



INVESTMENTS

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786 INVESTMENTS LIMITED



786 SMART FUND

**FOR THE
HALF YEAR ENDED
DECEMBER 31, 2024
(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 Mr. Nadeem Akhtar 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	Mr. Ahmer Zia Sarwar 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 HALF YEAR ENDED DECEMBER 31, 2024**

The Board of Directors of 786 Investments Limited, referred to as '786' or 'the Company,' which serves as the Management Company of 786 Smart Fund (786 SF), is pleased to present the audited financial statements for the half yearly period ended December 31, 2024.

Economic & Money Market Review:

Pakistan's economy demonstrated resilience in 2024, achieving key milestones despite ongoing challenges. The Pakistan Stock Exchange (PSX) crossed the 100,000-point mark, while inflation dropped to a six-year low of 4.9%, significantly lower than the previous year's 38%. The State Bank of Pakistan (SBP) reduced the policy rate from 22% to 13%, boosting economic activity and lowering production costs. The current account recorded a \$729 million surplus, the highest in two decades, with foreign exchange reserves increasing by \$4 billion. The rupee also strengthened by Rs3 against the US dollar. Fiscal achievements included a PKR 1,700 billion budget surplus, the first in 24 years, driven by higher revenue and controlled spending.

However, industrial production declined by 0.64%, and tax reforms, such as the Tajir-Dost scheme, failed to meet expectations. A new \$7 billion IMF loan was secured under stringent conditions, including additional taxes and the removal of exemptions. Saudi Arabia extended its \$3 billion deposit, providing financial stability. While reduced inflation and interest rates set a positive outlook for 2025, challenges in industrial growth and IMF-imposed conditions require strategic policy interventions to sustain momentum.

Fund's Performance

786 SF is categorized as a Shariah Compliant Income Fund. Its objective is to deliver competitive returns through investments in Shariah-Compliant debt securities and money market instruments. However, the Fund is restricted from investing in equities. Additionally, the Fund's weighted average time to maturity must not exceed 4 years, excluding government securities.

As of December 31, 2024, net assets were PKR 715.345 million, compared to PKR 851.683 million as of December 31, 2024. The Net Asset Value (NAV) per unit increased from PKR 90.96 to PKR 91.53 during the period, resulting in a fiscal year-to-date (FYTD) return for 2025 of 17.66% compared to its benchmark FYTD 2025 return of 9.99% for the same period. The performance of the fund is net of management fees and other expenses.

The Fund's total income during the period stood at PKR 101.132 million, compared to an income of PKR 121.559 million. Total expenses were PKR 13.215 million, as compared to PKR 12.716 million in the same period last year.

Acknowledgement

The Directors express their gratitude to the Securities & Exchange Commission of Pakistan and other regulatory bodies for their valuable support, assistance, and guidance. The Board also extends its thanks to the employees of the Asset Management Company and the Trustee for their dedication and hard work. Additionally, the Directors appreciate the unit holders for their confidence in the Management.

On behalf of the board of
786 Investments Limited

The Board also extends its thanks to the employees of the Asset Management Company and the Trustee for their dedication and hard work. Additionally, the Directors appreciate the unit holders for their confidence in the Management.

On behalf of the board of
786 Investments Limited

Chairperson

Director

Date: February 27, 2025
Place: Karachi



ڈائریکٹرز کی رپورٹ

786 سمارٹ فنڈ (786 SF) کی بیجمنٹ کمپنی، 786 انویسٹمنٹ لمیٹڈ (786 ایڈی کمپنی) کے بورڈ آف ڈائریکٹرز 31 دسمبر 2024 کو ختم ہونے والی ششماہی کے نظر ثانی شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوش محسوس کرتے ہیں۔

اقتصادی اور مٹی مارکیٹ کا جائزہ

پاکستان کی معیشت نے 2024ء میں ٹیک کا مظاہرہ کرتے ہوئے مسلسل مشکلات کے باوجود اہم سنگ میل عبور کئے ہیں۔ پاکستان اسٹاک ایکسچینج (پی ایس ایکس) 100,000 پوائنٹس کی مدد عبور کر گئی جبکہ افراط زر چھ سال کی کم ترین سطح 4.9 فیصد پر آگئی جو گزشتہ سال کی 38 فیصد کے مقابلے میں نمایاں طور پر کم ہے۔ اسٹیٹ بینک آف پاکستان (ایس بی پی) نے پالیسی ریٹ کو 22 فیصد سے کم کر کے 13 فیصد کر دیا ہے جس سے معاشی سرگرمیوں میں اضافہ اور پیداواری لاگت میں کمی آئی ہے۔ کرنٹ اکاؤنٹ میں 729 ملین ڈالر سرپلس درج کیا گیا جو دو ہائیوں میں سب سے زیادہ، زرمبادلہ کے ذخائر میں 4 بلین ڈالر کا اضافہ ہوا ہے۔ امریکی ڈالر کے مقابلے میں روپیہ کی قدر میں بھی 3 روپے کا اضافہ ہوا۔ مالی کامیابیوں میں 1,700 بلین روپے کا بجٹ سرپلس شامل ہے، جو 24 سالوں میں پہلی بار ہے، جس کی بنیادی وجہ آمدنی زیادہ اور کنٹرولڈ اخراجات ہیں۔

تاہم صنعتی پیداوار میں 0.64 فیصد کی واقع ہوئی اور ٹیکس اصلاحات جیسے کہ تازہ دوست اسکیم توقعات پر پورا اترنے میں ناکام رہی۔ آئی ایم ایف سے 7 بلین ڈالر کا نیا قرض سخت شرائط کے تحت حاصل کیا گیا جس میں اضافی ٹیکس کا نفاذ اور اسٹیشن کو ختم کرنا شامل ہے۔ سعودی عرب نے اپنے 3 بلین ڈالر کے ڈیپازٹ میں توسیع کرتے ہوئے مالی استحکام فراہم کیا۔ اگرچہ افراط زر میں کمی اور شرح سود نے 2025 کے لئے مثبت نقطہ نظر قائم کیا ہے، لیکن صنعتی ترقی میں مشکلات اور آئی ایم ایف کی طرف سے عائد کردہ شرائط کی رفتار کو برقرار رکھنے کے لئے اسٹریٹجک پالیسی میں مداخلت ضروری ہے۔

فنڈ کی کارکردگی:

786 SF کی شریعہ کمپلائٹ اہم فنڈ کے طور پر درجہ بندی کی گئی ہے۔ اس کا مقصد شریعہ کمپلائٹ ڈیٹ سیکورٹیز اور مٹی مارکیٹ انسٹرومنٹس میں سرمایہ کاری کے ذریعے مسابقتی منافع فراہم کرنا ہے۔ تاہم فنڈ ایکویٹی میں سرمایہ کاری کی اجازت نہیں دیتا ہے۔ اس کے علاوہ، فنڈ کی پیچیدگی کی اوسط مدت، گورننس سیکورٹیز کے علاوہ، 4 سال سے زائد نہیں ہونی چاہئے۔ 31 دسمبر 2023 کو 851.683 ملین روپے کے مقابلے میں 31 دسمبر 2024 کو خالص اثاثے 715.345 ملین روپے رہے۔ موجودہ مدت کے دوران خالص اثاثہ کی قیمت (NAV) فی پونٹ 90.96 روپے سے بڑھ کر 91.53 روپے ہو گئی، جس کے نتیجے میں مالی سال 2025 کے لئے 17.66 فی صد کا ریٹرن (FYTD) ملا، جو اسی مدت کے لئے 9.99 فی صد سالانہ کے بیچ مارک منافع کی ابتداء کارکردگی کو ظاہر کرتا ہے۔ فنڈ کی یہ کارکردگی بیجمنٹ فیڈوں اور دیگر اخراجات کے بعد خالص ہے۔

فنڈ کی مجموعی آمدنی گزشتہ سال کی اسی مدت میں 121.559 ملین روپے کے مقابلے میں موجودہ مدت کے دوران 101.132 ملین روپے رہی۔ کل اخراجات گزشتہ سال کی اسی مدت میں 12.716 ملین روپے کے مقابلے میں موجودہ مدت میں 13.215 ملین روپے تھے۔

اظہار تشکر

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

منجانب بورڈ

786 انویسٹمنٹ لمیٹڈ

---SD---

ڈائریکٹر

---SD---

چیئر پرسن

تاریخ: فروری 2025

مقام: کراچی



**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, an open-end scheme established under a trust deed executed between 786 Investments Limited as the Management Company and Digital Custodian Company Limited as the Trustee. The Trust Deed was executed on April 8, 2003 between 786 Investments Limited and Bank Al Habib as Trustee. In June 2011, Bank Al Habib retired and Digital Custodian Company Limited 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. Later on the fund was further amended as 786 Smart Fund through its second supplemental trust deed.

1. 786 Investments Limited, the Management Company of 786 Smart Fund has, in all material respects, managed 786 Smart Fund during the period ended December 31, 2024 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.

2. Statement on the shortcoming(s) that may have impact on the decision of the existing or the potential unit holders remaining or investing in the Collective Investment Scheme; and

Statement

No short coming has been addressed during the period ended December 31, 2024.

3. Disclosure of the steps taken to address the shortcoming(s) or to prevent the recurrence of the short coming(s).

Disclosure of the steps

We have critically examine the fund in accordance with circular, directives, NBFC Regulations 2008 and its constitutive documents. However, no shortcoming has been addressed.

4. Trustee's opinion regarding the calculation of the management fee, CIS Monthly Fee Payable to the Commission and other expenses in accordance with the applicable regulatory framework.

D.M.

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#11ForestGardHyattSociety

Trustee Opinion

"The Management fee, CIS monthly fee payable to the Commission and other expenses has been accurately calculated in accordance with the NBFC Regulations, 2008 and its constitutive documents".

Debeer Khan
Manager Compliance
Digital Custodian Company Limited

Karachi: February 27, 2025

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

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **786 Smart Fund** ("the fund") as at December 31, 2024 and the related condensed interim statement of profit or loss, statement of other comprehensive income, condensed interim statement of movement in unit holders, condensed interim statement of cash flows, and condensed interim notes to the financial statements for the six-month period then ended (herein-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 figures of the condensed statement of profit or loss and condensed interim statement of other comprehensive income for the three-months period ended December 31, 2024 have not been reviewed as we are required to review only the cumulative figures for the six months period ended December 31, 2024.

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


Reanda Haroon Zakaria Aamir Salman Rizwan & Company
Chartered Accountants

Place: Karachi

Dated: **27 FEB 2025**

UDIN: RR2024101472M9uDSVxc

Reanda Haroon Zakaria Aamir Salman Rizwan & Company
Chartered Accountants

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Other offices at:
Lahore and Islamabad

786 SMART FUND
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024

	<i>Note</i>	<i>Un-Audited December 31, 2024</i>	<i>Audited June 30, 2024</i>
		<i>----- Rupees -----</i>	
Assets			
Balances with banks	5	167,978,730	14,314,976
Investments	6	552,103,000	840,335,000
Accrued income/profit	7	7,825,462	47,774,624
Security deposits	8	150,000	150,000
Total Assets		728,057,192	902,574,600
Liabilities			
Payable to 786 Investments Limited - Management Company	9	2,064,607	2,900,986
Payable to Digital Custodian Company Limited - Trustee	10	140,480	152,248
Payable to Securities and Exchange Commission of Pakistan	11	63,261	72,682
Unclaimed dividend		2,871,961	3,288,598
Accrued expenses and other liabilities	12	7,571,851	16,930,162
Total Liabilities		12,712,160	23,344,676
Contingencies and Commitments	13		
Net Assets		715,345,032	879,229,924
Unit Holders' Funds		715,345,032	879,229,924
		<i>(Number)</i>	
Number of units in issue	14	7,864,233	10,526,352
		<i>(Rupees)</i>	
Net assets value per unit		90.96	83.53

The annexed notes from 1 to 20 form an integral part of these financial statements.

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


Chief Executive Officer


Chief Financial Officer


Director

786 SMART FUND
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE SIX MONTHS AND THREE MONTHS PERIOD ENDED DECEMBER 31, 2024

	Note	Six Months Period Ended December 31,		Three Months Period Ended December 31,	
		2024	2023	2024	2023
		----- Rupees -----		----- Rupees -----	
Income					
Income from investments and balances with banks	15	105,722,908	125,889,036	41,380,817	67,322,707
Reversal of impairment on investment at fair value through other comprehensive	6.1.1	8,377,578	8,377,578	4,188,789	4,188,789
Other Income		1,267,329	9,231	-	9,231
		114,347,815	134,275,845	45,569,606	71,520,727
Expenses					
Remuneration to the management company	9.1	9,142,381	8,825,086	4,232,691	4,558,510
Sindh sales tax on remuneration to the management company	9.2	1,371,357	1,147,256	634,907	592,630
Accounting and operational charges	9.3	609,492	588,097	282,174	303,671
Remuneration to the trustee	10.1	854,936	882,512	410,895	455,863
Sindh sales tax on trustee fee	10.2	128,240	114,729	61,671	59,268
Annual fee to Securities and Exchange Commission of Pakistan	11	457,115	440,046	211,631	227,271
Auditor's remuneration		324,699	303,899	162,349	151,949
Fees and subscription		13,863	109,644	6,932	54,822
Securities transactions cost		58,395	44,659	-	7,796
Printing and related charges		24,198	24,198	12,099	12,099
Legal and professional charges		222,245	222,161	111,080	111,080
Bank charges		8,795	13,888	5,430	1,503
		13,215,716	12,716,175	6,131,859	6,536,462
Net income for the period before taxation		101,132,099	121,559,670	39,437,747	64,984,265
Taxation		-	-	-	-
Net income for the period after taxation		101,132,099	121,559,670	39,437,747	64,984,265
Allocation of net income for the period					
Net income for the period		101,132,099	121,559,670	38,417,747	64,984,265
Income already paid on units redeemed		(87,905,888)	(15,497,550)	(54,328,950)	(5,432,174)
Accounting income available for distribution:		13,226,211	106,062,120	(14,891,203)	59,552,091
Relating to capital gain		(1,020,000)	-	(1,020,000)	-
Excluding capital gain		14,246,211	106,062,120	(14,891,203)	59,552,091
		13,226,211	106,062,120	(14,891,203)	59,552,091

The annexed notes from 1 to 20 form an integral part of these financial statements.

For 786 Investments Limited
(Management Company)


Chief Executive Officer


Chief Financial Officer


Director

786 SMART FUND
CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX MONTHS AND THREE MONTHS PERIOD ENDED DECEMBER 31, 2024

	<i>Six Months Period Ended</i> <i>December 31,</i>		<i>Three Months Period Ended</i> <i>December 31,</i>	
<i>Note</i>	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
	<i>----- Rupees -----</i>		<i>----- Rupees -----</i>	
Net income for the period after taxation	101,132,099	121,559,670	39,437,747	64,984,265
Unrealized Gain / (loss) on revaluation of investments classified as fair value through other comprehensive income - net	1,986,800	(839,080)	624,000	285,168
6.4	1,986,800	(839,080)	624,000	285,168
Total comprehensive income for the period	103,118,899	120,720,590	40,061,747	65,269,433

The annexed notes from 1 to 20 form an integral part of these financial statements.

For 786 Investments Limited
(Management Company)

pr.



Chief Executive Officer



Chief Financial Officer



Director

786 SMART FUND
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND (UNAUDITED)
FOR THE SIX MONTHS AND THREE MONTHS PERIOD ENDED DECEMBER 31, 2024

	December 31, 2024				December 31, 2023			
	Capital Value	(Accumulated Loss) / Undistributed Income	Unrealized (Loss) on Investment	Total	Capital Value	(Accumulated Loss) / Undistributed Income	Unrealized Gains on Investment	Total
----- Rupees -----								
Net assets at beginning of the year	1,177,926,075	(300,182,312)	1,486,161	879,229,924	934,791,485	(215,207,470)	1,486,161	721,070,176
Issue of 15,597,480 units (2023: 14,712,389 units)								
- Capital value (at net asset value per unit at the beginning of the period)	1,302,804,503	-	-	1,302,804,503	1,212,406,802	-	-	1,212,406,802
- Element of income	43,200,008	-	-	43,200,008	48,152,268	-	-	48,152,268
Total proceeds on issuance of units	1,346,064,511	-	-	1,346,064,511	1,260,559,070	-	-	1,260,559,070
Redemption of 18,259,599 units (2023: 14,157,407 units)								
- Capital value (at net asset value per unit at the beginning of the period)	(1,525,162,203)	-	-	(1,525,162,203)	(1,166,672,266)	-	-	(1,166,672,266)
- Amount paid out of element of income	-	(87,905,888)	-	(87,905,888)	-	(15,497,550)	-	(15,497,550)
- Refund/adjustment on units as element of income	(211)	-	-	(211)	(68,496,429)	-	-	(68,496,429)
Total payments on redemption of units	(1,525,162,414)	(87,905,888)	-	(1,613,068,302)	(1,235,168,695)	(15,497,550)	-	(1,250,666,245)
Net income for the period before taxation	-	101,132,099	-	101,132,099	-	121,559,670	-	121,559,670
Other comprehensive loss	-	-	1,586,800	1,586,800	-	-	(839,080)	(839,080)
Net assets at end of the period	998,828,172	(286,956,101)	3,472,961	715,345,032	960,181,860	(109,145,350)	647,081	851,683,591

Undistributed (loss)/income brought forward								
- Realized loss		(300,182,312)				(215,207,470)		
- Unrealized income		-				-		
		(300,182,312)				(215,207,470)		
Accounting income available for distribution								
- Relating to capital gain		(1,020,000)				-		
- Excluding capital gain		14,246,211				106,062,120		
		13,226,211				106,062,120		
Distribution during the period		-				-		
Undistributed loss carried forward		(286,956,101)				(109,145,350)		
Undistributed (loss) carried forward								
- Realized loss		(286,956,101)				(109,145,350)		
		(286,956,101)				(109,145,350)		
Net assets value per unit at beginning of the year		83.53				82.41		
Net assets value per unit at end of the period		90.96				86.65		

The annexed notes from 1 to 20 form an integral part of these financial statements.

For 786 Investments Limited
(Management Company)

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Chief Executive Officer

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Chief Financial Officer

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Director

786 SMART FUND
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS AND THREE MONTHS PERIOD ENDED DECEMBER 31, 2024

	<i>Six Months Period Ended</i>	
	<i>December 31,</i>	
	<i>2024</i>	<i>2023</i>
<i>Note</i>	<i>----- Rupees -----</i>	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income for the Period Before Taxation	101,132,099	121,559,670
Adjustments For:		
Profit on bank balances and investments	(105,722,908)	(125,889,036)
Reversal of impairment on investment at fair value through other Comprehensive income	(8,377,578)	(8,377,578)
Operating Loss Before Working Capital Changes	(115,120,486)	(134,266,614)
Increase in Assets		
Advance income tax	-	-
	-	-
(Decrease)/Increase in Liabilities		
Payable to 786 Investments Limited - Management Company	(836,379)	79,351
Payable to Digital Custodian Company Limited - Trustee	(11,768)	37,475
Payable to Securities and Exchange Commission of Pakistan	(9,421)	(99,726)
Unclaimed dividend	(416,637)	-
Accrued expenses and other liabilities	(9,358,311)	76,187
	(10,632,516)	93,287
Proceeds from investments - net	299,616,378	44,849,024
Profit received on investments and balances with banks	145,672,070	121,689,961
Net cash Used in from operating activities	420,667,545	153,925,328
CASH FLOWS FROM FINANCING ACTIVITIES		
Amounts received against issue of units	1,346,064,511	1,260,559,070
Payment made against redemption of units	(1,613,068,302)	(1,250,666,245)
Dividend paid	-	-
Net cash (used in) / generated from financing Activities	(267,003,791)	9,892,825
Net decrease in cash and cash equivalents	153,663,754	163,818,153
Cash and cash equivalents at beginning of the year	14,314,976	72,439,135
Cash and cash equivalents at end of the period	167,978,730	236,257,288

The annexed notes from 1 to 20 form an integral part of these financial statements.

For 786 Investments Limited
(Management Company)

pr.


Chief Executive Officer


Chief Financial Officer


Director

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, BAML retired and Digital Custodian Company Limited 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, 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 Digital Custodian Company Limited as the Trustee of the Fund (except for term finance certificate of New Allied industries limited as mentioned in note 5.3.1 which is a non-performing term finance certificate hence being unable to be transferred until final settlement, which is held in the name of BAML 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 20, 2024 and stability rating of "AA-(f)" to the Fund as at October 18, 2024.
- 1.8 The funds are required to be registered under the "Sindh Trusts Act, 2020" (the Sindh Trust Act). Due to the enactment of the Sindh Trusts Act, 2020 (as amended by the Sindh Trusts (Amendment) Act, 2021), trusts, including collective investment and private funds, which are considered specialized trusts, must be registered with the Assistant Director of Industries and Commerce (Trust Wing), Government of Sindh, under Section 12A of the Sindh Trusts Act, 2020. Accordingly, on September 21, 2023, the Trust Deed of the fund was registered under the Sindh Trust Act.
- 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 VIII A 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, the NBFC Regulations and the requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements 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 certain investments which are stated at fair value.

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 MATERIAL ACCOUNTING POLICY INFORMATION

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>December 31,</i>	<i>June 30,</i>
<i>Note</i>	<i>2024</i>	<i>2024</i>
	<i>----- Rupees -----</i>	

5 BALANCES WITH BANKS

- Saving accounts	5.1	<u>167,978,730</u>	<u>14,314,976</u>
-------------------	-----	--------------------	-------------------

5.1 These saving accounts carry profit at rates ranging from 9.5% to 17% (June 30, 2024: 18.50% to 20.25%) per annum.

	<i>Un-Audited</i>	<i>Audited</i>
	<i>December 31,</i>	<i>June 30,</i>
<i>Note</i>	<i>2024</i>	<i>2024</i>
	<i>----- Rupees -----</i>	

6 INVESTMENTS

At fair value through other comprehensive income

Listed - Term finance certificates	6.1	-	-
Unlisted - Sukuk certificates	6.2	<u>552,103,000</u>	<u>840,335,000</u>
		<u>552,103,000</u>	<u>840,335,000</u>

6.1 *At fair value through other comprehensive income*

<i>As at</i>	<i>Purchases</i>	<i>Matured/</i>	<i>As at</i>	<i>Cost/</i>	<i>Market</i>	<i>% of Total</i>
<i>July 01,</i>	<i>during the</i>	<i>Disposed</i>	<i>Dec.,</i>	<i>Carrying</i>	<i>Value</i>	<i>Investment</i>
<i>2024</i>	<i>period</i>	<i>During the</i>	<i>31,</i>	<i>Value</i>		
		<i>period</i>	<i>2024</i>			
<i>Note</i>	<i>----- Number of Certificates -----</i>			<i>----- Rupees -----</i>		

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

Construction and material

Dewan cement company limited	6.1.1	3,351	-	1,676	1,676	8,377,578	-	-
Provision held	6.3					(8,377,578)	-	-

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

Un-Audited
December 31,
2024

Audited
June 30,
2024

6.2 At fair value through other comprehensive income

----- Rupees -----

Cost / Carrying Value of Investment	550,116,200	478,045,287
Less: Net unrealized gain in fair value of investments-closing	1,986,800	-
Fair value of investments	552,103,000	478,045,287

		<i>As at</i> <i>July 01,</i> <i>2024</i>	<i>Purchases</i> <i>during the</i> <i>period</i>	<i>Sold /</i> <i>Matured</i> <i>During the</i> <i>Period</i>	<i>As at</i> <i>Dec., 31,</i> <i>2024</i>	<i>Cost/</i> <i>Carrying Value</i>	<i>Market</i> <i>Value</i>	<i>% of Total</i> <i>Investment</i>
<i>Note</i>						----- Rupees -----		
<i>Unlisted - term finance certificates</i>								
<i>face value of Rs. 5,000/- each</i>								
<i>Cable and electric goods</i>								
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)		
<i>At fair value through other comprehensive income</i>								
<i>Unlisted - Sukuk certificates</i>								
<i>Face Value of Rs. 1,000,000/- each</i>								
<i>Engineering</i>								
Agha Steel Industries Limited	6.3.3	15	-	-	15	7,140,000	7,140,000	1%
<i>Commercial Bank</i>								
Dubai Islamic Bank Limited	6.3.4	-	44	-	44	43,001,200	44,088,000	8%
BankIslami Pakistan Limited		635	-	-	635	3,175,000	3,175,000	1%
<i>Power Generation & Distribution</i>								
<i>Face value of Rs. 100,000/- each</i>								
K-Electric Company Limited - Sukuk (23-11-22)	6.3.5	-	1,000	-	1,000	101,800,000	102,700,000	19%
<i>Face value of Rs. 1,000,000/- each</i>								
K-Electric Limited - STS 24		125	-	125	-	-	-	0%
<i>Steel and Allied</i>								
Mughal Iron & Steel Industries	6.3.6	170	-	-	170	170,000,000	170,000,000	31%
Mughal Iron & Steel Industries	6.3.6	-	25	-	25	25,000,000	25,000,000	5%
<i>Pharmaceutical Allied (others)</i>								
OBS Pharma (Private) Limited	6.3.7	115	90	205	-	-	-	-
<i>Technology and communication</i>								
Pakistan Telecommunication Limited - STS II	6.3.8	110	-	110	-	-	-	-
Pakistan Telecommunication Limited - STS III		104	-	104	-	-	-	-
Select Technologies Pvt Ltd Sukuk- I 13-12-2024		-	150	-	150	150,000,000	150,000,000	0.27
Pakistan Elecron Limited	6.3.9	205	60	265	-	-	-	-
Pakistan Elecron Limited		-	50	-	50	50,000,000	50,000,000	0.09
<i>Face value of Rs.5,000/- each</i>								
Eden Housing Limited	6.3.10	2,933	-	-	2,933	2,887,171	-	-
Provision held	6.3					(2,887,171)	-	-
<i>Face value of Rs.5,000/- each</i>								
Amtext limited	6.3.11	6,000	-	-	6,000	22,500,000	-	-
Provision held	6.3					(22,500,000)	-	-
<i>Face value of Rs.5,000/- each</i>								
New Allied Electronics Industries (Private) Limited	6.3.12	1,000	-	-	1,000	5,027,500	-	-
Provision held	6.3					(5,027,500)	-	-
						-	-	
						550,116,200	552,103,000	

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
Dewan Cement Limited - Restructured	6.1.1	Pre-IPO investment	8,377,578	(8,377,578)	-	-
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	6.3.13	Sukuk certificates	5,027,500	(5,027,500)	-	-
Eden Housing Limited	6.3.11	Sukuk certificates	2,887,171	(2,887,171)	-	-
Amtex Limited	6.3.12	Sukuk certificates	22,500,000	(22,500,000)	-	-
Agha Steel Industries Limited	6.3.3	Sukuk certificates	10,200,000	(2,040,000)	8,160,000	1.14% 1.12%

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 Agha Steel Industries Limited (SUKUK) defaulted on its payment of principal and mark-up. Consequently, the security was classified as non-performing by MUFAP non March 7, 2024 and accrual of income on the same was suspended. Accordingly, the security has been provided in accordance with the provisioning circulars issued by SECP and the board's approved provisioning policy.

6.3.4 The Dubai Islamic Bank Limited's sukuk certificates are unsecured and carry a profit equal to 6-month KIBOR plus 0.70%, which is receivable half-yearly in arrears. These certificates will mature in 2 December 2032.

6.3.5 The K-Electric Company Limited - Sukuk (23-11-22) are unsecured and offer a profit equivalent to 3-month KIBOR plus 1.70%. This profit is payable quarterly in arrears. Additionally, the principal amount will be repaid in 20 equally distributed quarterly installments, starting from 23 February 2025, and continuing until the maturity date of 23 November 2029. These certificates will mature in 23 November 2029.

The K-Electric Limited Short-Term Sukuk 24 are unsecured and offer a profit equal to 6-month KIBOR plus 0.20%, which is payable semi-annually in arrears. These certificates have matured in 28 September 2024.

6.3.6 The sukuk certificates issued by The Mughal Iron & Steel Industries Limited are unsecured and bear a profit rate equivalent to 3-month KIBOR plus 0.145%, payable quarterly in arrears. The maturity date for these certificates is 27 March 2025.

The Sukuk certificates issued by Mughal Iron & Steel Industries Limited, with a face value of Rs. 25 million, are unsecured and bear a profit rate equivalent to the 6-month KIBOR plus 1.10%, payable semiannually in arrears. The maturity date for these certificates is April 21, 2025.

6.3.7 The OBS Pharma (Private) are unsecured and offer a profit equal to 6-month KIBOR plus 1.40%, which is payable semi-annually in arrears. These certificates have matured in 29 August 2024.

6.3.8 The Pakistan Telecommunication Limited - Short Term Sukuk II are unsecured and offer a profit equal to 6-month KIBOR plus 0.15%, which is payable semi-annually in arrears. These certificates have matured in 17 July 2024.

The Pakistan Telecommunication Limited - Short Term Sukuk III are unsecured and offer a profit equal to 6-month KIBOR plus 0.15%, which is payable semi-annually in arrears. These certificates have matured in 19 September 2024.

6.3.9 The Sukuk certificates issued by Select Technologies (Pvt) Limited, with a face value of Rs. 150 million, are unsecured and bear a profit rate equivalent to the 6-month KIBOR plus 1.75%, payable semiannually in arrears. The maturity date for these certificates is June 13, 2025.

6.3.10 The Pakistan Elekron Limited are unsecured and offer a profit equal to 6-month KIBOR plus 1%, which is payable semi-annually in arrears. These certificates have matured in 27 September 2024.

6.3.11 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.

6.3.12 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.

6.3.13 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>December 31,</i> <i>2024</i>	<i>Audited</i> <i>June 30,</i> <i>2024</i>
<i>Note</i>	<i>----- Rupees -----</i>	

6.4 *Unrealized gain on revaluation of investments classified as fair value through other comprehensive income - net*

Fair value of investments	6.2	552,103,000	840,335,000
Less: Cost/Carrying Value of Investment		(550,116,200)	(839,864,239)
		<u>1,986,800</u>	<u>470,761</u>
Less: Net unrealized gain in fair value of investments - Opening		-	(470,761)
		<u>1,986,800</u>	<u>-</u>

		<i>Un-Audited</i> <i>December 31,</i> <i>2024</i>	<i>Audited</i> <i>June 30,</i> <i>2024</i>
	<i>Note</i>	<i>----- Rupees -----</i>	
7 ACCRUED INCOME/PROFIT			
- Income from profit and loss sharing (PLS) accounts		2,664,688	2,366,650
- Income from sukuk certificates		5,160,774	45,407,974
		<u>7,825,462</u>	<u>47,774,624</u>

8 SECURITY DEPOSITS

Deposits - Central Depository Company of Pakistan Limited		<u>150,000</u>	<u>150,000</u>
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9 PAYABLE TO 786 INVESTMENTS LIMITED - MANAGEMENT COMPANY

Management remuneration	9.1	1,265,326	1,457,616
Sindh sales tax payable	9.2	189,798	189,490
Accounting and operational charges	9.3	609,483	1,253,880
		<u>2,064,607</u>	<u>2,900,986</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 2024: 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 15% (June 2024: 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 December 31, 2024.

		<i>Un-Audited</i> <i>December 31,</i> <i>2024</i>	<i>Audited</i> <i>June 30,</i> <i>2024</i>
	<i>Note</i>	<i>----- Rupees -----</i>	
10 PAYABLE TO DIGITAL CUSTODIAN COMPANY LIMITED - TRUSTEE			
Trustee Remuneration	10.1	122,156	134,733
Sindh sales tax payable on Trustee remuneration	10.2	18,324	17,515
		<u>140,480</u>	<u>152,248</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 15% (June 2024: 13%) on trustee's remuneration.

11 ANNUAL FEE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

This represents the annual fee payable to SECP as amended in clause 'c' of Schedule II of the Non-Banking Financial Companies (NBFC) Regulation 2008, read in conjunction with regulation 62 of the NBFC Regulation 2008. This fee became applicable from July 1, 2023, and it mandates that the Fund must remit to SECP an amount equal to 0.075% of the average daily net assets. This payment is due within fifteen days following the conclusion of each calendar month of the Collective Investment Scheme.

Previously, the applicable fee was 0.02% of the average daily net assets, and it was payable within three months after the close of the accounting year /financial year.

	<i>Note</i>	<i>Un-Audited</i>	<i>Audited</i>
		<i>December 31,</i>	<i>June 30,</i>
		<i>2024</i>	<i>2024</i>
<i>----- Rupees -----</i>			
12 ACCRUED EXPENSES AND OTHER LIABILITIES			
Federal Excise Duty on Remuneration	12.1	6,513,679	6,513,679
Accrued expenses	12.2	1,045,772	659,850
Other liabilities		780	-
Capital gain tax payable		-	4,016,372
Zakat payable and withholding tax		11,620	5,740,261
		<u>7,571,851</u>	<u>16,930,162</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 on services levied by the 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 4, 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 through their trustees, challenging the levy of FED.

On July 16, 2016, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

With effect from July 1, 2016, FED on services provided or rendered by 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 the Management Company with effect from July 1, 2016. However, the provision for FED made prior to this period has been maintained by the Fund which at June 30, 2024 aggregates to Rs. 6.51 million (2023: Rs. 6.51 million). Had the provision for FED not been recorded in the financial statements of the Fund, the net assets value of the Fund as at December 31, 2024 would have been higher by Re. 0.71 per unit (June 30, 2024: Re. 0.62 per unit).

	<i>Un-Audited December 31, 2024</i>	<i>Audited June 30, 2024</i>
	----- Rupees -----	
12.2 Accrued expenses		
Auditors' remuneration payable	679,299	357,327
PSX fee payable	68,863	55,000
Printing and related expenditure payable	20,198	17,848
Shariah and tax advisors fee payable	277,412	227,250
	<u>1,045,772</u>	<u>657,425</u>

13 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30, 2024.

14 NUMBER OF UNITS IN ISSUE

Total outstanding as of July 01	10,526,352	8,750,090
Issued during the period	15,597,480	36,170,150
Redemption during the period	(18,259,599)	(34,393,888)
Closing units	<u>7,864,233</u>	<u>10,526,352</u>

15 INCOME FROM INVESTMENTS AND BALANCES WITH BANKS

Income from:

- Sukuk certificates	69,753,325	80,736,935
- Profit and loss sharing (PLS) account	35,969,583	45,152,101
	<u>105,722,908</u>	<u>125,889,036</u>

16 TOTAL EXPENSE RATIO

The total expense ratio (TER) of the Fund for the period ending on December 31, 2024, is 2.18%, which includes 0.32% representing government levies on the Fund, such as federal excise duties and sales taxes, as well as the annual fee payable to the SECP, among other expenses. This ratio is within the maximum limit of 2.5% (June 2024: 2.5%) prescribed under the NBFC Regulations for a collective investment scheme categorised as a Shariah Compliant income scheme.

17 TAXATION

The Fund's income is exempt from income tax as per clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income available for distribution for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders by way of cash dividend. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulation, 2008, the Fund is required to distribute 90% of the net accounting income available for distribution other than capital gains to the unit holders in cash. The Fund is also exempt from the provision of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the management has distributed the income available for distribution by the Fund to the unit holders in cash in the manner as explained above accordingly, no provision for taxation has been made in these financial statements.

18 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 formerly (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:

18.1 Transactions during the period with related parties / connected persons in units of the Fund:

	For the period ended December 31, 2024							
	As at July 01, 2024	Issued for cash	Redeemed	As at December 31, 2024	As at July 01, 2024	Issued for cash	Redeemed	As at December 31, 2024
	Units				Rupees			
<i>Associated Companies / Undertakings:</i>								
786 Investments Limited - Management Company	2,739,190	11,436	200,941	2,549,686	228,795,251	1,000,000	17,500,000	231,924,004
BRR Guardian Limited (Associate of Management Company)	436,920	-	-	436,920	36,494,441	-	-	39,743,019
First Dawood Properties Limited (Associate of Management Company)	-	57,105	-	57,105	-	5,000,000	-	5,194,410
First Dawood Investment Bank Limited - Employees Contributory Provident Fund- Employee Benefit Fund of Group Company	721,377	232,674	389,749	564,302	60,254,191	20,000,000	34,000,000	51,329,954
LADIESFUND Energy (Private) Limited (Connected Person due to Management Company)	988,333	-	189,039	799,294	82,552,136	-	16,000,000	72,705,220
Dawood Family Takaful Limited (Associate of Management Company)	-	7,578,971	7,578,971	-	-	640,000,000	663,351,026	-
Directors and key management personnel of the Management Company	1,774,742	98,491	17,254	1,855,979	148,238,165	8,563,807	1,500,000	168,823,182

	For the period ended September 30, 2023							
	As at July 01, 2023	Issued for Units	Redeemed	As at December 31, 2023	As at July 01, 2023	Issued for cash	Redeemed	As at December 31, 2023
	Units			Rupees				
<i>Associated Companies / Undertakings:</i>								
786 Investments Limited - Management Company	2,495,416	-	23,426	2,471,990	205,640,238	-	2,000,000	214,190,770
BRR Guardian Limited (Associate of Management Company)	436,920	-	-	436,920	36,005,353	-	-	37,857,830
First Dawood Investment Bank Limited - Employees Contributory Provident Fund- Employee Benefit Fund of Group Company	310,495	298,969	-	609,464	25,587,055	25,000,000	-	52,808,317
LADIESFUND Energy (Private) Limited (Connected Person due to Management Company)	772,632	-	-	772,632	63,670,447	-	-	66,946,330
Dawood Family Takaful Limited (Associate of Management Company)	-	6,047,469	5,927,018	120,451	-	500,000,000	511,368,365	10,436,731
Directors and key management personnel of the Management Company	1,219,318	-	-	1,219,318	100,480,554	-	-	105,650,339

Un-Audited *Audited*
September 30, *June 30,*
2024 *2024*
Note *----- Rupees -----*

18.2 Transactions during the Period Ended

786 Investments Limited - Management Company

Remuneration of the management company	9.1	<u>9,142,381</u>	<u>8,825,086</u>
Sales tax on remuneration to the management company	9.2	<u>1,371,357</u>	<u>1,147,256</u>
Accounting and operational charges	9.3	<u>609,492</u>	<u>588,097</u>

Digital Custodian Company Limited - Trustee

Remuneration of the Trustee	10.1	<u>854,936</u>	<u>882,512</u>
Sales tax on Trustee fee	10.2	<u>128,240</u>	<u>114,729</u>

18.3 Balance as at period ended

786 Investments Limited - Management Company

Remuneration payable to the management company	9	<u>1,265,326</u>	<u>1,457,616</u>
Sales tax payable on management company's remuneration	9	<u>189,798</u>	<u>189,490</u>
Accounting and operational charges	9	<u>609,483</u>	<u>1,253,880</u>
FED payable on management company's remuneration		<u>6,513,679</u>	<u>6,513,679</u>

Digital Custodian Company Limited - Trustee

Remuneration payable to the Trustee	10	<u>122,156</u>	<u>134,733</u>
Sales tax payable on Trustee fee	10	<u>18,324</u>	<u>17,515</u>

18.4 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.

19 GENERAL

Figures have been rounded off to the nearest rupee.

20 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue by the board of directors of the Management Company on

~~27 FEB 2025~~

For 786 Investments Limited
(Management Company)

pl.



Chief Executive Officer



Chief Financial Officer



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,
Off I.I. Chundrigar Road, Karachi - 74000 Pakistan
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