



INVESTMENTS

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786 INVESTMENTS LIMITED



786 SMART FUND

**FOR THE
HALF YEAR ENDED
DECEMBER 31, 2025
(UN-AUDITED)**



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 United Bank Limited Faysal Bank Limited	
Rating	PACRA: AA-(f)	



DIRECTORS' REPORT FOR THE HALF YEAR ENDED DECEMBER 31, 2025

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, 2025.

Economic & Money Market Review:

As at December 2025, Pakistan's economy remained influenced by global economic trends, with moderate growth in key trading partners supporting exports and remittances. Inflationary pressures have eased, aided by declining global commodity prices, while interest rates and liquidity conditions in the domestic money market remained broadly stable. Global growth is projected at 3.3 percent in 2025, with trade volume expanding by 3.4 percent, providing opportunities for Pakistan's export sectors. The outlook for energy prices and imported inflation is favorable, supporting domestic stability, while ongoing structural reforms continue to underpin prospects for sustainable economic growth.

In 2025, Pakistan's economy showed cautious stabilization, supported by policy discipline and structural reforms. The SBP reduced the policy rate to 10.5% after a cumulative 1,100 basis points cut. Headline inflation eased to 5.61% in December, averaging 3.5% for the year. The external sector improved with a US\$ 100 million current account surplus, foreign reserves of US\$ 15.9 billion, and the rupee at 280.12 per US dollar, aided by remittances of US\$ 16.15 billion (+9.33% YoY). Structural reforms included resolving over PKR 1 trillion in power sector debt and progress under the IMF EFF (US\$ 3.1 billion disbursed; US\$ 3.9 billion pending). Capital markets rebounded, with the KSE-100 Index up 51%, gold up 73%, seven new listings, and the 75% privatization of PIA. CPEC Phase II attracted US\$ 5 billion in commitments, and the KSE-100 is projected at 214,000 by December 2026.

Stock Market Review & Outlook

Pakistan's equity market mirrored broader economic stabilization in 2025. The KSE-100 Index surged 51%, delivering a two-year cumulative return of 179%, despite episodic volatility from regional conflicts and global uncertainties. Gold outperformed, rising 73%, while seven new capital market listings, including GEM Board entries, reflected renewed investor confidence. A major structural milestone was the 75% privatization of PIA, signaling progress in the government's reform agenda. Looking ahead, structural reforms, improved fiscal discipline, and supportive macroeconomic conditions are expected to sustain market momentum, with the KSE-100 Index projected at 214,000 by December 2026.

Auditors' Report:

The Auditors in their review report on half-year ended December 31, 2025, concluded as under:

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

Fund Performance

As of December 31, 2025, net assets stood at PKR 1,445.422 million, compared to PKR 715.345 million as of December 31, 2024. The Net Asset Value (NAV) per unit increased from PKR 84.06 to PKR 88.00 during the period, resulting in a fiscal year-to-date (FYTD) return for 2026 of 9.29%, compared to its benchmark FYTD 2026 return of 9.39% for the same period. The performance of the Fund is net of management fees and other expenses.

The Fund's net income during the period stood at PKR 67.641 million, compared to PKR 101.132 million in the same period last year. Total expenses amounted to PKR 15.01 million, compared to PKR 13.215 million in the same period last year.



Acknowledgement

We extend our most sincere gratitude to our shareholders and valued customers for their continued trust and patronage. Our heartfelt thanks also go to the dedicated 786 team for their hard work and commitment. Additionally, we express our appreciation to regulatory authorities, particularly the Securities & Exchange Commission of Pakistan and Pakistan Stock Exchange Ltd, for their continued professional guidance and support.

On behalf of the board of
786 Investments Limited

---SD---

Chairperson

---SD---

Director

Date: **February 26, 2026**
Place: Karachi



ڈائریکٹرز کی رپورٹ

786 سمارٹ فنڈ (786 SF) کی مینجمنٹ کمپنی، 786 انویسٹمنٹ لمیٹڈ (786 یا دی کمپنی) کے بورڈ آف ڈائریکٹرز 31 دسمبر 2025 کو ختم ہونے والی ششماہی کے نظر ثانی شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوش محسوس کرتے ہیں۔

معاشی و می مارکیٹ جائزہ

دسمبر 2025 تک پاکستان کی معیشت عالمی معاشی رجحانات سے متاثر رہی، تاہم اہم تجارتی شراکت دار ممالک میں معتدل نمونے برآمدات اور ترسیلات زر کو سہارا فراہم کیا۔ عالمی اجناس کی قیمتوں میں کمی کے باعث مہنگائی کے دباؤ میں کمی آئی جبکہ ملکی می مارکیٹ میں شرح سود اور لیکویڈیٹی کی صورتحال عمومی طور پر مستحکم رہی۔ عالمی شرح نمو 2025 میں 3.3 فیصد جبکہ عالمی تجارتی حجم میں 3.4 فیصد اضافے کی پیش گوئی کی گئی ہے، جو پاکستان کی برآمدات کے لیے مثبت مواقع فراہم کرتا ہے۔ توانائی کی قیمتوں اور درآمدی مہنگائی کے حوالے سے منظر نامہ سازگار ہے جبکہ جاری ساختی اصلاحات پائیدار معاشی استحکام کی بنیاد رکھ رہی ہیں۔

2025 کے دوران اسٹیٹ بینک آف پاکستان نے مجموعی طور پر 1,100 بیسیس پوائنٹس کمی کے بعد پالیسی ریٹ 10.5 فیصد تک کر دیا۔ دسمبر میں مہنگائی کی شرح 5.61 فیصد رہی جبکہ سالانہ اوسط 3.5 فیصد رہی۔ بیرونی کھانا بہتر ہوا اور 100 ملین امریکی ڈالر کا کرنٹ اکاؤنٹ سرپلس ریکارڈ کیا گیا۔ زرمبادلہ کے ذخائر 15.9 ارب امریکی ڈالر تک پہنچ گئے جبکہ روپے کی قدر 280.12 فی امریکی ڈالر رہی۔ ترسیلات زر 16.15 ارب امریکی ڈالر رہیں جو سال بہ سال 9.33 فیصد اضافہ ظاہر کرتی ہیں۔ توانائی کے شعبے میں ایک کھرب روپے سے زائد گردش قرض کے حل اور آئی ایم ایف پروگرام کے تحت پیش رفت اہم سنگ میل رہی۔ سرمایہ منڈیوں میں نمایاں بہتری آئی، کے ایس ای-100 انڈیکس میں 51 فیصد اضافہ ہوا جبکہ سونے کی قیمت میں 73 فیصد اضافہ ریکارڈ کیا گیا۔

اسٹاک مارکیٹ جائزہ و مستقبل کا منظر نامہ

2025 میں پاکستان کی ایکویٹی مارکیٹ نے مجموعی معاشی استحکام کی عکاسی کی۔ کے ایس ای-100 انڈیکس میں 51 فیصد اضافہ ہوا جبکہ دو سالہ مجموعی منافع 179 فیصد رہا، اگرچہ علاقائی تنازعات اور عالمی غیر یقینی صورتحال کے باعث وقتی اتار چڑھاؤ بھی دیکھنے میں آیا۔ پی آئی اے کی 75 فیصد بچکاری اور پی لسٹنگ نے سرمایہ کاروں کے اہتمام کو تقویت دی۔ مستقبل میں ساختی اصلاحات، مالیاتی نظم و ضبط اور سازگار معاشی حالات کے باعث مارکیٹ میں مثبت رجحان برقرار رہنے کی توقع ہے، اور دسمبر 2026 تک کے ایس ای-100 انڈیکس کے 214,000 پوائنٹس تک پہنچنے کی پیش گوئی کی جا رہی ہے۔

آڈیٹرز کی رپورٹ

آڈیٹرز نے 31 دسمبر 2025 کو ختم ہونے والی ششماہی مدت کے عبوری مالیاتی گوشواروں پر اپنی جائزہ رپورٹ میں درج ذیل رائے دی ہے:

“ہمارے جائزے کی بنیاد پر ہمیں کوئی ایسی بات معلوم نہیں ہوئی جس سے یہ ظاہر ہو کہ یہ عبوری مالیاتی گوشوارے پاکستان میں لاگو اکاؤنٹنگ اور رپورٹنگ معیارات کے مطابق تمام اہم پہلوؤں میں تیار نہیں کیے گئے ہیں۔”

فنانس کی کارکردگی

31 دسمبر 2025 تک فنڈ کے خالص اثاثے 1,445.422 ملین روپے رہے، جو کہ 31 دسمبر 2024 کو 715.345 ملین روپے تھے۔ نی یونٹ نیٹ ایسیٹ ویلیو (NAV) 84.06 روپے سے بڑھ کر 88.00 روپے ہو گئی۔ مالی سال 2026 کے لیے اسٹاک کی واپسی (FYTD) 9.29 فیصد رہی جبکہ اسی مدت میں شیئ مارک کی واپسی 9.39 فیصد رہی۔ فنڈ کی کارکردگی مینجمنٹ فیس اور دیگر اخراجات منہا کرنے کے بعد ظاہر کی گئی ہے۔

مدت کے دوران خالص آمدنی 67.641 ملین روپے رہی جبکہ گزشتہ سال اسی مدت میں یہ 101.132 ملین روپے تھی۔ مجموعی اخراجات 15.01 ملین روپے رہے جو گزشتہ سال اسی 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 اٹاچمنٹ کیجمنٹ کینی کے ملازمین، سٹریٹس کا ان کی لگن اور محنت کے لیے، اور یونٹ ہولڈرز کا کیجمنٹ پر ان کے اعتماد کے لیے بھی شکریہ ادا کرتے ہیں۔

منجانب بورڈ
786 انویسٹمنٹ لمیٹڈ

---SD---

ڈائریکٹر

---SD---

چیئر پرسن

تاریخ: 26 فروری 2026

مقام: کراچی



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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 31st, 2025 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 31st, 2025.

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.K.

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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”.


Dabeer Khan
Manager Compliance
Digital Custodian Company Limited

Karachi: February 26, 2026

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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, 2025 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, 2025 have not been reviewed as we are required to review only the cumulative figures for the six months period ended December 31, 2025.

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 Place: Karachi
Chartered Accountants Dated:

UDIN: RR202510147AG9To2emk

Reanda Haroon Zakaria Aamir Salman Rizwan & Company
Chartered Accountants

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786 SMART FUND
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UNAUDITED)
AS AT DECEMBER 31, 2025

		<i>Un-Audited</i> <i>December 31,</i> <i>2025</i>	<i>Audited</i> <i>June 30,</i> <i>2025</i>
	<i>Note</i>	<i>----- Rupees -----</i>	
Assets			
Security deposits	4	150,000	150,000
Investments	5	856,607,000	558,697,772
Accrued income/profit	6	26,661,097	18,962,794
Balances with banks	7	575,445,608	949,917,872
Total Assets		<u>1,458,863,705</u>	<u>1,527,728,438</u>
Liabilities			
Payable to 786 Investments Limited - Management Company	8	2,106,307	3,260,668
Payable to Digital Custodian Company Limited - Trustee	9	184,985	175,110
Payable to Securities and Exchange Commission of Pakistan	10	91,587	85,820
Unclaimed dividend		3,389,569	3,114,375
Accrued expenses and other liabilities	11	7,668,586	7,281,081
Total Liabilities		<u>13,441,034</u>	<u>13,917,054</u>
Contingencies and Commitments	12		
Net Assets		<u>1,445,422,671</u>	<u>1,513,811,384</u>
Unit Holders' Funds		<u>1,445,422,671</u>	<u>1,513,811,384</u>
		<i>(Number)</i>	
Number of units in issue	13	<u>16,424,612</u>	<u>18,007,686</u>
		<i>(Rupees)</i>	
Net assets value per unit		<u>88.00</u>	<u>84.06</u>

The annexed notes from 1 to 19 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 PROFIT OR LOSS (UNAUDITED)
FOR THE SIX MONTHS AND THREE MONTH ENDED DECEMBER 31, 2025

	Note	Six Months Period Ended December 31,		Three Months Period Ended December 31,	
		2025	2024	2025	2024
		----- Rupees -----		----- Rupees -----	
Income					
Income from investments and balances with bank	14	81,107,186	105,722,908	40,640,568	41,380,817
Net realized loss on sale of investments		(128,475)	-	(128,475)	-
Reversal of impairment on investment at fair value through other comprehensive income	5.1.1	4,188,789	8,377,578	-	4,188,789
Impairment on investment		(3,060,000)	(1,020,000)	-	-
Other Income		545,808	1,267,329	-	-
		82,653,308	114,347,815	40,512,093	45,569,606
Expenses					
Remuneration to the management company	8.1	11,067,799	9,142,381	5,432,693	4,232,691
Sindh sales tax on remuneration to the management company	8.2	1,660,169	1,371,357	814,903	634,907
Accounting and operational charges	8.3	-	609,492	-	282,174
Remuneration to the trustee	9.1	1,097,655	854,936	422,887	410,895
Sindh sales tax on trustee fee	9.2	153,631	128,240	15,704	61,671
Annual fee to Securities and Exchange Commission of Pakistan	10	554,385	457,115	272,630	211,631
Auditor's remuneration		206,368	324,699	16,480	162,349
Fees and subscription		25,206	13,863	12,603	6,932
CDC charges		13,092	58,395	6,995	-
Printing and related charges		-	24,198	-	12,099
Legal and professional charges		230,882	222,245	(64,879)	111,080
Bank charges		2,590	8,795	2,025	5,430
		15,011,777	13,215,716	6,932,041	6,131,859
Net income for the period before taxation		67,641,531	101,132,099	33,580,052	39,437,747
Taxation		-	-	-	-
Net income for the period after taxation		67,641,531	101,132,099	33,580,052	39,437,747
Allocation of net income for the period					
Net income for the period		67,641,531	101,132,099	33,580,052	38,417,747
Income already paid on units redeemed		(5,780,733)	(87,905,888)	(2,486,793)	(54,328,950)
Accounting income available for distribution:		61,860,798	13,226,211	31,093,259	(14,891,203)
Relating to capital (loss) /gain		(128,475)	-	(128,475)	-
Excluding capital gain		61,989,273	13,226,211	31,221,734	(14,891,203)
		61,860,798	13,226,211	31,093,259	(14,891,203)

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

For 786 Investments Limited
(Management Company)

ph



Chief Executive Officer



Chief Financial Officer



Director

786 SMART FUND
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2025

	December 31, 2025				December 31, 2024			
	Capital Value	(Accumulated Loss) / Undistributed Income	Unrealized (Loss) on Investment	Total	Capital Value	(Accumulated Loss) / Undistributed Income	Unrealized Gains on Investment	Total
	----- Rupees -----				----- Rupees -----			
Net assets at beginning of the year	1,811,635,249	(300,811,598)	2,987,733	1,513,811,384	1,177,926,075	(300,182,312)	1,486,161	879,229,924
Issue of 1,692,276 units (2024: 15,597,480 units)								
- Capital value (at net asset value per unit at the beginning of the period)	142,260,650	-	-	142,260,650	1,302,804,503	-	-	1,302,804,503
- Element of income	2,861,897	-	-	2,861,897	43,260,008	-	-	43,260,008
Total proceeds on issuance of units	145,122,547	-	-	145,122,547	1,346,064,511	-	-	1,346,064,511
Redemption of 3,275,350 units (2024: 18,259,599 units)								
- Capital value (at net asset value per unit at the beginning of the period)	(275,341,286)	-	-	(275,341,286)	(1,525,162,203)	-	-	(1,525,162,203)
- Amount paid out of element of income	-	(5,780,733)	-	(5,780,733)	-	(87,905,888)	-	(87,905,888)
- Refund/adjustment on units as element of income	-	-	-	-	(211)	-	-	(211)
Total payments on redemption of units	(275,341,286)	(5,780,733)	-	(281,122,019)	(1,525,162,414)	(87,905,888)	-	(1,613,068,302)
Net income for the period before taxation	-	67,641,531	-	67,641,531	-	101,132,099	-	101,132,099
Refund of capital	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	(30,772)	(30,772)	-	-	1,986,800	1,986,800
	-	67,641,531	(30,772)	67,610,759	-	101,132,099	1,986,800	103,118,899
Net assets at end of the period	1,681,416,510	(238,950,800)	2,956,961	1,445,422,671	998,828,172	(286,956,101)	3,472,961	715,345,032
Undistributed (loss)/income brought forward								
- Realized loss		(300,811,598)				(300,182,312)		
- Unrealized income		-				-		
		(300,811,598)				(300,182,312)		
Accounting income available for distribution								
- Relating to capital loss		(128,475)				-		
- Excluding capital gain		61,989,273				13,226,211		
		61,860,798				13,226,211		
Distribution during the period		-				-		
Undistributed loss carried forward		(238,950,800)				(286,956,101)		
Undistributed (loss) carried forward								
- Realized loss		(238,950,800)				(286,956,101)		
		(238,950,800)				(286,956,101)		
Net assets value per unit at beginning of the period	84.06				83.53			
Net assets value per unit at end of the period	88.00				87.77			

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

For 786 Investments Limited
(Management Company)

24.



Chief Executive Officer



Chief Financial Officer



Director

786 SMART FUND
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX MONTHS AND THREE MONTH ENDED DECEMBER 31, 2025

	<i>Six Months Period Ended</i>		<i>Three Months Period Ended</i>	
	<i>December 31,</i>		<i>December 31,</i>	
	<i>2025</i>	<i>2024</i>	<i>2025</i>	<i>2024</i>
<i>Note</i>	<i>----- Rupees -----</i>		<i>----- Rupees -----</i>	
Net income for the period after taxation	67,641,531	101,132,099	33,580,052	39,437,747
Unrealized Gain on revaluation of investments classified as fair value through other comprehensive income - net	(30,772)	1,986,800	(208,000)	624,000
5.4	(30,772)	1,986,800	(208,000)	624,000
Total comprehensive income for the period	67,610,759	103,118,899	33,372,052	40,061,747

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

For 786 Investments Limited
(Management Company)

PL.



Chief Executive Officer



Chief Financial Officer



Director

786 SMART FUND
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2025

	<i>Six Months Period Ended</i>	
	<i>December 31,</i>	
	<i>2025</i>	<i>2024</i>
<i>Note</i>	<i>----- Rupees -----</i>	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income for the Period Before Taxation	67,641,531	101,132,099
Adjustments For:		
Profit on bank balances and investments	(81,107,186)	(105,722,908)
Reversal of impairment on investment at fair value through other Comprehensive income	(4,188,789)	(8,377,578)
Operating Loss Before Working Capital Changes	(85,424,450)	(114,100,486)
(Decrease)/Increase in Liabilities		
Payable to 786 Investments Limited - Management Company	(1,154,361)	(836,379)
Payable to Digital Custodian Company Limited - Trustee	9,875	(11,768)
Payable to Securities and Exchange Commission of Pakistan	5,767	(9,421)
Unclaimed dividend	275,194	(416,637)
Accrued expenses and other liabilities	387,505	(9,358,311)
	(476,020)	(10,632,516)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from investments - net	(293,622,736)	299,616,378
Profit received on investments and balances with banks	73,408,883	145,672,070
Net cash generated / (used in) in from operating activities	(238,472,792)	421,687,545
CASH FLOWS FROM FINANCING ACTIVITIES		
Amounts received against issue of units	145,122,547	1,346,064,511
Payment made against redemption of units	(281,122,019)	(1,613,068,302)
Net cash generated / (used in) from financing Activities	(135,999,472)	(267,003,791)
Net (decrease) / increase in cash and cash equivalents	(374,472,264)	154,683,754
Cash and cash equivalents at beginning of the year	949,917,872	14,314,976
Cash and cash equivalents at end of the period	7 575,445,608	168,998,730

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

For 786 Investments Limited
(Management Company)



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.
- 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 compliant 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 November 10, 2025 and stability rating of "AA-(f)" to the Fund as at November 18, 2025.
- 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 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 VIIIA 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 VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

2.2 Accounting Estimates and Judgements

The preparation of the financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the management to make estimates, judgements and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in the application of its accounting policies. The estimates, judgments and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis.

The areas involving a degree of judgment or complexity, or areas where estimates and assumptions are significant to the financial statements are as follows:

- Classification and measurement of financial assets (notes 3.1 and 5)
- Impairment of financial assets (note 3.1.1.3)
- Taxation (notes 3.4 and 16)
- Classification and measurement of financial liabilities (note 3.1.2.1)
- Contingencies and commitments (note 12)

Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

2.3 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for certain investments which are stated at fair value.

2.4 Functional and presentation currency

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

3 SUMMARY OF 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>December 31,</i> <i>2025</i>	<i>Audited</i> <i>June 30,</i> <i>2025</i>
<i>Note</i>	<i>----- Rupees -----</i>	
4 SECURITY DEPOSITS		
Deposits - Central Depository Company of Pakistan Limited	<u>150,000</u>	<u>150,000</u>

5 INVESTMENTS

At fair value through other comprehensive income

Listed - Term finance certificates	5.1	-	-
Unlisted - Sukuk certificates	5.2	<u>856,607,000</u>	<u>558,697,772</u>
		<u>856,607,000</u>	<u>558,697,772</u>

5.1 *At fair value through other comprehensive income*

<i>As at</i> <i>July 01,</i> <i>2025</i>	<i>Purchases</i> <i>during the</i> <i>period</i>	<i>Matured/</i> <i>Disposed</i> <i>During</i> <i>the period</i>	<i>As at</i> <i>Dec.,</i> <i>31,</i> <i>2025</i>	<i>Cost/</i> <i>Carrying</i> <i>Value</i>	<i>Market</i> <i>Value</i>	<i>% of Total</i> <i>Investment</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	5.1.1	838	-	838	-	-	-
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5.1.1 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 entered into a compromise agreement with DCL on May 9, 2016, whereby the remaining debt was to be paid in thirty-one equal quarterly installments in arrears. The Fund has recognized reversal of impairment amounting to Rs. 4.189 million on a receipt basis during the current period. The Fund has suspended profit thereagainst. The Fund has now received the full principal amount

<i>Un-Audited</i> <i>December 31,</i> <i>2025</i>	<i>Audited</i> <i>June 30,</i> <i>2025</i>
<i>----- Rupees -----</i>	

5.2 *At fair value through other comprehensive income*

Cost / Carrying Value of Investment	<u>856,637,772</u>	<u>557,196,200</u>
Less: Net unrealized gain in fair value of investments-closing	<u>(30,772)</u>	<u>1,501,572</u>
Fair value of investments	<u>856,607,000</u>	<u>558,697,772</u>

		<i>As at July 01, 2025</i>	<i>Purchases during the period</i>	<i>Sold / Matured During the Period</i>	<i>As at Dec., 31, 2025</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>				
Unlisted - term finance certificates									
<i>face value of Rs. 5,000/- each</i>									
Cable and electric goods									
	New Allied Industries Limited	5.3.1	11,523	-	-	11,523	25,433,190	-	0%
	Provision held	5.3				(25,433,190)			
	New Allied Industries Limited	5.3.2	3,417	-	-	3,417	7,222,749	-	0%
	Provision held	5.3				(7,222,749)			
Unlisted - Sukuk certificates									
<i>Face Value of Rs. 1,000,000/- each</i>									
Engineering									
	Agha Steel Industries Limited	5.3.3	15	-	-	15	4,080,000	4,080,000	0%
Commercial Bank									
	Dubai Islamic Bank Limited	5.3.4	44	-	-	44	44,277,772	44,352,000	5%
	Bankislami Pakistan Limited		635	-	-	635	3,175,000	3,175,000	0%
Power Generation & Distribution									
<i>Face value of Rs. 100,000/- each</i>									
	K-Electric Company Limited - Sukuk (23-11-22)	5.3.5	1,000	-	-	1,000	82,025,000	81,920,000	10%
<i>Face value of Rs. 10,000/- each</i>									
	K-Electric Limited - 24-04-2025		2,108	-	-	2,108	21,080,000	21,080,000	2%
<i>Face value of Rs. 1,000,000/- each</i>									
Steel and Allied									
	Mughal Iron & Steel Industries Limited Sukuk (27-12-23)	5.3.6	194	-	-	194	194,000,000	194,000,000	23%
	Mughal Iron & Steel Industries Limited Sukuk (02-06-25)		24	-	24	-	-	-	0%
Technology and communication									
	Lucky Electric Power Company Limited Short Term Sukuk - 21		30	-	30	-	-	-	0%
	Lucky Electric Power Company Limited STS - 21	5.3.7	-	48	-	48	48,000,000	48,000,000	6%
	Ismail Industries Limited (ISIL) STS-4 issue		33	-	33	-	-	-	0%
	Ismail Industries Limited - Sukuk 5	5.3.8	-	50	-	50	50,000,000	50,000,000	6%
	Pakistan Telecommunication Co Ltd. STS	5.3.9	-	190	-	190	190,000,000	190,000,000	22%
	Pakistan Telecommunication Limited - PTCL STS XI		110	-	110	-	-	-	0%
Auto Parts Manufacture									
	Daewoo Pakistan Bus Services Limited -Sukuk (30-12-2025)	5.3.10	-	50	-	50	50,000,000	50,000,000	
	Loads Limited Sukuk (23-7-2025)		-	20	-	20	20,000,000	20,000,000	2%
	Loads Limited Sukuk (23-7-2025)	5.3.11	-	25	25	-	-	-	0%
Cement									
	Thatta Cement Company Ltd - Sukuk	5.3.12	-	150	-	150	150,000,000	150,000,000	
<i>Face value of Rs.5,000/- each</i>									
	Eden Housing Limited	5.3.13	2,933	-	-	2,933	2,887,171	-	0%
	Provision held	5.3				(2,887,171)	-		
<i>Face value of Rs.5,000/- each</i>									
	Amtex limited	5.3.14	6,000	-	-	6,000	22,500,000	-	0%
	Provision held	5.3				(22,500,000)	-		
<i>Face value of Rs.5,000/- each</i>									
	New Allied Electronics Industries (Private) Limited	5.3.15	1,000	-	-	1,000	5,027,500	-	0%
	Provision held	5.3				(5,027,500)	-		
						-	-		
						856,637,772	856,607,000		

5.3 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	Note	Value of	Provision	Value of	% of	% of
			Investment before provision	held if any	Investment after provision	net assets	Gross Assets
			----- Rupees -----				
New Allied Industries Limited	5.3.1	Term finance certificates	25,433,190	(25,433,190)	-	-	-
New Allied Industries Limited	5.3.2	Term finance certificates	7,222,749	(7,222,749)	-	-	-
New Allied Industries Limited	5.3.15	Sukuk certificates	5,027,500	(5,027,500)	-	-	-
Eden Housing Limited	5.3.13	Sukuk certificates	2,887,171	(2,887,171)	-	-	-
Amtex Limited	5.3.14	Sukuk certificates	22,500,000	(22,500,000)	-	-	-
Agha Steel Industries Limited	5.3.3	Sukuk certificates	10,200,000	(6,120,000)	4,080,000	0.28%	0.28%

5.3.1 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.

5.3.2 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.

5.3.3 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. Sukuk certificates of Agha Steel Industries Limited are carried at their cost as they are not valued by MUFAP.

5.3.4 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.

5.3.5 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 24-04-2025, amounting to PKR 21.08 million, are unsecured debt instruments issued by K-Electric Limited. These Sukuks carry a profit rate equivalent to 3-month KIBOR plus 0.20%, with profit payments made quarterly in arrears. The Sukuks were structured with a maturity date of April 24, 2026.

5.3.6 The Sukuk certificates, having a face value of PKR 194 million, issued by Mughal Iron & Steel Industries Limited, are unsecured and carry a profit rate equivalent to 3-month KIBOR plus 0.145%, payable quarterly in arrears. These certificates are scheduled to matured on June 26, 2025.

The Sukuk certificates issued by Mughal Iron & Steel Industries Ltd (03-6-2025) , with a face value of Rs. 24 million, are unsecured and bear a profit rate equivalent to the 6-month KIBOR plus 1.10%, payable semiannually in arrears. The matured date for these certificates was December 3, 2025.

- 5.3.7 The Sukuk certificates, having a face value of of PKR 30 million, under Lucky Electric Power Company Limited's (LEPCL) Short Term Sukuk – 21 issue of PKR 6,000 million, are unsecured and carry a profit rate equivalent to the 6-month KIBOR, payable semi-annually in arrears. These certificates are scheduled to mature on August 18, 2025.
- 5.3.8 The Sukuk certificates, having a face value of of PKR 50 million, under Ismail Industries Limited - Sukuk 5 issue of PKR 8 billion, are unsecured and carry a profit rate equivalent to the 3-month KIBOR plus 0.05%, payable Quarterly in arrears. These certificates are scheduled to mature on February 12, 2026.
- 5.3.9 The Sukuk certificates, having a face value of PKR 190 million, under Pakistan Telecommunication Company Limited (PTCL) STS issue of PKR 5 billion, are unsecured and carry a profit rate equivalent to the 3-month KIBOR plus 0.05%, payable semi-annually in arrears. These certificates are scheduled to mature on February 29, 2026.
- 5.3.10 Daewoo Bus Express Short-Term Sukuk 30-12-2025, amounting to PKR 50 million, are unsecured debt instruments issued by Daewoo Bus Express. These Sukuks carry a profit rate equivalent to 6-month KIBOR plus 250bps,(13.15%) with profit payments made halfyearly in arrears. The Sukuks were structured with a maturity date of June30, 2026.
- 5.3.11 The Sukuk certificates, having a face value of of PKR 25 million, under Loads Limited Sukuk (23-7-2025) issue of PKR 250 million, are unsecured and carry a profit rate equivalent to the 3-month KIBOR plus 2.50, payable Quarterly in arrears. These certificates are scheduled to mature on January 23, 2026.
- 5.3.12 Thatta Cement Company Ltd LTS- Sukuk, amounting to PKR 150 million, are unsecured debt instruments issued by Daewoo Bus Express. These Sukuks carry a profit rate equivalent to 6-month KIBOR,(13.67%) with profit payments made halfyearly in arrears. The Sukuks were structured with a maturity date of April 10, 2026.
- 5.3.13 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 sukus are held in CDC investor account of the Fund.
- 5.3.14 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.
- 5.3.15 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>December 31</i>	<i>June 30,</i>
		<i>2025</i>	<i>2025</i>
	<i>Note</i>	<i>----- Rupees -----</i>	
5.4 Unrealized gain on revaluation of investments classified as fair value through other comprehensive income - net			
Fair value of investments	5.2	856,607,000	558,697,772
Less: Cost/Carrying Value of Investment		(858,139,344)	(557,196,200)
		(1,532,344)	1,501,572
Less: Accrued interest income		-	-
Less: Net unrealized gain in fair value of investments - Opening		1,501,572	-
		(30,772)	1,501,572

6 ACCRUED INCOME/PROFIT

- Income from profit and loss sharing (PLS) accounts		5,307,029	5,353,446
- Income from sukuk certificates		21,354,068	13,609,348
		26,661,097	18,962,794

7 BALANCES WITH BANKS

Cash at bank	7.1	575,445,608	949,917,872
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7.1 These saving accounts carry profit at rates ranging from 9% to 10.1% (June 30, 2025: 8.5% to 17%) per annum.

		<i>Un-Audited</i>	<i>Audited</i>
		<i>December 31</i>	<i>June 30,</i>
		<i>2025</i>	<i>2025</i>
	<i>Note</i>	<i>----- Rupees -----</i>	
8 PAYABLE TO 786 INVESTMENTS LIMITED - MANAGEMENT COMPANY			
Management remuneration	8.1	1,831,573	1,715,908
Sindh sales tax payable	8.2	274,734	257,386
Accounting and operational charges	8.3	-	1,287,374
		2,106,307	3,260,668

8.1 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 2025: 1.5%) per annum on the average annual net assets of the Fund calculated on a daily basis.

8.2 The Sindh Provincial Government has levied Sindh Sales tax at the rate of 15% (June 2025: 15%) on Management Company's remuneration.

8.3 Pursuant to the amendments introduced in the NBFC Regulations, 2008 vide S.R.O. 600(I)/2025 dated April 10, 2025, certain expenses are no longer eligible to be charged to the Collective Investment Schemes (CIS). These include registrar services, accounting, operation and valuation services, along with other specified costs.

Accordingly, effective from the date of notification, the Fund has not charged any accounting, registrar, operational, or valuation-related expenses to the Scheme.

		<i>Un-Audited</i> <i>December 31</i> <i>2025</i>	<i>Audited</i> <i>June 30,</i> <i>2025</i>
9 PAYABLE TO DIGITAL CUSTODIAN COMPANY LIMITED - TRUSTEE	<i>Note</i>	----- Rupees -----	
Trustee Remuneration	9.1	160,856	152,270
Sindh sales tax payable on Trustee remuneration	9.2	24,129	22,840
		<u>184,985</u>	<u>175,110</u>

9.1 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.

9.2 The Sindh Provincial Government has levied sindh sales tax at the rate of 15% (June 2025: 15%) on trustee's remuneration.

10 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>Un-Audited</i> <i>December 31</i> <i>2025</i>	<i>Audited</i> <i>June 30,</i> <i>2025</i>
11 ACCRUED EXPENSES AND OTHER LIABILITIES	<i>Note</i>		
Federal Excise Duty on Remuneration	11.1	6,513,679	6,513,679
Accrued expenses	11.2	1,142,507	755,002
Other liabilities		780	780
Zakat payable and withholding tax		11,620	11,620
		<u>7,668,586</u>	<u>7,281,081</u>

11.1 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, 2025 aggregates to Rs. 6.51 million (June 2025: 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 June 30, 2025 would have been higher by Rs. 0.40 per unit (June 30, 2025: Rs. 0.36 per unit).

	<i>Un-Audited</i> <i>December 31</i> <i>2025</i>	<i>Audited</i> <i>June 30,</i> <i>2025</i>
	----- Rupees -----	
11.2 Accrued expenses		
Auditors' remuneration payable	599,024	354,600
Rating fee payable - PACRA	226,402	226,402
PSX fee payable	76,456	51,250
Printing and related expenditure payable	-	19,000
Shariah and tax advisors fee payable	240,625	103,750
	<u>1,142,507</u>	<u>755,002</u>

12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at December 31 2025.

13 NUMBER OF UNITS IN ISSUE

Total outstanding as of July 01	18,007,686	10,526,352
Issued during the period	1,692,276	40,502,567
Redemption during the period	(3,275,350)	(33,021,233)
Closing units	<u>16,424,612</u>	<u>18,007,686</u>

14 INCOME FROM INVESTMENTS AND BALANCES WITH BANKS

Income from:

- Sukuk certificates	43,725,298	69,753,325
- Profit and loss sharing (PLS) account	37,381,888	35,969,583
	<u>81,107,186</u>	<u>105,722,908</u>

15 TOTAL EXPENSE RATIO

The total expense ratio (TER) of the Fund for the period ending on December 31 2025, is 2.06%, 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 2025: 2.5%) prescribed under the NBFC Regulations for a collective investment scheme categorised as a Shariah Compliant income scheme.

16 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.

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 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:

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

	For the period ended December 31, 2025									
	As at July 01, 2025	Issued for cash	Refund of capital units	Re- Invest	Redeemed	As at December 31, 2025	As at July 01, 2025	Issued for cash	Redeemed	As at December 31, 2025
	----- Units -----					----- Rupees -----				
<i>Associated Companies / Undertakings:</i>										
786 Investments Limited - Management Company	1,451,985	117,694	-	-	137,455	1,432,223	122,060,693	10,000,000	12,000,000	126,035,504
BRR Guardian Limited	765,829	-	-	-	-	765,829	64,379,224	-	-	67,392,916
First Dawood Investment Bank Limited - Employees Contributory Provident Fund- Employee Benefit Fund of Group Company	1,132,902	17,562	-	-	1,146,417	4,047	95,237,045	58,579,002	155,290,002	356,123
LADIESFUND Energy (Private) Limited (Connected Person due to Management Company)	261,011	31,789	-	-	132,599	160,201	21,941,780	19,734,545	14,250,000	14,097,669
Dawood Family Takaful Limited (Associate of Management Company)	8,809,230	-	-	-	-	8,809,230	740,545,291	-	-	775,211,374
Directors and key management personnel of the Management Company	2,707,713	-	-	-	100,837	2,606,876	227,623,090	-	8,500,000	229,404,841

	For the period year June 30, 2025									
	As at July 01, 2024	Issued for cash	Refund of capital units	Re- Invest	Redeemed	As at June 30, 2025	As at July 01, 2024	Issued for cash	Redeemed	As at June 30, 2025
	----- Units -----					----- Rupees -----				
<i>Associated Companies / Undertakings:</i>										
786 Investments Limited - Management Company	2,739,190	1,463,422	-	-	2,750,627	1,451,985	228,795,251	123,000,000	252,390,021	122,060,693
BRR Guardian Limited	515,380	217,765	20,968	55,868	44,153	765,829	36,494,441	20,000,000	4,000,000	64,379,224
First Dawood Properties Limited	-	705,869	94	13	705,066	909	-	62,075,220	62,547,124	76,453
First Dawood Investment Bank Limited - Employees Contributory Provident Fund- Employee Benefit Fund of Group Company	721,377	1,585,723	99,049	6,955	1,280,203	1,132,902	60,254,191	144,300,000	114,000,000	95,237,045
LADIESFUND Energy (Private) Limited (Connected Person due to Management Company)	988,333	181,421	14,503	13,351	936,597	261,011	82,552,136	16,400,000	85,080,873	21,941,780
Dawood Family Takaful Limited (Associate of Management Company)	-	30,147,106	-	-	21,337,876	8,809,230	-	2,620,000,000	1,948,947,168	740,545,291
Directors and key management personnel of the Management Company	1,774,742	2,999,312	328,678	635	2,395,654	2,707,713	148,238,165	283,307,808	228,744,002	227,623,090

		<i>Un-Audited December 31, 2025</i>	<i>Un-Audited December 31, 2024</i>
	<i>Note</i>	----- Rupees -----	
17.2 Transactions during the Period Ended			
786 Investments Limited - Management Company			
Remuneration of the management company	8.1	<u>11,067,799</u>	<u>9,142,381</u>
Sales tax on remuneration to the management company	8.2	<u>1,660,169</u>	<u>1,371,357</u>
Accounting and operational charges	8.3	<u>-</u>	<u>609,492</u>
Digital Custodian Company Limited - Trustee			
Remuneration of the Trustee	9.1	<u>1,097,655</u>	<u>854,936</u>
Sales tax on Trustee fee	9.2	<u>153,631</u>	<u>128,240</u>
17.3 Balance as at period ended			
786 Investments Limited - Management Company			
Remuneration payable to the management company	8	<u>1,831,573</u>	<u>1,715,908</u>
Sales tax payable on management company's remuneration	8	<u>274,734</u>	<u>257,386</u>
Accounting and operational charges	8	<u>-</u>	<u>1,287,374</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	9	<u>160,856</u>	<u>152,270</u>
Sales tax payable on Trustee fee	9	<u>24,129</u>	<u>22,840</u>

17.4 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.

18 GENERAL

Figures have been rounded off to the nearest rupee.

19 DATE OF AUTHORISATION FOR ISSUE

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

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

Dr.



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



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