.3 billion as of March 03, thereby instilling investor confidence. Despite fulfilling further IMF conditions, i.e. imposition of power surcharge and cabinet approval of 25% GST on luxury items, the long-awaited SLA (Staff-Level Arrangement) still hangs in the balance. The benchmark index closed the week at 41,794 points, indicating a 1.1%WoW gain.

Other major news flows during the week included: 1) Pakistan got closer to signing IMF agreement, 2) Import curbs to be eased after IMF review, 3) Foreign exchange manipulation probe against banks completed, 4) ECP issued schedule for Punjab elections, to be held on April 30 this year, 5) PKR depreciation and borrowing raised debt stocks soar to PKR55 trillion by end January 2023.

Engineering, Tobacco and Cable & Electrical goods were amongst the top performing sectors, As against this, Miscellaneous, Woolen and Textile weaving were amongst the worst performers.

The market is expected to remain range-bound in the near future as already record-high inflation is expected to rise further. Furthermore, the long-awaited Staff-Level Agreement with the IMF will remain a topic of focus, and if achieved, could potentially bolster investor confidence and lead to euphoria in the market. Investors are advised to stay cautious while building new positions in the market.

Fund Performance

As of March 31, 2023, net assets were PKR. 613.497 million, as compared to PKR. 970.920 million, as of March 31, 2022. The Fund's total income during the period stands at PKR. 108.033 million, as compared to the income of PKR. 70.195 million. Total expenses were PKR. 13.431 million, as compared to PKR. 6.423 million, in the same period last year. The Net Asset Value (NAV) per unit increased from PKR. 87.33 to PKR. 91.38, during the period.

Asset Allocation (% of Total Assets)

Assets	Mar-23	Feb-23
TFC / Sukuk	43.05%	29.37%
GOP Ijara Sukuk	25.75%	0.00%
Islamic Commercial Paper	17.94%	12.23%
Bank Balances	7.14%	55.93%
Others	6.12%	2.47%

Asset Allocation (Credit Quality)

Credit Quality	Mar-23	Feb-23
AAA	25.75%	0.00%
AA	45.87%	82.37%
AA+	8.15%	5.56%
A+	14.11%	9.61%
Unrated	6.12%	2.47%

Fund Returns

Periods	Returns	Benchmark
March 2023	14.17%	6.67%
FYTD 2023	15.75%	5.84%
Rolling 12 Months March 2023	14.07%	5.33%
FY 2022	10.81%	3.34%
FY 2021	5.49%	3.11%
FY 2020	10.90%	6.41%
FY 2019	11.12%	12.93%
FY 2018	11.86%	6.22%
FY 2017	16.32%	5.98%
FY 2016	22.61%	6.50%
last 10 years	78.21%	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 Security & 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---
Chairperson



SMART FUND

ڈائریکٹرز کی رپورٹ

میں 31 مارچ 2023ء تک

یہ میرے لیے بے اعزاز کی بات ہے کہ میں 786 سمارٹ فنڈ کی شہینت کینیٹن 786 انویسٹمنٹ لیڈیئر ("786" یا "کینیٹن") کے بورڈ آف ڈائریکٹرز (BODs) کی جانب سے، 31 مارچ 2023 کو ختم ہونے والی سہ ماہی کے لئے نظر ثانی شدہ مالیاتی گوشوارے پیش کر رہا ہوں۔

اقتصادی جائزہ اور مستقبل کا نقطہ نظر:

دسمبر 2022 سے 2023 کی پہلی سہ ماہی کے اختتام پر عالمی منمو کے امکانات بہتر ہوئے ہیں۔ یہ بہتری چین کے دوبارہ کھلنے، یورپی قدرتی گیس کے بحران میں مادی آسانی اور امریکی صارفین کی طلب میں پلٹ کی وجہ سے ہوئی ہے۔ روس-یوکرین تنازعہ کے آغاز کے بعد سے، یہ دنیا کی منمو کی پہلی پیش گوئی ہے۔ سچ نے 2023 میں عالمی منمو 2.0 فیصد کی پیش گوئی کی، جو دسمبر 2022 میں 1.4 فیصد سے زیادہ ہوئی۔ اس کی بنیادی وجہ چین کی 2023 کی شرح نمو 4.1 فیصد سے 5.2 فیصد، یوروزون کی منمو 0.2 فیصد سے 0.8 فیصد اور امریکی منمو کی شرح 0.2 فیصد سے 1.0 فیصد تھی۔ تاہم، 2024 میں کم عالمی منمو تیزی سے Fed اور ECB کی شرح سود میں اضافے کے پیچھے رہ جانے والے اثرات کی عکاسی کرے گی۔ یورپی گیس بحران حالیہ مہینوں میں تیزی سے کم ہوا ہے جس میں گیس کی سپلائی روک دی گئی تھی، انویٹرز میں بیئرل معمول کے مطابق بہتری آئی ہے اور یو ایس سیل ٹیج میں نمایاں طور پر گری ہیں۔ اس سے یوروزون کی منمو کے امکانات اور ریڈیو لائن افراط زر کے باوجود کم کرنے میں مدد مل رہی ہے۔

معیاریٹ کا جائزہ اور مستقبل کا نقطہ نظر:

سنٹرل بینک آف پاکستان نے اپریل 2023 کو اپنی گائیڈی شرح سود کو 100bps بڑھا کر 21% کر دیا، جس سے قرض کی لاگت 1992 میں ریکارڈ شروع ہونے سے اپنی بلند ترین سطح پر پہنچ گئی۔ MPC نوٹ کیا کہ مارچ میں افراط زر مزید بڑھ کر 35.4 فیصد ہو گئی، جو دسمبر 1973 کے بعد سب سے زیادہ ہے، اور قریب کی مدت میں بھی زیادہ رہنے کی توقع ہے۔ آگے دیکھتے ہوئے، MPC موجودہ ماہیٹری پالیسی کے مؤقف کو مناسب سمجھا اور اس بات پر زور دیا کہ یہ فیصلہ گزشتہ مجموعی مالیاتی پالیسی کے ساتھ آگلی 8 ماہوں میں درمیانی مدت کے افراط زر کے ہدف کو حاصل کرنے میں مدد کرے گا۔ جنوری 2023 میں سی پی آئی سالانہ 27.6 فیصد ہوا، جو پچھلے مہینے میں 24.5 فیصد اور جنوری 2022 میں 13.0 فیصد سے زیادہ ہے۔ اوسطاً مالی سال 2023 جولائی-جنوری کے دوران CPI افراط زر 25.4 فیصد ریکارڈ کیا گیا تھا، جو پچھلے سال کی اسی مدت میں ریکارڈ شدہ 10.3 فیصد سے زیادہ ہے۔

اسٹاک مارکیٹ کا جائزہ اور مستقبل کا نقطہ نظر:

10 مارچ 2023 کو ختم ہونے والا ہفتہ پاکستان سٹاک ایکسچینج (PSX) میں مجموعی طور پر کمزور ترین دیکھا گیا۔ چین سے 500 بلین امریکی ڈالر کی آمد کی خبروں نے 03 مارچ تک ذخائر کو 4.3 بلین امریکی ڈالر تک بڑھا دیا، جس سے سرمایہ کاروں کا اعتماد بحال ہوا۔ آئی ایم ایف کی مزید شرائط کو پورا کرنے کی پادوس چارج کے نفاذ اور گزشتہ آئی ایم ایف پر 25% جی ایس ٹی کی کاہنہ کی منظوری کے باوجود، طویل مدت سے معطل SLA (سٹاف ایول اڈمنسٹریٹو) ابھی تک باقی ہے۔ سٹاک مارک انڈیکس ہفتے میں 41,794 پوائنٹس پر بند ہوا، جو کہ WoW 1.1% اضافی کی نشاندہی کرتا ہے۔

ہفتے کے دوران آنے والی دیگر اہم خبروں میں شامل ہیں: (1) پاکستان آئی ایم ایف معاہدے پر دستخط کرنے کے قریب پہنچ گیا، (2) آئی ایم ایف کے جائزے کے بعد درآمدی پابندیوں میں نرمی کی جائے گی، (3) چین کو خلاف غیر ملکی زرمبادلہ میں بیہرا پھیلائی کی تحقیقات مکمل، (4) سی پی آئی نے پنجاب کے انتخابات کا شیڈول جاری کر دیا، جو اس سال 130 اپریل کو منعقد ہوئے گا، (5) پاکستانی روپیہ کی قدر میں کمی اور قرض لینے سے قرضوں کا مجموعہ جنوری 2023 کے آخر تک 55 ٹریلین روپے تک بڑھ گیا۔

انجینئرنگ، تہا کو اور کیمبل اور الیکٹریکل سامان سرفہرست کارکردگی کا مظاہرہ کرنے والے شعبوں میں شامل تھے، اس کے مقابلے میں متفرق، اونی اور ٹیکسٹائل و لوگ سب سے اہتر کارکردگی کا مظاہرہ کرنے والوں میں شامل تھے۔

توقع ہے کہ مستقبل قریب میں مارکیٹ ایک حد تک محدود رہے گی کیونکہ سہ ماہی کے افراط زر میں مزید اضافہ متوقع ہے۔ مزید برآں، آئی ایم ایف کے ساتھ طویل عرصے سے معطل اسٹاف ایول کا معاہدہ پر توجہ کا مرکز بننا ہے، اور اگر طے ہو جاتا ہے، تو ممکنہ طور پر سرمایہ کاروں کے اعتماد کو بڑھا سکتا ہے اور مارکیٹ میں جوش و خروش کا باعث بن سکتا ہے۔ سرمایہ کاروں کو مشورہ دیا جاتا ہے کہ وہ مارکیٹ میں نئی پوزیشنیں بنانے سے وقت بخیر متاثر ہیں۔

فنڈ کی کارکردگی کا جائزہ

31 مارچ 2022 کو 970.920 بلین روپے کے مقابلے میں 31 مارچ 2023 کو 613.497 بلین روپے رہے۔ گزشتہ سال کی اسی مدت میں 70.195 بلین روپے کی آمدنی کے مقابلے میں موجودہ مدت میں فنڈ کی کل آمدنی 108.033 بلین روپے ہوئی۔ گزشتہ سال کی اسی مدت میں 6.423 بلین روپے کے مقابلے میں اعلیٰ اخراجات 13.431 بلین روپے ہوئے۔ موجودہ مدت کے دوران نیٹ ایسٹ ویلیو (NAV) پوزیشن 87.33 روپے سے بڑھ کر 91.38 روپے ہو گئی۔

اٹاٹھ ایلیکشن (کل اٹاٹھوں کی فیصدی)		
اٹاٹھ	23 مارچ	23 فروری
ٹی ایف سی اسکوٹ	43.05%	29.37%
GOP اجارہ اسکوٹ	25.75%	0.00%
اسلاک کمرشل ہیپر	17.94%	12.23%
پیک پیٹنس	7.14%	55.93%
دیگرز	6.12%	2.47%

اٹاٹھ ایلیکشن (گریڈ کوٹنگ)		
گریڈ کوٹنگ	23 مارچ	23 فروری
AAA	25.75%	0.00%
AA	45.87%	82.37%
AA+	8.15%	5.56%
A+	14.11%	9.61%
Unrated	6.12%	2.47%

ریٹرنز		
مدت	ریٹرنز	بج ماٹ
2023 مارچ	14.17%	6.67%
FYTD 2023	15.75%	5.84%
روٹنگ 12 ماہ مارچ 2023	14.07%	5.33%
FY 2022	10.81%	3.34%
FY 2021	5.49%	3.11%
FY 2020	10.90%	6.41%
FY 2019	11.12%	12.93%
FY 2018	11.86%	6.22%
FY 2017	16.32%	5.98%
FY 2016	22.61%	6.50%
گزشتہ 10 سال	78.21%	9.77%

ریٹرنز کا شمارنا مفروضہ کی دو بارہ سرمایہ کاری کے ساتھ NAV سے NAV کی بنیاد پر کیا گیا ہے۔

اعتراف

ڈائریکٹرز سیکورٹیز ریٹائرمنٹ اینڈ اینجیجمنٹ کمیشن آف پاکستان (SECP) اور دیگر ریگولیٹری اداروں کے قابل قدر تعاون، مدد اور رہنمائی کے لیے ان کا شکریہ ادا کرتے ہیں۔ بورڈ اٹاٹھ مینجمنٹ کمپنی کے ملازمین، بڑی کا ان کی گن اور سخت کے لیے، اور پونٹ ہولڈرز کا مینجمنٹ پر ان کے اعتماد کے لیے بھی شکریہ ادا کرتے ہیں۔

---SD---

چیئرمین

---SD---

ڈائریکٹر



**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UNAUDITED)
AS AT MARCH 31, 2023**

		<i>Un-Audited</i> 31 March 2023	<i>Audited</i> June 30, 2022
Assets	<i>Note</i>	----- Rupees -----	
Balances with Banks	5	43,789,784	298,014,919
Investments	6	532,197,634	294,564,028
Accrued Income/Profit	7	37,359,843	7,987,185
Security Deposits	8	150,000	150,000
Total Assets		613,497,261	600,716,132
Liabilities			
Payable to 786 Investments Limited - Management Company	9	1,905,993	1,914,597
Payable to Digital Custodian Company Limited - Trustee	10	125,902	101,525
Payable to Securities and Exchange Commission of Pakistan	11	125,632	175,773
Unclaimed Dividend		2,023,958	2,125,770
Accrued Expenses and Other Liabilities	12	7,235,398	7,065,399
Total Liabilities		11,416,883	11,383,064
Contingencies and Commitments	13		
Net Assets		602,080,378	589,333,068
Unit Holders' Funds		602,080,378	589,333,068
		<i>(Number)</i>	
Number of Units in Issue	14	6,588,903	7,212,002
		<i>(Rupees)</i>	
Net Assets Value per Unit		91.38	81.72

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

---SD---

Chief Executive Officer

For 786 Investments Limited
(Management Company)

---SD---

Chief Financial Officer

---SD---

Director

**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2023**

	Note	<i>Nine Months Period Ended</i>		<i>Three Months Period Ended</i>	
		<i>March 31,</i>		<i>March 31,</i>	
		<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
<i>----- Rupees -----</i>					
Income					
Net Realized Loss on Sale of Investments		(855,711)	(1,175)	-	-
Income from Investments and Balances with Banks	15	96,972,555	57,630,707	34,383,319	24,077,137
Reversal of Impairment on Investment At Fair Value Through Other Comprehensive Income	6.1.1	12,566,367	12,566,367	4,188,789	4,188,789
		108,683,211	70,195,899	38,572,108	28,265,926
Expenses					
Remuneration to the Management Company	9.1	9,398,194	10,098,016	3,193,381	3,559,315
Sindh Sales Tax on Remuneration to the Management Company	9.2	1,221,763	1,312,742	415,138	462,710
Accounting and Operational Charges	9.3	626,545	673,201	212,891	237,288
Remuneration to the Trustee	10.1	939,818	1,009,801	319,336	355,931
Sindh Sales Tax on Trustee Fee	10.2	122,184	131,276	41,522	46,272
Annual Fee to Securities and Exchange Commission of Pakistan	11	125,632	134,642	42,901	47,459
Auditor's Remuneration		427,231	370,883	140,331	83,983
Fees and Subscription		146,273	135,244	47,873	44,423
Securities Transactions Cost		51,548	8,018	4,380	4,954
Printing and Related Charges		36,034	36,034	11,836	11,836
Legal and Professional Charges		334,272	279,283	109,830	91,948
Provision for Sindh Workers' Welfare Fund		-	(8,098,489)	-	-
Withholding Taxes - Written Off		649,288	329,540	649,288	-
Bank Charges		2,279	3,316	(6)	(60)
		14,081,061	6,423,507	5,188,701	4,946,059
Net Income for the Period Before Taxation		94,602,150	63,772,392	33,383,407	23,319,867
Taxation		-	-	-	-
Net Income for the Period After Taxation		94,602,150	63,772,392	33,383,407	23,319,867
Allocation of Net Income for the Period					
Net Income for the Period		94,602,150	63,772,392	33,383,407	23,319,867
Income Already Paid on Units Redeemed		(61,991,493)	(1,330,224)	(31,224,645)	(1,317,513)
Accounting Income Available for Distribution:		32,610,657	62,442,168	2,158,762	22,002,354
Relating to Capital Gain		(855,711)	(1,175)	-	-
Excluding Capital Gain		33,466,368	62,443,343	2,158,762	22,002,354
		32,610,657	62,442,168	2,158,762	22,002,354

The annexed notes from 1 to 19 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 QUARTER ENDED MARCH 31, 2023**

	<i>Nine Months Period Ended</i>		<i>Three Months Period Ended</i>	
	<i>March 31,</i>		<i>March 31,</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
<i>Note</i>	<i>----- Rupees -----</i>			
Net Income for the Period After Taxation	94,602,150	63,772,392	33,383,407	23,319,867
Items That Have Been Or May be Re-Classified Subsequently to the Income Statement	-	-	-	-
Unrealized Gain/(Loss) On Revaluation of Investments Classified As Fair Value Through Other Comprehensive Income - Net	6.4 (979,119)	517,379	(163,875)	252,045
Total Comprehensive Income for the Period	<u>93,623,031</u>	<u>64,289,771</u>	<u>33,219,532</u>	<u>23,571,912</u>

The annexed notes from 1 to 19 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, 2023**

	March 31, 2023				March 31, 2022			
	Capital Value	(Accumulated Loss)/ Undistributed Income	Unrealized (Loss) on Investment	Total	Capital Value	(Accumulated Loss)/ Undistributed Income	Unrealized Gains on Investment	Total
	----- Rupees -----				----- Rupees -----			
<i>Net Assets at Beginning of the Year</i>	736,657,526	(149,281,381)	1,956,922	589,333,068	894,606,747	(149,285,786)	786,162	746,107,123
<i>Issue of 10,298,291 Units (2022: 2,034,105 Units)</i>								
- Capital Value (At Net Asset Value Per Unit at the Beginning of the Period)	841,531,057	-	-	841,531,057	165,134,346	-	-	165,134,346
- Element of Income	35,631,158	-	-	35,631,158	4,549,556	-	-	4,549,556
<i>Total Proceeds on Issuance of Units</i>	877,162,215	-	-	877,162,215	169,683,902	-	-	169,683,902
<i>Redemption of 10,921,390 Units (2022: 240,190 Units)</i>								
- Capital Value (At Net Asset Value Per Unit at the Beginning of the Period)	(892,447,977)	-	-	(892,447,977)	(19,499,305)	-	-	(19,499,305)
- Amount Paid Out of Element of Income	-	(61,991,493)	-	(61,991,493)	-	(1,330,224)	-	(1,330,224)
- Refund/Adjustment on Units as Element of Income	(3,598,466)	-	-	(3,598,466)	162	-	-	162
<i>Total Payments on Redemption of Units</i>	(896,046,443)	(61,991,493)	-	(958,037,936)	(19,499,143)	(1,330,224)	-	(20,829,367)
<i>Net Income for the Period Before Taxation</i>	-	94,602,150	-	94,602,150	-	63,772,392	-	63,772,392
<i>Other Comprehensive Income</i>	-	-	(979,119)	(979,119)	-	-	517,379	517,379
	-	94,602,150	(979,119)	93,623,031	-	63,772,392	517,379	64,289,771
<i>Net Assets at End of the Period</i>	717,773,298	(116,670,724)	977,803	602,080,378	1,044,791,506	(86,843,618)	1,303,541	959,251,429
<i>Undistributed (Loss)/Income Brought Forward</i>								
- Realized loss		(149,281,381)				(149,285,786)		
- Unrealized Income		-				-		
		(149,281,381)				(149,285,786)		
<i>Accounting Income Available for Distribution</i>								
- Relating to Capital Gain		(855,711)				(1,175)		
- Excluding Capital Gain		33,466,368				62,443,343		
		32,610,657				62,442,168		
Distribution during the Period		-				-		
Undistributed Loss Carried Forward		(116,670,724)				(86,843,618)		
<i>Undistributed (Loss) Carried Forward</i>								
- Realized Loss		(116,670,724)				(86,843,618)		
		(116,670,724)				(86,843,618)		
<i>Net Assets Value per Unit at Beginning of the Period</i>	81.72				81.18			
<i>Net Assets Value per Unit at End of the Period</i>	91.38				87.33			

The annexed notes from 1 to 19 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, 2023**

	<i>Nine Months Period Ended</i>	
	<i>March 31,</i>	
	<i>2023</i>	<i>2022</i>
<i>Note</i>	<i>----- Rupees -----</i>	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income for the Period Before Taxation	94,602,150	63,772,392
Adjustments For:		
Net Realized Loss on Sale of Investments	(855,711)	(1,175)
Profit on Bank Balances and Investments	(96,972,555)	(57,630,707)
Reversal of Impairment on Investment At Fair Value Through Other Comprehensive Income	(12,566,367)	(12,566,367)
Provision for Sindh Workers' Welfare Fund	-	(8,098,489)
Operating Loss Before Working Capital Changes	(110,394,633)	(78,296,738)
(Increase)/Decrease in Assets		
Deposits and Prepayments	-	-
Advance Income Tax	-	329,540
	-	329,540
(Decrease)/Increase in Liabilities		
Payable to 786 Investments Limited - Management Company	(8,604)	440,892
Payable to Digital Custodian Company Limited - Trustee	24,377	35,680
Payable to Securities and Exchange Commission of Pakistan	(50,141)	16,818
Unclaimed Dividend	(101,812)	649,507
Accrued Expenses and Other Liabilities	169,999	74,673
	33,819	1,217,570
Proceeds From Investments - Net	(225,190,647)	(278,238,814)
Profit Received on Investments and Balances With Banks	67,599,897	57,073,059
Net Cash Used In from Operating Activities	(173,349,414)	(234,142,991)
CASH FLOWS FROM FINANCING ACTIVITIES		
Amounts Received Against Issue of Units	877,162,215	169,683,902
Payment Made Against Redemption of Units	(958,037,936)	(20,829,367)
Dividend Paid	-	-
Net Cash (Used In) / Generated From Financing Activities	(80,875,721)	148,854,535
Net Decrease in Cash and Cash Equivalents	(254,225,135)	(85,288,456)
Cash and Cash Equivalents At Beginning of the Year	298,014,919	607,530,032
Cash and Cash Equivalents At End of the Period	43,789,784	522,241,576

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

For 786 Investments Limited
(Management Company)

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

For 786 Investments Limited
(Management Company)

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

For 786 Investments Limited
(Management Company)

-----SD-----
Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2023**

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 Digital Custodian Company Limited (formerly 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, 2021 and stability rating of "AA-(f)" to the Fund as at October 14, 2022.
- 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>March 31,</i>	<i>June 30,</i>
		<i>2023</i>	<i>2022</i>
		<i>----- Rupees -----</i>	
5	<i>BALANCES WITH BANKS</i>	<i>Note</i>	
	- Saving accounts	5.1	<u>43,789,784</u>
			<u>298,014,919</u>
5.1	These saving accounts carry profit at rates ranging from 7% to 17.50% (June 30, 2022: 5.5% to 13.75%) per annum.		
6	<i>INVESTMENTS</i>		
	<i>At fair value through other comprehensive income</i>		
	Listed - Term finance certificates	6.1	-
	Unlisted - Sukuk certificates	6.2	40,768,787
	GOP Ijara Sukuk		40,768,787
			<u>422,106,168</u>
	<i>At amortised cost</i>		
	Commercial Paper	6.5	253,795,241
			<u>532,197,634</u>
			<u>294,564,028</u>

	<i>As at July 01, 2022</i>	<i>Purchases during the period</i>	<i>Matured/ Disposed During the period</i>	<i>As at March 31, 2023</i>	<i>Cost/ Carrying Value</i>	<i>Market Value</i>	<i>% of Total Investment</i>
<i>Note</i>	-----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	10,053	-	2,513	7,540	37,699,101	-	-
Provision held	6.3					(37,699,101)	-	-

6.1 At fair value through other comprehensive income

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. 12.566 millions on receipt basis in current period. The Fund has suspended profit there against.

6.2 At fair value through other comprehensive income

	<i>As at July 01, 2022</i>	<i>Purchases during the period</i>	<i>Matured/ Disposed During the period</i>	<i>As at March 31, 2023</i>	<i>Cost/ Carrying Value</i>	<i>Market Value</i>	<i>% of Total Investment</i>
<i>Note</i>	-----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

Commercial Bank

Dubai Islamic Bank Limited	6.3.3	26		26	-	-	-	0%
Dubai Islamic Bank Limited	-	-	44	-	44	44,000,000	44,000,000	8%

Engineering

Agha Steel Industries Limited	6.3.4	15	-	-	15	11,085,287	10,106,168	2%
Nishat Mills Ltd - Sukuk (01-11-22)	-	-	120	120	-	-	-	0%
Engro Polymer & Chemical Ltd - sukuk (11-01-19)	-	-	1,250	1,250	-	-	-	0%

	<i>As at July 01, 2022</i>	<i>Purchases during the period</i>	<i>Matured/ Disposed During the period</i>	<i>As at March 31, 2023</i>	<i>Cost/ Carrying Value</i>	<i>Market Value</i>	<i>% of Total Investment</i>
<i>Note</i>	<i>-----Number of certificates-----</i>			<i>-----Rupees-----</i>			
K-Electric Company Limited - Sukuk (26-10-22)	-	-	100	-	100	100,000,000	19%
China Power Hub Generation Ltd Sukuk (07-12-22)	-	-	100	-	100	50,000,000	9%
Lucky Electric Power Company Limited ST - Sukuk 14-12-2022	-	-	25	-	25	25,000,000	5%
Lucky Electric Power Company Limited ST - Sukuk	-	-	110	75	35	35,000,000	7%
Face value of Rs. 2,933/-each							
Eden Housing Limited	6.3.5	2,933	-	-	2,933	2,887,171	-
Provision held	6.3					(2,887,171)	-
Face value of Rs. 5,000/-each							
Amtex limited	6.3.6	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	6.3.7	1,000	-	-	1,000	5,027,500	-
Provision held	6.3					(5,027,500)	-
						-	-
						265,085,287	264,106,168

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.

<i>Name of non compliant investment</i>	<i>Note</i>	<i>Type of Investment</i>	<i>Value of Investment before provision</i>	<i>Provision held if any</i>	<i>Value of Investment after provision</i>	<i>% of net assets</i>	<i>% of Gross Assets</i>
			<i>-----Rupees-----</i>				
Dewan Cement Limited - Restructured	6.1.1	Pre-IPO investment	37,699,101	(37,699,101)	-	-	-
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	6.3.7	Sukuk certificates	5,027,500	(5,027,500)	-	-	-
Eden Housing Limited	6.3.5	Sukuk certificates	2,887,171	(2,887,171)	-	-	-
Amtex Limited	6.3.6	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 are unsecured and carry profit equal to 6 month KIBOR plus 0.50% receivable half-yearly in arrears and will mature in July 2027.
- 6.3.4** This is the Pakistan's 1st over the counter listed sukuk issue, priced through competitive bidding process by Agha Steel Industries Limited backed by diminishing musharaka and carry profit equal to 3 month KIBOR plus 0.8% and will completely mature in October 2024. Pak Brunei Limited is appointed as trustee and the issue agent of the sukuk. These sukuk certificates are secured by hypothecation charge over the present and future fixed assets of the issuer in favour of the Trustee of the issuer for the benefit of the certificate holders.
- 6.3.5** 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 sukuk are held in CDC investor account of the Fund.
- 6.3.6** 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 on 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.
- 6.3.7** 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>March 31,</i>	<i>June 30,</i>
		<i>2023</i>	<i>2022</i>
	<i>Note</i>	<i>----- Rupees -----</i>	
6.4	<i>Unrealized gain on revaluation of investments classified as fair value through other comprehensive income - net</i>		
	Fair value of investments	6.2 264,106,168	40,768,787
	Less: Cost/Carrying Value of Investment	(266,256,047)	(103,842,597)
		(2,149,879)	(63,073,810)
	Less: Net unrealized gain in fair value of investments - Opening	1,170,760	64,244,570
		(979,119)	1,170,760

- 6.5** This represents commercial paper placed with Roush Pakistan Power Limited face value of Rs. 120 million carrying profit at the rate of 18.05% per annum and will be matured on June 1, 2023.

		<i>Un-Audited</i>	<i>Audited</i>
		<i>March 31,</i>	<i>June 30,</i>
		<i>2023</i>	<i>2022</i>
		<i>----- Rupees -----</i>	
7	ACCRUED INCOME/PROFIT		
	- Income from profit and loss sharing (PLS) accounts	3,831,127	5,758,971
	- Income from sukuk certificates	16,211,589	1,828,761
	- Income from commercial paper	6,587,541	-
	- Income from GOP Ijara Sukuk	10,729,586	-
	- Income from term deposit receipt (TDR)	-	399,453
		37,359,843	7,987,185
8	SECURITY DEPOSITS		
	<i>Deposits - Central Depository Company</i>		
	- Deposits - Central depository company 786SF	100,000	100,000
	- Deposits - Central depository company FDMF	50,000	50,000
		150,000	150,000
9	PAYABLE TO 786 INVESTMENTS LIMITED		
	- MANAGEMENT COMPANY		
	Management remuneration	9.1 1,114,127	898,448
	Sindh sales tax payable	9.2 165,321	137,283
	Accounting and operational charges	9.3 626,545	878,866
		1,905,993	1,914,597
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 2022: 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 2022: 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 period ended March 31, 2023.		
10	PAYABLE TO DIGITAL CUSTODIAN COMPANY LIMITED - TRUSTEE		
	Trustee Remuneration	10.1 111,410	89,845
	Sindh sales tax payable on Trustee remuneration	10.2 14,492	11,680
		125,902	101,525
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 2022: 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.

12 ACCRUED EXPENSES AND OTHER LIABILITIES	<i>Note</i>	<i>Un-Audited</i>	<i>Audited</i>
		<i>March 31,</i> <i>2023</i>	<i>June 30,</i> <i>2022</i>
		<i>----- Rupees -----</i>	
Federal Excise Duty on Remuneration	12.1	6,513,679	6,513,679
Accrued expenses	12.2	704,984	534,985
Other liabilities		5,115	5,115
Zakat payable and withholding tax		11,620	11,620
		<u>7,235,398</u>	<u>7,065,399</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.6.513 million (June 30, 2022: Rupees. 6.513 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 December 31, 2022 would have been higher by Rs. 0.99 (June 30, 2022: Rs. 0.90) per unit.

	<i>Un-Audited</i>	<i>Audited</i>
	<i>March 31,</i>	<i>June 30,</i>
	<i>2023</i>	<i>2022</i>
	----- Rupees -----	
12.2 Accrued expenses		
Auditors' remuneration payable	311,758	309,287
Rating fee payable - PACRA	125,631	-
PSX fee payable	48,141	-
Printing and related expenditure payable	13,882	25,000
Shariah and tax advisors fee payable	205,572	206,950
	<u>704,984</u>	<u>541,237</u>

13 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at March 31, 2023 and June 30, 2022.

	<i>Un-Audited</i>	<i>Audited</i>
	<i>March 31,</i>	<i>June 30,</i>
	<i>2023</i>	<i>2022</i>
	----- Number of Units -----	
14 NUMBER OF UNITS IN ISSUE		
Total outstanding as of July 01	7,212,002	9,190,455
Issued during the period	10,298,291	5,636,846
Redemption during the period	(10,921,390)	(7,615,299)
Closing units	<u>6,588,903</u>	<u>7,212,002</u>

	<i>Nine Months Period Ended</i>	
	<i>March 31,</i>	
	<i>2023</i>	<i>2022</i>
	----- Rupees -----	
15 INCOME FROM INVESTMENTS AND BALANCES WITH BANKS		
<i>Income from:</i>		
- Sukuk certificates	29,274,910	3,327,201
- Profit and loss sharing (PLS) account	58,242,181	31,673,905
- Term deposits receipts (TDR)	-	12,007,604
- Commercial Paper	9,455,464	10,621,997
	<u>96,972,555</u>	<u>57,630,707</u>

16 TOTAL EXPENSE RATIO

The total expense ratio (TER) of the Fund for the period ended March 31, 2023 is Ytd 2.25% which includes Ytd | 0.34% 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".

17 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, Digital Custodian Company 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	<i>Nine Months Period Ended</i>	
		<i>2023</i>	<i>2022</i>
		<i>----- Rupees -----</i>	
17.1 Transactions during the Period Ended			
786 Investments Limited - Management Company			
Remuneration of the management company	9.1	<u>9,398,194</u>	<u>10,098,016</u>
Sales tax on remuneration to the management company	9.2	<u>1,221,763</u>	<u>1,312,742</u>
Accounting and operational charges	9.3	<u>626,545</u>	<u>673,201</u>
Redemption of 51,042 units: (2022: Nil Units)		<u>4,500,000</u>	<u>-</u>
Digital Custodian Company Limited			
(formerly MCB Financial Services Limited) - Trustee			
Remuneration of the Trustee	10.1	<u>939,818</u>	<u>1,009,801</u>
Sales tax on Trustee fee	10.2	<u>122,184</u>	<u>131,276</u>
Dawood Family Takaful Limited			
(Connected person due to group company)			
Issue of units: 9,620,785 (2022: 622,411)		<u>820,000,000</u>	<u>52,086,902</u>
Redemption of 9,733,792 units: Nil (2021: Nil Units)		<u>856,562,423</u>	<u>-</u>
BRR Investments Limited			
(Connected person due to group company)			
Issue of units: 651,253 (2022: 177,572 Units)		<u>55,000,000</u>	<u>15,000,000</u>
Redemption of 632,589 units: (2022: 86,739 Units)		<u>54,000,000</u>	<u>7,500,000</u>
BRR Financial Services			
(Connected person due to group company)			
Issue of units: 24,376 Units (2022: 29,377 Units)		<u>2,000,000</u>	<u>-</u>
Redemption of 1,778 units: (2022: Nil Units)		<u>150,000</u>	<u>-</u>
First Dawood Investment Bank Limited -Employees			
Contributory Provident Fund- Employee Benefit Fund of Group Company			
Issue of units: Nil (2022: 29,377 Units)		<u>-</u>	<u>2,500,000</u>
Redemption of 20,001 units: (2022: 22,937)		<u>1,700,000</u>	<u>2,000,000</u>

		<i>Un-Audited</i>	<i>Audited</i>
		<i>31 March</i>	<i>June 30,</i>
		<i>2023</i>	<i>2022</i>
	<i>Note</i>	<i>----- Rupees -----</i>	
17.2 Balance as at period ended			
786 Investments Limited - Management Company			
Remuneration payable to the management company	9	<u>1,114,127</u>	<u>898,448</u>
Sales tax payable on management company's remuneration	9	<u>165,321</u>	<u>137,283</u>
Accounting and operational charges	9	<u>626,545</u>	<u>878,866</u>
FED payable on management company's remuneration		<u>6,513,679</u>	<u>6,513,679</u>
Units held: 2,284,214 (June 2022: 2,312,993)		<u>206,692,310</u>	<u>189,007,617</u>
Digital Custodian Company Limited - Trustee			
Remuneration payable to the Trustee	10	<u>111,410</u>	<u>89,845</u>
Sales tax payable on Trustee fee	10	<u>14,492</u>	<u>11,680</u>
BRR Guardian Modaraba			
<i>(Connected person due to group Company)</i>			
Units held: 396,776 (June 2022: 396,776)		<u>36,256,517</u>	<u>32,422,753</u>
First Dawood Investment Bank Limited -Employees			
Contributory Provident Fund- Employee Benefit Fund of Group Company			
Units held: 267,151 (June 2022: 287,151)		<u>24,411,658</u>	<u>23,464,727</u>
Dawood Family Takaful Limited			
<i>(Connected Person due to Group Company)</i>			
Units held: 484,277 (June 2022: 597,284)		<u>44,252,246</u>	<u>48,807,398</u>
Dawood Family Takaful Limited - Employees contributory provident fund - Associate of Management Company			
Units held: 61,339 (June 2022: 61,339)		<u>5,605,016</u>	<u>5,012,342</u>
BRR Investment Limited			
<i>(Connected Person due to Group Company)</i>			
Units held: 18,665 (June 2022: Nil)		<u>1,705,524</u>	<u>-</u>
BRR Financial Services (Private) Limited			
<i>(Connected Person due to Group Company)</i>			
Units held: 55,136 (June 2022: 32,538)		<u>5,038,224</u>	<u>2,658,881</u>
Directors and key management personnel of the Management Company			
Units held: 1,739,139 (June 2022: 1,739,139)		<u>158,918,866</u>	<u>142,114,783</u>

17.3 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.



18 GENERAL

Figures have been rounded off to the nearest rupee.

19 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue by the board of directors of the Management Company on 11 April, 2022.

**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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