



INVESTMENTS

WE KNOW YOUR VALUE

786 INVESTMENTS LIMITED



786 SMART FUND

**ANNUAL REPORT
2026**



786 Smart Fund

Corporate Information	02
Mission Statement	03
Report of the Directors of the Management Company	04
میمنٹ کمپنی کے ڈائریکٹرز کی رپورٹ	10
Report of the Fund Manager	11
Additional Information	15
Details of Pattern of Holdings (Units)	16
Independent Assurance Report on Compliance With The Shariah Governance	17
Statement Of Compliance With The Shariah Governance	20
Report of the Shariah Advisor	22
Trustee Report to the Certificate Holders	23
Independent Auditors' Report to the Unit Holders	25
Financial Statements:	
Statement of Assets and Liabilities	29
Income Statement	30
Statement of Comprehensive Income	31
Statement of Movement in Unit Holder's Fund	32
Cash Flow Statement	33
Notes to the Financial Statements	34
Six Year Financial Summary	56
Proxy Issued By The Fund	57



786 Smart Fund

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 Compaany Limited (formerly: MCB Financial Services Limited) 4th Floor, Pardasi House, 2/1 R-Y old Queens Road, Karachi	
Auditors	Reanda Haroon Zakaria & Company Chartered Accountants	
Legal Advisor	Rauf & Ghaffar Law Associates (Advocates & Consultants) Suite # 65, 5th Floor, Fareed Chamber, Abdullah Haroon Road, Saddar – Karachi, Pakistan.	
Registrars	F.D. Registrar Services (Pvt.) Ltd. Office# 1705, 17th Floor Saima Trade Tower. A, I.I. Chundrigar Road, Karachi-74000, Pakistan.	
Banker:	Dubai Islamic Bank Limited BankIslami Pakistan Limited United Bank Limited Faysal Bank Limited	
Rating	PACRA: AA-(f)	



Mission Statement

To offer our unit holders the best possible return by expertly diversifying the Fund's investment portfolio into minimal risk and high yielding instruments and at all time to be a good corporate citizen.



786 Smart Fund

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of 786 Investments Limited. ("786" or the "Company") the Management Company of **786 Smart Fund** is pleased to present the annual report and the audited financial statements of the Company for the year ended June 30, 2026.

Economic Review:

The global economy remained resilient during 2025 despite heightened trade tensions, geopolitical uncertainties, elevated public debt and challenging financial conditions. Global growth is estimated at 2.8% in 2025 and is projected at 2.7% in 2026, with a gradual improvement to 2.9% in 2027, while global inflation is expected to moderate from 3.4% in 2025 to 3.1% in 2026. Although continued disinflation and monetary easing may support economic activity and investment, the outlook remains subject to risks arising from trade policy uncertainty, geopolitical tensions, financial market volatility and limited fiscal space. Global trade growth is also expected to moderate in 2026 following the temporary boost from front-loaded shipments in 2025. Against this backdrop, businesses are expected to remain focused on operational efficiency, prudent financial management, market diversification and effective risk management, while technological developments, particularly in artificial intelligence and digital infrastructure, present opportunities for productivity and long-term growth.

Pakistan's external sector remained broadly stable during FY2025-26, although the current account recorded a modest deficit of USD 139 million, compared with a surplus of USD 1.838 billion in FY2024-25. The deficit represented only 0.03% of GDP, compared with a surplus of 0.45% in the previous year. Towards the close of the fiscal year, the current account recorded a deficit of USD 649 million in June 2026, following a surplus of USD 500 million in May 2026, reflecting some pressure on the external account.

Despite these pressures, Pakistan's external liquidity position strengthened, supported by inflows from multilateral institutions. As of June 24, 2026, SBP-held foreign exchange reserves increased by USD 611 million to USD 16.5 billion, while total liquid foreign exchange reserves reached USD 22.0 billion, including USD 5.5 billion held by commercial banks. The improvement in reserves provided greater resilience to the country's external financing position and supported overall macroeconomic stability.

Money Market Review:

The State Bank of Pakistan maintained the policy rate at 11.50% following its Monetary Policy Committee meeting held on June 15, 2026, amid rising inflationary pressures and a gradual economic recovery. Inflation increased from 7.3% in March to 10.9% in April and 11.7% in May 2026, mainly driven by higher fuel costs, adjustments in the petroleum levy and administered energy prices, along with their pass-through to transportation, food and production costs.

Despite these inflationary pressures, economic activity continued to recover gradually, supported by improving external-sector conditions and overall macroeconomic stabilisation.

Fund Overview

786 Smart Fund was launched on May 19, 2003, as a Shariah-compliant Islamic scheme, with the objective of providing competitive returns to investors by investing primarily in low-risk, Shariah-compliant instruments.

Fund Performance

As of June 30, 2026, the net assets of the Fund stood at PKR 1,378.64 million, with a Net Asset Value (NAV) per unit of PKR 84.22. The Fund generated total income of PKR 167.75 million, primarily from investments and bank



786 Smart Fund

balances. Total expenses for the period amounted to PKR 29.87 million, resulting in net income after taxation of PKR 137.88 million. The accounting income available for distribution during the period amounted to PKR 123.66 million.

Corporate Governance and Financial Reporting Framework

The Directors are pleased to state as follows:

1. The financial statements, prepared by the company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity.
2. Proper books of account have been maintained by the company.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures there from has been adequately disclosed and explained.
5. The system of internal control is sound in design and has been effectively implemented and monitored with ongoing efforts to improve it further.
6. There are no significant doubts upon the company's ability to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance except as disclosed in the statement of compliance annexed with these financial statements.
8. There is no statutory payment on account of taxes, duties, levies and charges outstanding.
9. During the year 2025-26, the no transactions were recorded.

The Company has complied with the requirement of the Regulation and LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 in the following manner.

The total number of directors is seven (7), as follows:

- a) Male: 6
- b) Female: 1

The Composition of board is as follows:

Category	Names	Designation
Independent Directors	Mr. Ahmed Salman Munir Syed Shabhat Hussain Mr. Ahmer Zia Sarwar	Chairperson Director Director
Executive Director	Ms. Tara Uzra Dawood	Chief Executive Officer
Non-Executive Directors	Syed Musharaf Ali Mr. Naveed Ahmed Mr. Iqbal Shafiq	Director Director Director
Female Directors	Ms. Tara Uzra Dawood	Chief Executive Officer



786 Smart Fund

Board of Directors Meetings

During the year, four meetings were held. The attendance of each Director is as follows:

Name	No of Meetings held	No of Meetings attended	Leave granted
Ms. Tara Uzra Dawood	4	4	-
Mr. Iqbal Shafiq	4	2	2
Syed Musharaf Ali	4	4	-
Mr. Nadeem Akhtar	4	3	1
Mr. Ahmed Salman Munir	4	2	1
Mr. Naveed Ahmed	4	4	-
Mr. Ahmer Zia Sarwar	4	4	-

Audit Committee Meeting

During the year, four meetings were held. The attendance of each member is as follows:

Name	No of Meetings held	No of Meetings attended	Leave granted
Ahmer Zia Sarwar	4	4	-
Syed Musharaf Ali	4	4	-
Mr. Naveed Ahmed	4	4	-

Directors Remuneration

The remuneration of the Non-Executive Directors, Independent Directors and Chief Executive Officer for attending Board and its Committees meetings is determined by the Company in the General Meeting. The remuneration of the Directors is determined on the basis of prevailing industry trends and business practices. The details of remuneration paid to the Chief Executive Officer and Directors are available in note 32 to the financial statements.

Auditors

The Auditors, M/s Yousuf Adil, Chartered Accountants, have given their consent to act as auditors of the Fund. The Board Audit Committee has recommended their appointment as auditors of the 786 Smart Fund for the year ending June 30, 2027, at the same remuneration as that of the previous year. The Board has endorsed the recommendation.

Dividend

The Board of Directors announced a cash dividend of PKR 8.054 per unit on June 19, 2026.

Sales and Redemption Units

During the period, 12,726,355 units amounting to PKR 1,146.16 million were issued, while 14,363,611 units amounting to PKR 1,297.83 million were redeemed. As of June 30, 2026, the total number of outstanding units stood at 16,370,430, valued at PKR 1,378.64 million.

Events after the Balance Sheet Date

There were no subsequent events after the balance sheet date.



786 Smart Fund

Acknowledgement

The Board of Directors of the Management Company is thankful to the Securities and Exchange Commission of Pakistan and the management of the Pakistan Stock Exchange Limited for their continued support and cooperation. The Directors also appreciate the efforts of the employees of the Company for their commitment and dedication and thank the shareholders for their continued confidence in the Company.

Ahmed Salman Munir
Chairperson

Director

September 14, 2026
Karachi.



786 Smart Fund

آڈٹ کمیٹی کا اجلاس

سال کے دوران، چار اجلاس منعقد ہوئے۔ ہر ایک ڈائریکٹر کی حاضری حسب ذیل ہے:

نام	منعقدہ اجلاس کی تعداد	اجلاسوں میں شرکت کی تعداد	تعطیل
جناب احمد ضیاء سرور	4	4	-
سید مشرف علی	4	4	-
جناب نوید احمد	4	4	-

ڈائریکٹرز کا مشاہرہ

بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کے لئے نان ایگزیکٹو ڈائریکٹرز، آزاد ڈائریکٹرز اور چیف ایگزیکٹو آفیسر کے مشاہرہ کا تعین کمیٹی اجلاس عام میں کرتی ہے۔ ڈائریکٹرز کا مشاہرہ موجودہ انڈسٹری رجحانات اور کاروباری پیکسز کی بنیاد پر معین کیا جاتا ہے۔ چیف ایگزیکٹو آفیسر اور ڈائریکٹرز کو ادا کئے جانے والے مشاہرہ کی تفصیلات مالی حسابات کے نوٹ 32 میں دستیاب ہیں۔

محاسب کا تقرر

محاسب، میسرز یوسف عادل، چارٹرڈ اکاؤنٹنٹس نے فیکس کے محاسب کی حیثیت سے خدمات انجام دینے پر اپنی رضامندی ظاہر کی ہے۔ بورڈ کی آڈٹ کمیٹی نے 1786 سمارٹ فیکس کے 30 جون 2027 کو ختم ہونے والے سال کے لیے انہیں محاسب مقرر کرنے کی سفارش کی ہے، جبکہ ان کا معاوضہ گزشتہ سال کے مساوی رکھنے کی تجویز دی گئی ہے۔ بورڈ نے اس سفارش کی توثیق کر دی ہے۔

ڈیویڈنڈ

بورڈ آف ڈائریکٹرز نے 19 جون 2026 مختتمہ سال کے لئے 8.054 روپے فی یونٹ نقد ڈیویڈنڈ کا اعلان کیا ہے۔

پیش کی کیلر اور ریڈمپشن

سال کے دوران، 1,146.16 ملین روپے کی مالیت کے 12,726,355 یونٹس جاری، جبکہ 1,297.83 ملین روپے کی مالیت کے 14,363,611 یونٹس کی ریڈمپشن کی گئی۔ 30 جون 2026 تک، بقایا یونٹس کی کل تعداد 16,370,430 تھی، جس کی مالیت 1,378.64 ملین روپے تھی۔

بعد از بیلنس شیٹ واقعات

بیلنس شیٹ کی تاریخ کے بعد کوئی دیگر واقعہ نہیں ہوا۔

اعلماء تشکر

میتجٹ کمیٹی کے بورڈ آف ڈائریکٹرز سیکرٹریز اینڈ ایگزیکٹو کمیشن آف پاکستان اور پاکستان اسٹاک ایکسچینج لمیٹڈ کی انتظامیہ کے مسلسل تعاون اور معاونت پر ان کے تہہ دل سے شکر گزار ہیں۔ ڈائریکٹرز کمیٹی کے ملازمین کی محنت، عزم اور لگن کو بھی سراہتے ہیں اور شیئرز، ہولڈرز کا کمیٹی پر مسلسل اعتماد برقرار رکھنے پر شکریہ ادا کرتے ہیں۔

ڈائریکٹر

احمد سلمان میر
چیئر پرسن

14 ستمبر 2026ء
کراچی



786 Smart Fund

کارپوریٹ گورننس اور مالیاتی رپورٹنگ کا دائرہ کار

ڈائریکٹرز بخوشی بیان کرتے ہیں کہ:

- 1 کمپنی کی انتظامیہ کی طرف سے تیار کردہ، مالیاتی حسابات، اس کے امور، آپریٹرز کے نتائج، نقدی بہاؤ اور ایکٹیوٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔
- 2 کمپنی کے کھاتہ جات، بالکل صحیح طور سے بنائے گئے ہیں۔
- 3 مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔
- 4 مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی پیروی کی گئی ہے اور کسی انحراف کا واضح انکشاف اور وضاحت کی گئی ہے۔
- 5 اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی مؤثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
- 6 کمپنی کے گورننگ کنٹرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- 7 کارپوریٹ گورننس کے بہترین عمل سے کوئی مادی انحراف نہیں کیا گیا ہے سوائے جن کا مالی گوشواروں کے ساتھ منسلک قیملی بیان میں انکشاف کیا گیا۔
- 8 منیجرز، ڈیوٹیز، ایویز اور ہٹایا چارجز کی مد میں کوئی قانونی ادائیگی نہیں ہے۔
- 9 سال 2025-26 کے دوران، کوئی لین دین نہیں کیا گیا۔

کمپنی نے درج ذیل انداز میں لیکچینر (کوڈ آف کارپوریٹ گورننس) رگولیشنز 2019 اور رگولیشن کے تقاضوں کی قیملی کی ہے۔

ڈائریکٹرز کی کل تعداد سات (7) درج ذیل کے مطابق ہے:

- (a) - مرد 6
- (b) - خاتون 1

بورڈ کی ترتیب درج ذیل ہے:

کلیگری	نام	عہدہ
آزاد ڈائریکٹر	جناب احمد سلمان منیر جناب ندیم اختر جناب احمد ضیاء سرور	چیئر پرسن ڈائریکٹر ڈائریکٹر
ایگزیکٹو ڈائریکٹر	محترمہ تارا عزا راد اؤد	چیف ایگزیکٹو آفیسر
نان ایگزیکٹو ڈائریکٹر	سید مشرف علی جناب نوید احمد جناب اقبال شفیق	ڈائریکٹر ڈائریکٹر ڈائریکٹر
خاتون ڈائریکٹر	محترمہ تارا عزا راد اؤد	چیف ایگزیکٹو آفیسر

بورڈ آف ڈائریکٹرز کے اجلاس

سال کے دوران، چار اجلاس منعقد ہوئے۔ ہر ایک ڈائریکٹر کی حاضری حسب ذیل ہے:

نام	منعقدہ اجلاس کی تعداد	اجلاسوں میں شرکت کی تعداد	تغییل
محترمہ تارا عزا راد اؤد	4	4	-
جناب اقبال شفیق	4	2	2
سید مشرف علی	4	4	-
جناب ندیم اختر	4	3	1
جناب احمد سلمان منیر	4	2	1
جناب نوید احمد	4	4	-
جناب احمد ضیاء سرور	4	4	-



786 Smart Fund

مینجمنٹ کمپنی کے ڈائریکٹرز کی رپورٹ

786 سمارٹ فنڈ کی مینجمنٹ کمپنی 786 انویسٹمنٹ لمیٹڈ (786 یاد کی کمپنی) کے بورڈ آف ڈائریکٹرز 30 جون 2026 کو ختم ہونے والے سال کی سالانہ رپورٹ اور نظر ثانی شدہ مالیاتی گواہی پیش کرتے ہوئے خوش محسوس کرتے ہیں۔

اقتصادی جائزہ:

عالمی معیشت نے 2025 کے دوران بڑھتی ہوئی تجارتی کشیدگی، جغرافیائی سیاسی غیر یقینی صورتحال، زیادہ سرکاری قرضوں اور مشکل مالیاتی حالات کے باوجود چلک کا مظاہرہ کیا۔ 2025 میں عالمی اقتصادی نمو کا تخمینہ 2.8 فیصد ہے، جبکہ 2026 میں اس کے 2.7 فیصد رہنے اور 2027 میں بتدریج بہتر ہو کر 2.9 فیصد تک پہنچنے کی توقع ہے۔ اسی دوران عالمی افراط زر 2025 میں 3.4 فیصد سے کم ہو کر 2026 میں 3.1 فیصد رہنے کی توقع ہے۔ اگرچہ افراط زر میں مسلسل کمی اور مانیٹری پالیسی میں نرمی سے اقتصادی سرگرمیوں اور سرمایہ کاری کو سہارا مل سکتا ہے، تاہم تجارتی پالیسی سے متعلق غیر یقینی صورتحال، جغرافیائی سیاسی کشیدگی، مالیاتی منڈیوں میں اتار چڑھاؤ اور محدود مالیاتی گنجائش کے باعث معاشی منظر نامے کو بدستور مختلف خطرات لاحق ہیں۔ 2025 میں پیشگی طور پر بڑی مقدار میں ترسیلات مال کی وجہ سے عالمی تجارت کو ملنے والی عارضی رفتار کے بعد 2026 میں عالمی تجارتی نمو میں بھی کمی آنے کی توقع ہے۔ اس پس منظر میں کاروباری اداروں کی توجہ آپریشنل کارکردگی میں بہتری، جتنا ط مالیاتی انتظام، منڈیوں میں تنوع اور مؤثر رسک مینجمنٹ پر مرکوز رہنے کی توقع ہے، جبکہ تکنیکی ترقی، بالخصوص مصنوعی ذہانت اور ڈیجیٹل انفراسٹرکچر کے شعبوں میں پیش رفت، پیداواری صلاحیت میں اضافے اور طویل مدتی اقتصادی نمو کے لیے نئے مواقع فراہم کر رہی ہے۔

پاکستان کا بیرونی شعبہ مالی سال 2025-26 کے دوران مجموعی طور پر مستحکم رہا، تاہم کرنٹ اکاؤنٹ میں 139 ملین امریکی ڈالر کا معمولی خسارہ ریکارڈ کیا گیا، جبکہ مالی سال 2024-25 میں 1.838 ملین امریکی ڈالر کا سرپلس حاصل ہوا تھا۔ یہ خسارہ جی ڈی پی کے صرف 0.03 فیصد کے برابر رہا، جبکہ گزشتہ مالی سال میں جی ڈی پی کے 0.45 فیصد کے مساوی سرپلس ریکارڈ کیا گیا تھا۔ مالی سال کے اختتام کے قریب جون 2026 میں کرنٹ اکاؤنٹ 649 ملین امریکی ڈالر کے خسارے میں رہا، جبکہ مئی 2026 میں 500 ملین امریکی ڈالر کا سرپلس ریکارڈ کیا گیا تھا، جس سے بیرونی کھاتے پر پیدا ہونے والے کچھ باؤ کی عکاسی ہوتی ہے۔

ان دباؤ کے باوجود پاکستان کی بیرونی لیکویڈیٹی کی صورتحال میں بہتری آئی، جسے کثیر الجہتی مالیاتی اداروں سے حاصل ہونے والی رقوم نے سہارا دیا۔ 24 جون 2026 تک اسٹیٹ بینک کے پاس موجود زرمبادلہ کے ذخائر میں 611 ملین امریکی ڈالر کا اضافہ ہوا اور یہ 16.5 ملین امریکی ڈالر تک پہنچ گئے، جبکہ مجموعی لیکویڈ زرمبادلہ کے ذخائر 22.0 ملین امریکی ڈالر تک پہنچ گئے، جن میں 5.5 ملین امریکی ڈالر کمرشل بینکوں کے پاس موجود تھے۔ زرمبادلہ کے ذخائر میں اس بہتری سے ملک کی بیرونی مالیاتی ضروریات پوری کرنے کی صلاحیت کو مزید استحکام ملا اور مجموعی معاشی استحکام کو تقویت حاصل ہوئی۔

معیاریٹ کا جائزہ:

اسٹیٹ بینک آف پاکستان نے 15 جون 2026 کو منعقد ہونے والے مانیٹری پالیسی کمیٹی کے اجلاس کے بعد پالیسی ریٹ 11.50 فیصد پر برقرار رکھا۔ یہ فیصلہ بڑھتے ہوئے افراط زر کے دباؤ اور معیشت کی بتدریج بحالی کے تناظر میں کیا گیا۔ افراط زر کی شرح مارچ میں 7.3 فیصد سے بڑھ کر اپریل میں 10.9 فیصد اور مئی 2026 میں 11.7 فیصد ہو گئی۔ اس اضافے کی بنیادی وجوہات میں ایندھن کی قیمتوں میں اضافہ، پیٹرولیم لیوی میں ردوبدل اور توانائی کی انتظامی قیمتوں میں اضافہ شامل رہے، جبکہ ان عوامل کے اثرات نقل و حمل، خوراک اور پیداواری لاگت تک بھی منتقل ہوئے۔

ان افراط زر کے دباؤ کے باوجود معاشی سرگرمیوں میں بتدریج بحالی کا سلسلہ جاری رہا، جسے بیرونی شعبے کی بہتر ہوتی ہوئی صورتحال اور مجموعی معاشی استحکام کی کوششوں سے تقویت ملی۔

فئڈ کا جائزہ

786 سمارٹ فنڈ کا آغاز 19 مئی 2003 کو شریعہ کیپٹال سٹ اسٹاک اسکیم کے طور پر کیا گیا۔ اس کا مقصد بنیادی طور پر کم خطرے والے، شرعی اصولوں سے ہم آہنگ مالیاتی ذرائع میں سرمایہ کاری کے ذریعے سرمایہ کاروں کو موسمیاتی منافع فراہم کرنا ہے۔

فئڈ کی کارکردگی

30 جون 2026 تک فئڈ کے خالص اثاثے 1,378.64 ملین روپے رہے، جبکہ نیٹ یونٹ خالص اثاثہ قدر (NAV) 84.22 روپے تھی۔ فئڈ نے 167.75 ملین روپے کی مجموعی آمدنی حاصل کی، جو بنیادی طور پر سرمایہ کاری اور بینک بیلنس سے حاصل ہوئی۔ اس مدت کے دوران مجموعی اخراجات 29.87 ملین روپے رہے، جس کے نتیجے میں نیٹس کے بعد خالص آمدنی 137.88 ملین روپے رہی۔ اس مدت کے دوران تقسیم کے لیے دستیاب اکاؤنٹنگ آمدنی 123.66 ملین روپے رہی۔



786 Smart Fund

REPORT OF THE FUND MANAGER FOR THE YEAR ENDED 30 JUNE 2026

Description of Collective Investment Scheme Category and Type

Shariah Compliant Income/Open end

Fund Objective

To preserve the investor's capital while providing a return greater than that offered by other investments of similar risk profile through investments in the portfolio of money market instruments.

Explanation as to whether the Collective Investment Scheme Achieved Its Stated Objective

The Collective Investment Scheme achieved its stated objective.

Fund Performance

As of June 30, 2026, the net assets of the Fund stood at PKR 1,378.64 million, compared to PKR 1,513.81 million as of June 30, 2025, reflecting a decline in the Fund's size during the year. The Net Asset Value (NAV) per unit increased to PKR 84.22 as of June 30, 2026, from PKR 84.06 in the previous year.

Total operating income for the year amounted to PKR 167.75 million, compared to PKR 197.77 million for the same period last year, mainly due to the decrease in KIBOR rates, which resulted in lower income from investments and bank balances. Total expenses of the Fund amounted to PKR 29.87 million, compared to PKR 27.85 million in the prior year, representing an increase of 7.27%.

The Fund recorded net income of PKR 137.88 million in FY2026, compared to PKR 169.93 million in FY2025. Accounting income available for distribution during the year amounted to PKR 123.66 million, compared to PKR 20.79 million in the previous year.

The decline in net assets was mainly attributable to a decrease in units in issue, which stood at 16.37 million in FY2026, compared to 18.01 million in FY2025.

Fund Return

The Fund's benchmark comprises Six-month average deposit rates of three (3) A-rated Scheduled Islamic Banks or Islamic windows of Conventional Banks, as selected by MUFAP.

Year	YTD Return	YTD Benchmark
FY 2026	9.76%	9.93%
FY 2025	14.57%	10.37%

Asset Allocation (2026)

Category	Percentage
TFC / Sukuk	□ 79.21%
Bank Balances	18.07%
Others	2.72%



786 Smart Fund

Asset Quality (2025)

Rating	Percentage
AAA	0.11%
AA+	19.64%
AA-	10.51%
AA	7.84%
A+	19.10%
A	18.28%
A-	21.15%
Unrated	3.04%
D	0.33%

Changes in Total NAV And NAV Per Unit Since the Last Review Period

Particulars	June 30, 2025	June 30, 2026	Change
Net Assets Value	PKR 1,513.64 million	PKR 1,378.64 million	(8.93%)
NAV per unit	PKR 84.0647	PKR 84.2154	-

Investment Strategy

The Fund's priority is to maintain adequate liquidity, make prudent decisions regarding residual debt, and adopt a risk-averse approach to future investments. Fund management is actively pursuing the settlement of residual debt while ensuring a high level of protection for unit holders. Maintaining steady returns while meeting all redemption requirements remains the Fund's primary objective.

Dividend

The Board of Directors declared a cash dividend of PKR 8.0542 per unit for the year ended June 30, 2026.

Details of Pattern of Holdings (Units) 786 Smart Fund As at June 30, 2026.

Number Of Certificate holders	Certificate Holding			Number Of Certificates
	From		To	
762	0.0001	-	9,999.9999	335,138
9	10,000	-	49,999.9999	191,983
4	50,000	-	99,999.9999	263,800
11	100,000	-	499,999.9999	2,275,584
1	500,000	-	999,999.9999	680,625
4	1,000,000	-	14,999,999.9999	12,623,300
-	15,000,000	-	99,999,999.9999	-
791				16,370,430



786 Smart Fund

Economic Review:

The global economy remained resilient during 2025 despite heightened trade tensions, geopolitical uncertainties, elevated public debt and challenging financial conditions. Global growth is estimated at 2.8% in 2025 and is projected at 2.7% in 2026, with a gradual improvement to 2.9% in 2027, while global inflation is expected to moderate from 3.4% in 2025 to 3.1% in 2026. Although continued disinflation and monetary easing may support economic activity and investment, the outlook remains subject to risks arising from trade policy uncertainty, geopolitical tensions, financial-market volatility and limited fiscal space. Global trade growth is also expected to moderate in 2026 following the temporary boost from front-loaded shipments in 2025. Against this backdrop, businesses are expected to remain focused on operational efficiency, prudent financial management, market diversification and effective risk management, while technological developments, particularly in artificial intelligence and digital infrastructure, present opportunities for productivity and long-term growth.

Pakistan's external sector remained broadly stable during FY2025-26, although the current account recorded a modest deficit of USD 139 million, compared with a surplus of USD 1.838 billion in FY2024-25. The deficit represented only 0.03% of GDP, compared with a surplus of 0.45% in the previous year. Towards the close of the fiscal year, the current account recorded a deficit of USD 649 million in June 2026, following a surplus of USD 500 million in May, reflecting some pressure on the external account.

Despite these pressures, Pakistan's external liquidity position strengthened, supported by inflows from multilateral institutions. As on June 24, 2026, SBP-held foreign exchange reserves increased by USD 611 million to USD 16.5 billion, while total liquid foreign exchange reserves reached USD 22.0 billion, including USD 5.5 billion held by commercial banks. The improvement in reserves provided greater resilience to the country's external financing position and supported overall macroeconomic stability.

Money Market Review:

The State Bank of Pakistan maintained the policy rate at 11.50% following its Monetary Policy Committee meeting on 15 June 2026, amid rising inflationary pressures and a gradual economic recovery. Inflation increased from 7.3% in March to 10.9% in April and 11.7% in May 2026, mainly driven by higher fuel costs, petroleum levy adjustments and administered energy prices, along with their pass-through to transportation, food and production costs. Despite the inflationary pressures, economic activity continued to recover gradually, supported by improving external-sector conditions and overall macroeconomic stabilization.

Other Disclosure under NBFC Regulations 2008:

The Fund Manager hereby makes the following disclosures as required under NBFC Regulations 2008;

- The Management Company or any of its delegates did not receive any soft commission (goods & services) from any of its brokers/dealers by virtue of transactions conducted by the Fund.
- There was no unit split undertaken during the year.
- Investments are subject to market risk that may materially affect any interests of unit holders.



786 Smart Fund

Details of Pattern of Holdings (Units)

	<i>As at 30 June 2026</i>			<i>As at 30 June 2025</i>		
	<i>Number of Unit Holders</i>	<i>Investment Amount</i>	<i>Percentage Investment</i>	<i>Number of Unit Holders</i>	<i>Investment Amount</i>	<i>Percentage Investment</i>
	<i>----- Rupees -----</i>					
Individuals	746	130,594,909	9.47%	715	160,403,118	10.60%
Associated Companies & Directors	8	540,620,770	39.21%	8	531,318,285	35.10%
Insurance Companies	4	622,502,041	45.15%	4	740,545,291	48.92%
Retirement Funds	6	11,670,569	0.85%	6	12,153,440	0.80%
Others	27	73,254,678	5.31%	27	69,391,250	4.58%
	791	1,378,642,967	100.00%	760	1,513,811,384	100.00%



786 Smart Fund

**DETAILS OF PATTERN OF HOLDINGS (UNITS)
AS AT JUNE 30, 2026**

Number Of Certificate holders	Certificate Holding			Number Of Certificates
	From		To	
762	0.0001	-	9,999.9999	335,138
9	10,000	-	49,999.9999	191,983
4	50,000	-	99,999.9999	263,800
11	100,000	-	499,999.9999	2,275,584
1	500,000	-	999,999.9999	680,625
4	1,000,000	-	14,999,999.9999	12,623,300
-	15,000,000	-	99,999,999.9999	-
791				16,370,430

S. No.	Category	No of Unit Holders	Unit Held	Amount	% of Total
1	Directors				
	Ms. Tara Uzra Dawood, CEO	1	3,369,181	283,736,895	20.58%
2	Associated Companies				
	786 Investments Limited	1	1,862,336	156,837,342	11.38%
	Dawood Family Takaful Limited	2	7,391,784	622,502,041	45.15%
	First Dawood Investment Bank Ltd and Others Employees Contributory Provident Fund	1	342,586	28,851,009	2.09%
	LADIESFUND Energy (Pvt.) Limited	1	19,127	1,610,802	0.12%
3	Individuals	746	1,550,725	130,594,909	9.47%
4	Insurance Companies	-	-	-	0.00%
5	Bank/DFIs	-	-	-	0.00%
6	Modaraba / Mutual Funds	-	-	-	0.00%
7	Others	39	1,834,692	154,509,866	11.21%
TOTAL		791	16,370,430	1,378,642,864	100.00%



786 Smart Fund

**DETAILS OF PATTERN OF HOLDINGS (UNITS)
AS AT JUNE 30, 2026**

S. No.	Category	No of Unit Holders	Unit Held	Amount	% of Total
1	Director	1	3,369,181	283,736,895	20.58
2	Associated Companies	5	9,615,833	809,801,194	58.74
3	Individuals	746	1,550,725	130,594,909	9.47
4	Insurance Companies	-	-	-	0.00
5	Others	39	1,834,692	154,509,866	11.21
TOTAL		791	16,370,430	1,378,642,864	100.00

**INDEPENDENT ASSURANCE REPORT
ON COMPLIANCE WITH THE SHARIAH GOVERNANCE REGULATIONS 2023**

**TO THE BOARD OF DIRECTORS OF
786 SMART FUND, SHARIAH COMPLIANT FUND**

INTRODUCTION

We have undertaken a reasonable assurance engagement that the Securities and Exchange Commission of Pakistan (the SECP) has required in terms of its Shariah Governance Regulations, 2023 (the Regulations) – External Shariah Audit of 786 Smart Fund (the Fund) for assessing compliance of the fund's financial arrangements, contracts, and transactions having Shariah implications with Shariah principles for the year ended **June 30, 2026**. This engagement was conducted by a multidisciplinary team including assurance practitioners and an independent Shariah scholar.

APPLICABLE CRITERIA

The criteria for the assurance engagement, against which the underlying subject matter (financial arrangements, contracts, and transactions having Shariah implications for the year ended **June 30, 2026**) is assessed, comprise of the Shariah principles and rules, as defined in the Regulations and reproduced as under:

- (a) Legal and regulatory framework administered by the Commission;
- (b) Shariah standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), as notified by the Commission;
- (c) Islamic Financial Accounting Standards, developed by the Institute of Chartered Accountants of Pakistan, as notified by the Commission;
- (d) Guidance and recommendations of the Shariah advisory committee, as notified by Commission; and
- (e) Approvals, rulings or pronouncements of the Shariah supervisory board or the Shariah advisor of the Islamic financial institution, in line with (i) to (iv) above.

The above criteria were evaluated for their implications on the financial statements of the fund for the year ended June 30, 2026, which are annexed

SMSC

MANAGEMENT'S RESPONSIBILITY FOR THE SHARIAH COMPLIANCE

Management is responsible to ensure that the financial arrangements, contracts and transactions having Shariah implications, entered into, by the Fund with its customers, other financial institutions and stakeholders and related policies and procedures are, in substance and in their legal form, in compliance with the requirements of Shariah Rules and principles. The management is also responsible for design, implementation and maintenance of appropriate internal control procedures with respect to such compliance and maintenance of relevant accounting records.

OUR INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control "Quality Control Management for the Firms, that Perform Audits and Reviews of Historical Financial Information, And Other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

OUR RESPONSIBILITIES AND SUMMARY OF THE WORK PERFORMED

Our responsibility in connection with this engagement is to express an opinion on compliance of the fund's financial arrangements, contracts, and transactions having Shariah implications with Shariah principles, in all material respects, for the year ended June 30, 2026, based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), 'Assurance Engagements other than audits or reviews of historical financial statements, issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain reasonable assurance about whether the compliance of the fund's financial arrangements, contracts, and transactions having Shariah implications with Shariah principles is free from material misstatement.

The procedures selected by us for the engagement depended on our judgment, including the assessment of the risks of material non-compliance with the Shariah principles. In making those risk assessments, we considered and tested the internal controls relevant to the Fund's compliance with the Shariah principles in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. We have designed and performed necessary verification procedures on various financial arrangements, contracts, and transactions having Shariah implications are in compliance and related policies and procedures based on judgmental and systematic samples with regard to the compliance of Shariah principles. (Criteria specified in the paragraph 2 above)

We believe that the evidences we have obtained through performing our procedures were sufficient and appropriate to provide a basis for our opinion.

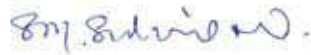
Suhail

CONCLUSION

Based on our reasonable assurance engagement, we report that in our opinion, the Fund's financial arrangements, contracts, and transactions for the year ended June 30, 2026, are in compliance with the Shariah principles (the criteria specified in paragraph 2 above), in all material respects.

The engagement partners on the Shariah audit resulting in this independent reasonable assurance report are S.M. Suhail, FCA.

Yours truly



S.M. Suhail & Co.
Chartered Accountants
Karachi

Our Ref: SMS-A-04852027
Date September 14, 2026



Annexure “a” to “f”

**STATEMENT OF COMPLIANCE WITH
THE SHARIAH GOVERNANCE REGULATIONS 2023**

786 SMART FUND

For the Year Ended June 30, 2026

(a) The status of Shariah compliance;

The financial arrangements, contracts and transactions entered into by 786 Smart Fund (the Fund) for the year ended on June 30, 2026 are in compliance with Shariah Governance Regulations 2023. All agreement(s) entered into by the Fund are Shariah compliant and the financing agreement(s) have been executed on the formats approved by the Sharia Advisor.

(b) The risks associated with the Shariah non-compliance;

The Fund has maintained Shariah-compliant investments, and non-compliant "scripts", whereas Shariah non compliant Scripts as at June 30, 2026, are planned for divestment. The dividend income received amounting to PKR 0/- from these non-compliant scripts has been transferred to charity account, for "purifying" earnings to align with Shariah principles.

(c) The capacity and quality of the internal controls to measure, manage and mitigate the Shariah non-compliance risks;

The Shariah Internal Audit Reports are presented to the management and the Board of Directors outlining the compliance with the Shariah Governance Regulations 2023 and highly non-compliance. The most recent Shariah Internal Audit Report issued dated September 08, 2026 and, management's responses of corrective actions taken to rectify the same.

(d) The adequacy and effectiveness of the Shariah governance framework;

The Sharia Advisor appointed by the fund ensure products and services adhere to Shariah principles by vetting policies, investments and agreements, provide guidance on Islamic finance principles like the prohibition of riba and uncertainty, and conduct Shariah review. Shariah Advisors also provides guidance to develop Shariah-compliant financial instruments, manage portfolio purification, and provide annual Shariah report on Shariah compliance under the Shariah Regulations 2023.



All the products and policies have been approved by the Shariah Advisor and the Financial arrangement including investments made, policies, contract and transactions, entered into by the fund are in accordance with the policies approved by Shariah Advisor .

The Sharia Advisor Review Report dated September 08, 2026, viewed that the business operations of 786 Smart Fund are Shariah Compliant

(e) The level of awareness and sensitivity of the management and the board of directors in addressing the Shariah risks;

The management and the Board of Directors are responsible for ensuring internal controls of operations in compliance with Shariah Regulations 2023, fully aware of Shariah non-compliance risks and monitor to ensure conformity with Shariah principles.

The Fund has developed and implemented all the policies and procedures in accordance with Shariah Principles and rulings of the Shariah Advisor along with a comprehensive mechanism to ensure compliance in the overall operations, Further, the governance arrangements including the reporting of events and status to those charged with relevant responsibilities, such as the Sahirah Committee/Shariah Advisor and the Board of Directors have been implemented.

(f) Any other issues deemed significant by the external auditors with respect to Shariah compliance

There were no significant non compliance issues during the year. The business operations of the Fund at all the times in accordance with the provisions of the Shariah Governance Regulations 2023.

Chief Executive Officer
786 SMART FUND

September 8, 2026

AHSA/SSR/786SF/664



الحمد لله رب العالمين، والصلاة والسلام على سيد الأنبياء والمرسلين، وعلى آله وصحبه أجمعين، وبعد

The purpose of this report is to provide an opinion on the Shariah Compliance of the Fund's investment and operational activities with respect to Shariah guidelines provided.

It is the core responsibility of the Management Company to operate the Fund and invest the amount of money in such a manner which is in compliance with the Shariah principles as laid out in the Shariah guidelines. In the capacity of the Shariah Advisor, our responsibility lies in providing Shariah guidelines and ensuring compliance with the same by review of activities of the fund. We express our opinion based on the review of the information, provided by the management company, to an extent where compliance with the Shariah guidelines can be objectively verified.

Our review of Fund's activities is limited to enquiries of the personnel of Management Company and various documents prepared and provided by the management company.

Keeping in view the above; we certify that:

We have reviewed all the investment and operational activities of the fund including all transactions and found them to comply with the Shariah guidelines. On the basis of information provided by the management company, all operations of the fund for the year ended June 30, 2026 comply with the provided Shariah guidelines. Therefore, it is resolved that investments in 786 Smart Fund managed by 786 Investments Limited are permissible and in accordance with Shariah principles.

During the year, the 786 Smart Fund did not book any charity amount.

May Allah (SWT) bless us and forgive our mistakes and accept our sincere efforts in accomplishment of cherished tasks and keep us away from sinful acts.

والله أعلم بالصواب، وصلى الله على نبينا محمد وعلى آله وصحبه وبارك وسلم

For and on behalf of Al-Hilal Shariah Advisors (Pvt.) Limited.

Mufti Irshad Ahmad Aijaz
Chairman Shariah Council



Faraz Younus Bandukda, CFA
Chief Executive



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 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 year ended June 30, 2026 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 year ended June 30, 2026.

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.

ONLINE

+923-111-322-228
digitalcustodian.co
/digitalcustodian

LAHORE

LSE Plaza, 508
Kashmir Egerton Road
+92 42 3630 4406

KARACHI

Perdesi House
Old Queens Road
+92 21 3241 9770



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: September 11, 2026

ONLINE

+923-111-322-228

digitalcustodian.co

/digitalcustodian

LAHORE

LSE Plaza, 508

Kashmir Egerton Road

+92 42 3630 4406

KARACHI

Perdesi House

Old Queens Road

+92 21 3241 9770



INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS OF 786 SMART FUND

Opinion

We have audited the annexed financial statements of **786 Smart Fund (the fund)** which comprise the statement of assets and liabilities as at June 30, 2026, and the income statement, the statement of comprehensive income, the statement of movement in unit holder's fund and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statement gives a true and fair view of the financial position of the Fund as at June 30, 2026 and of its financial performance and its cash flows for the year then ended in accordance with the approved accounting and reporting standard as applicable in Pakistan

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter(s)

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reanda Haroon Zakaria Aamir Salman Rizwan & Company
Chartered Accountants

Suite Nos. M13, 709 & 710 Progressive Plaza, Beaumont Road, Karachi 75530, Pakistan.
Tel: +92 (21) 3567 4741-44 Fax: +92 (21) 3567 4745 | Email: info@hzasrkh.pk | www.hzasr.pk

Other offices at:
Lahore and Islamabad

Following are the Key audit matter(s):

<i>S. No.</i>	<i>Key audit matter(s)</i>	<i>How the matter was addressed in our audit</i>
<i>1)</i>	<i>Net Asset value (NAV)</i> The balances with banks and investments constitute the most significant component of the net asset value (NAV). The balances with banks and investments as at June 30, 2026 amounted to Rs 251.726 million and Rs 1,103.53 million as disclosed in Note 4 and 5 respectively. The proper valuation of balances with banks and investment for the determination of NAV of the fund as at June 30, 2026 was considered as a high-risk area and therefore, we consider this as a Key Audit Matter (KAM).	We performed the following audit procedures: • Obtained and understanding of design effectiveness of the key controls on the investments and balance with banks. • Obtained Independence confirmation for verifying the existence of the balances with banks as at June 30,2026 and reconciled it with the books and record of the Fund. • Reperformed valuation to assess that the investment or carried as per the valuation methodology specified in the accounting policies. • Obtained bank reconciliation statement and tested reconciling item on the sample basis. • Assessed the adequacy of the respective disclosures and presentation in the financial statements as per applicable financial reporting framework.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The Other Information comprises the information included in the Company's Annual Report does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

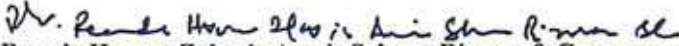
We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Further, we report that the Fund's financials statements have been prepared in accordance with the relevant provision of Non-Bank finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations 2008.

The engagement partner on the audit resulting in this independent auditor's report is Farhan Ahmed Memon.


Reanda Haroon Zakaria Aamir Salman Rizwan & Company Place: Karachi
Chartered Accountants Dated: 14 SEP 2026

UDIN: AR202610147mo6GLOdZb



786 Smart Fund

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2026

	2026	2025
Note	----- Rupees -----	
Assets		
Balances with banks	4 251,726,048	949,917,872
Investments	5 1,103,531,818	558,697,772
Accrued income/profit	6 37,765,606	18,962,794
Security deposits	7 150,000	150,000
Total Assets	1,393,173,472	1,527,728,438
Liabilities		
Payable to 786 Investments Limited - Management Company	8 1,955,396	3,260,668
Payable to Digital Custodian Company Limited - Trustee	9 174,036	175,110
Payable to Securities and Exchange Commission of Pakistan	10 85,017	85,820
Unclaimed dividend	11 3,540,735	3,114,375
Accrued expenses and other liabilities	11 8,775,321	7,281,081
Total Liabilities	14,530,505	13,917,054
Contingencies and Commitments	12	
Net Assets	1,378,642,967	1,513,811,384
Unit Holders' Funds	1,378,642,967	1,513,811,384
	(Number)	
Number of units in issue	13 16,370,430	18,007,686
	(Rupees)	
Net assets value per unit	84.22	84.06

The annexed notes from 1 to 26 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director



786 Smart Fund

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2026

<i>Income</i>	<i>Note</i>	<i>2026</i> ----- Rupees -----	<i>2025</i> ----- Rupees -----
Net realized (loss)/gain on sale of investments		(128,475)	(1,020,000)
Income from investments and balances with banks	14	165,479,799	184,960,276
Reversal of impairment on investment at fair value through other comprehensive income	5.1.1	4,188,789	12,566,367
Impairment on investment		(3,060,000)	-
Other Income		1,271,853	1,264,175
		167,751,966	197,770,818
<i>Expenses</i>			
Remuneration to the management company	8.1	22,036,344	19,310,743
Sindh sales tax on remuneration to the management company	8.2	3,305,454	2,896,611
Accounting and operational charges	8.3	-	1,287,375
Remuneration to the trustee	9.1	2,086,247	1,759,112
Sindh sales tax on trustee fee	9.2	292,413	263,866
Annual fee to Securities and Exchange Commission of Pakistan	10	1,102,804	965,562
Auditor's remuneration		294,320	530,800
Fees and subscription		196,383	253,902
Securities transactions cost		53,170	41,740
Printing and related charges		-	39,000
Legal and professional charges		503,336	447,486
Bank charges		-	49,536
		29,870,471	27,845,733
Net income for the year before taxation		137,881,495	169,925,085
Taxation		-	-
Net income for the year after taxation		137,881,495	169,925,085
Allocation of net income for the year			
Net income for the year		137,881,495	169,925,085
Income already paid on units redeemed		(14,225,575)	(149,131,880)
Accounting income available for distribution:		123,655,920	20,793,205
Relating to capital loss		(128,475)	(1,020,000)
Excluding capital gain		123,784,395	21,813,205
		123,655,920	20,793,205

The annexed notes from 1 to 26 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director



786 Smart Fund

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2026**

	<i>Note</i>	<i>2026</i> <i>----- Rupees -----</i>	<i>2025</i> <i>----- Rupees -----</i>				
Net income for the year after taxation		137,881,495	169,925,085				
Unrealized Gain / (loss) on revaluation of investments classified as fair value through other comprehensive income - net	5.4	<table><tr><td>(287,772)</td></tr><tr><td>(287,772)</td></tr></table>	(287,772)	(287,772)	<table><tr><td>1,501,572</td></tr><tr><td>1,501,572</td></tr></table>	1,501,572	1,501,572
(287,772)							
(287,772)							
1,501,572							
1,501,572							
Total comprehensive income for the year		<table><tr><td>137,593,723</td></tr></table>	137,593,723	<table><tr><td>171,426,657</td></tr></table>	171,426,657		
137,593,723							
171,426,657							

The annexed notes from 1 to 26 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director



786 Smart Fund

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE YEAR ENDED JUNE 30, 2026

	June 30, 2026				June 30, 2025			
	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 12,726,355 units (2025: 40,502,567 units)								
- Capital value (at net asset value per unit at the beginning of the year)	1,068,324,091	-	-	1,068,324,091	3,404,836,162	-	-	3,404,836,162
- Element of income	77,836,213	-	-	77,836,213	149,210,542	-	-	149,210,542
Total proceeds on issuance of units	1,146,160,304	-	-	1,146,160,304	3,554,046,704	-	-	3,554,046,704
Redemption of 14,363,611 units (2025: 33,021,233 units)								
- Capital value (at net asset value per unit at the beginning of the year)	(1,205,764,788)	-	-	(1,205,764,788)	(2,775,920,080)	-	-	(2,775,920,080)
- Amount paid out of element of income	-	(14,225,575)	-	(14,225,575)	-	(149,131,880)	-	(149,131,880)
- Refund/adjustment on units as element of income	(77,836,213)	-	-	(77,836,213)	(92,417,320)	-	-	(92,417,320)
Total payments on redemption of units	(1,283,601,001)	(14,225,575)	-	(1,297,826,576)	(2,868,337,400)	(149,131,880)	-	(3,017,469,280)
Net income for the year before taxation	-	137,881,495	-	137,881,495	-	169,925,085	-	169,925,085
Refund of capital	-	(81,982,796)	-	(81,982,796)	(52,000,130)	-	-	(52,000,130)
Other comprehensive income/(loss)	-	-	(287,772)	(287,772)	-	-	1,501,572	1,501,572
Distribution for the year @ 11.6306 per unit on June 24, 2025	-	-	-	-	-	(21,422,491)	-	(21,422,491)
Distribution for the year @ 8.0542 per unit on June 19, 2026	-	(39,113,072)	-	(39,113,072)	-	-	-	-
	-	16,785,627	(287,772)	16,497,855	(52,000,130)	148,502,594	1,501,572	98,004,036
Net assets at end of the year	1,674,194,552	(298,251,546)	2,699,961	1,378,642,967	1,811,635,249	(300,811,598)	2,987,733	1,513,811,384
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)				(1,020,000)		
- Excluding capital gain		123,784,395				21,813,205		
		123,655,920				20,793,205		
Distribution during the year		(121,095,868)				(21,422,491)		
Undistributed loss carried forward		(298,251,546)				(300,811,598)		
Undistributed (loss) carried forward								
- Realized loss		(298,251,546)				(300,811,598)		
		(298,251,546)				(300,811,598)		
Net assets value per unit at beginning of the year		84.06				83.53		
Net assets value per unit at end of the year		84.22				84.06		

The annexed notes from 1 to 26 form an integral part of these financial statements.

For 786 Investments Limited.
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



786 Smart Fund

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2026

	2026	2025
	----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income for the Year Before Taxation	137,881,495	169,925,085
Adjustments For:		
Net realized loss on sale of investments	(128,475)	(1,020,000)
Profit on bank balances and investments	(165,479,799)	(184,960,276)
Reversal of impairment on investment at fair value through other Comprehensive income	(4,188,789)	(12,566,367)
Operating Loss Before Working Capital Changes	(169,797,063)	(198,546,643)
Increase in Assets		
Advance income tax	-	-
Increase/(Decrease) in Liabilities		
Payable to 786 Investments Limited - Management Company	(1,305,272)	359,682
Payable to Digital Custodian Company Limited - Trustee	(1,074)	22,862
Payable to Securities and Exchange Commission of Pakistan	(803)	13,138
Accrued expenses and other liabilities	1,494,240	(174,223)
Unclaimed dividend	426,360	(9,649,081)
	613,451	(9,427,622)
Proceeds from investments - net	(540,804,554)	296,725,167
Profit received on investments and balances with banks	146,676,987	213,772,106
Net cash (generated) / used in from operating activities	(425,429,684)	472,448,093
CASH FLOWS FROM FINANCING ACTIVITIES		
Amounts received against issue of units	1,146,160,304	3,554,046,704
Payment made against redemption of units	(1,297,826,576)	(3,017,469,280)
Refund of capital	-	(52,000,130)
Dividend paid	(121,095,868)	(21,422,491)
Net cash (used in) / generated from financing Activities	(272,762,140)	463,154,803
Net (decrease) / increase in cash and cash equivalents	(698,191,824)	935,602,896
Cash and cash equivalents at beginning of the year	949,917,872	14,314,976
Cash and cash equivalents at end of the year	4 251,726,048	949,917,872

The annexed notes from 1 to 26 form an integral part of these financial statements.

For 786 Investments Limited.
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



786 Smart Fund

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2026

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, BAHF 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 BAHF 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 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 year.

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.



786 Smart Fund

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2026

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 MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies set out below have been applied consistently to all periods in these financial statements.

3.1 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised in the Fund's statement of assets and liabilities when the Fund becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the income statement.

3.1.1 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

3.1.1.1 Classification and measurement of financial assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the entity's business model for managing them.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. For purposes of subsequent measurement, financial assets are classified in following categories:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in the income statement when the asset is derecognised, modified or impaired.



786 Smart Fund

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2026

Financial assets at fair value through other comprehensive income (debt instruments)

For debt instruments at fair value through other comprehensive income (OCI), profit income, foreign exchange revaluation and impairment losses or reversals are recognised in the income statement and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is reclassified to the income statement.

Financial assets at fair value through profit or loss (debt instruments)

Debt instruments that do not meet the amortised cost criteria or the fair value through other comprehensive income criteria are classified as at fair value through profit or loss. In addition, debt instruments that meet either the amortised cost criteria or the fair value through other comprehensive income criteria may be designated as at fair value through profit or loss upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

3.1.1.2 Fair value measurement principles

The fair value of financial instruments is determined as follows:

Basis of valuation of government debt securities:

The government debt securities not listed on a stock exchange and traded in the interbank market are valued at the average rates quoted on a widely used electronic quotation system (PKRV / PKISRV rates) which are based on the remaining tenor of the securities.

Basis of valuation of debt securities:

The fair value of debt securities (other than government securities) is based on the value determined and announced by Mutual Funds association of Pakistan (MUFAP) in accordance with the criteria laid down in Circular No. 1 of 2009 and Circular No. 33 of 2012 issued by Securities and Exchange Commission of Pakistan (SECP). In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The aforementioned circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

The Fund applies discretion on the effective yield as per the allowable limits in the above mentioned Circulars after the taking into account aspects such as Liquidity Risk, Sector Specific Risk and Issuer Class Risk.

The allowable limits for rated securities for duration upto 2 years is +200/-100 bps and over 2 years is +150/-50 bps. For unrated securities the allowable limits +50 bps.

3.1.1.3 Impairment of financial assets

Management Company assesses at each reporting date whether there is objective evidence that the Fund's financial assets or a group of financial assets are impaired. If any such indication exists, the recoverable amount of such assets is estimated. An impairment loss is recognised whenever the carrying value of an asset exceeds its recoverable amount.

SECP / Commission through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Therefore, the Fund will not be subject to the impairment provisions of IFRS 9.

For financial assets other than debt securities measured at amortised cost, IFRS 9 requires recognition of impairment based on expected credit loss (ECL) model. Under IFRS 9, the Fund is required to measure loss allowance equal to an amount equal to lifetime ECL or 12 months ECL based on credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Management Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information.

However, majority of the assets of the Fund exposed to credit risk pertain to counter parties which have high credit rating or where credit risk has not been increased since initial recognition. Therefore, management believes that the impact of ECL would be very minimal and hence, the same has not been accounted for in these financial statements.

3.1.1.4 "Derecognition "

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Fund's statement of assets and liabilities) when: - the rights to receive cash flows from the asset have expired; or the Fund has transferred its rights to receive cash flows from the asset and substantially all the risks and rewards of the asset;



786 Smart Fund

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2026

- the rights to receive cash flows from the asset have expired; or
- the Fund has transferred its rights to receive cash flows from the asset and substantially all the risks and rewards of the asset;

3.1.2 *Financial liabilities*

3.1.2.1 *Classification and measurement of financial liabilities*

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at fair value through profit or loss.

Financial liabilities are measured at amortised cost, unless they are required to be measured at fair value through profit or loss (such as instruments held for trading or derivatives) or the Fund has opted to measure them at fair value through profit or loss.

3.1.2.2 *Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

3.1.3 *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.2 *Cash and cash equivalents*

Cash and cash equivalents comprise of bank balances and short term highly liquid investments with original maturity of three months or less which are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value.

3.3 *Provisions*

Provisions are recognised when the Fund has a present, legal or constructive, obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions, if any, are regularly reviewed and adjusted to reflect the current best estimate.

3.4 *Taxation*

The income of the Fund is exempt from income tax under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by accumulated losses and capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

3.5 *Dividend distribution and appropriations*

Dividend distributions and appropriations are recorded in the period in which these are approved by the Board of Directors of the Management Company. Based on the Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

Regulation 63 of the NBFC Regulations requires the Fund to distribute 90% of the net accounting income other than capital gains to the unit holders.

Distributions declared subsequent to the year end / reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared and approved by the Board of Directors of the Management Company.

3.6 *Issue and redemption of units*

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that date. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load and any provision for duties and charges, if applicable. The sales load is payable to investment facilitators, distributors and the Management Company.



786 Smart Fund

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2026

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net asset value per unit as of the close of the business day less any back-end load, any duties, taxes, and charges on redemption, if applicable.

Element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

3.7 Net asset value per unit

The Net Asset Value (NAV) per unit as disclosed in the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

3.8 Revenue recognition

- Gain or loss on sale of investment is accounted for in the income statement in the period in which it arises.
- Unrealised gain / loss arising on revaluation of investments classified as 'at fair value through profit or loss' is included in the income statement in the period in which it arises.
- Income / profit from investments in sukuks, government securities, certificate of musharka, bai mujjal and commercial paper is recognised on a time proportionate basis using effective interest rate method.
- Profit on bank balances is recognised on a time proportionate basis using bank's approved rates.
- Dividend income is recognised when the right to receive the dividend is established.

3.9 Expenses

All expenses chargeable to the Fund including remuneration of the Management Company, Trustee fee and annual fee of the SECP are recognised in the income statement on an accrual basis.

3.10 Earnings per unit

Earnings per unit (EPU) has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

4 BALANCES WITH BANKS

- Saving accounts
- Short Term Placement

Note	2026	2025
	----- Rupees -----	
	-	949,917,872
4.1	251,726,048	-
	251,726,048	949,917,872

- 4.1 This amount of Rs. 251.726 million is maintained with Faysal Bank Limited that carries profit at the rate of 11.5% per annum. Other savings accounts of the Fund carry profit rates ranging from 8% to 11% (2025: 8.50% to 17%) per annum.

5 INVESTMENTS

At fair value through other comprehensive income

- Listed - Term finance certificates
- Unlisted - Sukuk certificates

Note	2026	2025
	----- Rupees -----	
5.1	131,181,818	-
5.2	972,350,000	558,697,772
	1,103,531,818	558,697,772



786 Smart Fund

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2026

5.1 At fair value through other comprehensive income

		<i>As at July 01, 2025</i>	<i>Purchases during the year</i>	<i>Matured/ Disposed During the year</i>	<i>As at Jun, 30, 2026</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>		
<i>Listed - Term finance certificates face value of Rs. 5,000/-each</i>								
<i>Construction and material</i>								
Dewan Cement Company Ltd.	5.1.1	838	-	838	-	-	-	-
Provision held	5.3					-	-	-
<i>Listed - Sukuk certificates face value of Rs. 1,000,000/-each</i>								
Thatta Cement Company Ltd.	-	-	150	19	131	131,181,818	131,181,818	11.89

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

5.2 At fair value through other comprehensive income

	<i>2026</i>	<i>2025</i>
	<i>----- Rupees -----</i>	
Cost / Carrying Value of Investment	972,637,772	557,196,200
Less: Net unrealized gain in fair value of investments-closing	(287,772)	1,501,572
Fair value of investments	972,350,000	558,697,772

		<i>As at July 01, 2025</i>	<i>Purchases during the year</i>	<i>Sold / Matured During the Year</i>	<i>As at June 30, 2026</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>		
<i>Unlisted - term finance certificates face value of Rs. 5,000/- each</i>								
<i>Cables and Electrical Goods – Allied</i>								
New Allied Electronics Industries (Private) Limited	5.3.1	11,523	-	-	11,523	25,433,190	-	0%
Provision held	5.3					(25,433,190)		
New Allied Electronics Industries (Private) Limited	5.3.2	3,417	-	-	3,417	7,222,749	-	0%
Provision held	5.3					(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	5.3.3	15	-	-	15	4,080,000	4,080,000	0%
<i>Commercial Banks</i>								
Dubai Islamic Bank Pakistan Limited	5.3.4	44	-	-	44	44,277,772	44,440,000	5%
BankIslami Pakistan Limited		635	-	-	635	3,175,000	3,175,000	0%
<i>Power Generation and Distribution</i>								
<i>Face value of Rs. 100,000/- each</i>								
K-Electric Limited - Sukuk (23-11-22)		1,000	-	-	1,000	72,025,000	71,575,000	7%



786 Smart Fund

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2026

		<i>As at July 01, 2025</i>	<i>Purchases during the year</i>	<i>Sold / Matured During the Year</i>	<i>As at June 30, 2026</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>		
Face value of Rs. 10,000/- each								
K-Electric Limited - 24-04-2025	5.3.5	2,108	-	-	2,108	21,080,000	21,080,000	2%
Face value of Rs. 1,000,000/- each								
K-Electric Limited - STS 24		-	-	-	-	-	-	0%
Lucky Electric Power Company		30	-	30	-	-	-	0%
Lucky Electric Power Company		-	48	48	-	-	-	0%
Steel and Allied								
Mughal Iron & Steel Industries Limited - Sukuk (26-03-25)		194	-	194	-	194,000,000	194,000,000	20%
Mughal Iron & Steel Industries Limited Sukuk (21-10-24)	5.3.6	-	-	-	-	-	-	0%
Mughal Iron & Steel Industries Limited Sukuk (02-06-25)		24	-	24	-	-	-	0%
Alliance Sugar Mills Limited (19-03- 2026)	5.3.7	-	50	-	50	50,000,000	50,000,000	5%
Technology and communication								
Pakistan Telecommunication Limited - PTCL STS XI		-	190	190	-	-	-	0%
Pakistan Telecommunication Limited - PTCL STS XI		110	-	110	-	-	-	0%
Ismail Industries Limited (ISIL) STS-4 issue		33	-	33	-	-	-	0%
Ismail Industries Limited (ISIL) STS-5 issue		-	50	50	-	-	-	0%
Road Runners								
DAEWOO Pakistan Express Bus Service Limited - (30-12-2025)		-	50	50	-	-	-	-
DAEWOO Pakistan Express Bus Service Limited - (25-2-2026)	5.3.8	-	100	-	100	100,000,000	100,000,000	10%
DAEWOO Pakistan Express Bus Service Limited - (25-2-2026)			50		50	50,000,000	50,000,000	
Loads Limited - (23-7-2025)		-	25	25	-	-	-	0%
Textile Spinning								
Masood Spinning Mills Limited Sukuk (9-2-2026)	5.3.9	-	214	-	214	214,000,000	214,000,000	22%
Sugar and Allied								
RYK Mills Limited Sts -Sukuk (3-4- 2026)	5.3.10	-	75	-	75	75,000,000	75,000,000	8%
Food								
AT-TAHUR Limited - Sukuk- (13-4- 2026)	5.3.11	-	100	55	45	45,000,000	45,000,000	5%



786 Smart Fund

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2026

		<i>As at July 01, 2025</i>	<i>Purchases during the year</i>	<i>Sold / Matured During the Year</i>	<i>As at June 30, 2026</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>		
Power Generation – Allied								
Liberty Daharki Power Limited - 16-6-2026	5.3.12	-	100	-	100	100,000,000	100,000,000	10%
Face value of Rs.5,000/- each								
Real Estate Development – Allied								
Eden Housing Limited	5.3.13	2,933	-	-	2,933	2,887,171	-	0%
Provision held	5.3					(2,887,171)	-	
						-	-	
Textile Composite								
Amtex limited	5.3.14	6,000	-	-	6,000	22,500,000	-	0%
Provision held	5.3					(22,500,000)	-	
						-	-	
Face value of Rs.5,000/- each								
New Allied Electronics Industries (Private) Limited	5.3.1	51,000	-	-	1,000	5,027,500	-	0%
Provision held	5.3					(5,027,500)	-	
						-	-	
						972,637,772	972,350,000	

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.

<i>Name of non compliant investment</i>	<i>Note</i>	<i>Type of Investment</i>	<i>Value of Investment before provision</i>	<i>Provision held if any</i>	<i>Value of Investment after provision</i>	<i>% of net assets</i>	<i>% of Gross Assets</i>
<i>----- Rupees -----</i>							
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	0.30%	0.29%

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 on 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.



786 Smart Fund

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2026

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 September 3, 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 mature on July 21, 2026.

5.3.7 The Sukuk Certificates, having a face value of PKR 50 million, form part of Alliance Sugar Mills Limited (ASML) Short Term Sukuk – 21, with an aggregate issue size of PKR 2,000 million. The Sukuk are unsecured and carry a profit rate equivalent to 6-month KIBOR, payable semi-annually in arrears. The certificates are scheduled to mature on September 21, 2026.

5.3.8 The Sukuk Certificates, having a face value of PKR 100 million, form part of Daewoo Bus Express Short Term Sukuk, with an aggregate issue size of PKR 4,000 million. The Sukuk are unsecured and carry a profit rate equivalent to 6-month KIBOR plus 2.50, payable semi-annually in arrears. The certificates are scheduled to mature on August 25, 2026.

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 June 30, 2026.

5.3.9 The Sukuk Certificates, having a face value of PKR 214 million, form part of Masood Spinning Mills Limited Short Term Sukuk, with an aggregate issue size of PKR 3,000 million. The Sukuk are unsecured and carry a profit rate equivalent to 3-month KIBOR plus 0.85%, payable quarterly in arrears. The certificates matured on August 10, 2026.

5.3.10 The Sukuk Certificates, having a face value of PKR 75 million, form part of RYK Mills Limited Short Term Sukuk, with an aggregate issue size of PKR 4,000 million. The Sukuk are unsecured and carry a profit rate equivalent to 3-month KIBOR plus 0.14%, payable quarterly in arrears. The certificates are scheduled to mature on September 3, 2026.

5.3.11 The Sukuk Certificates, having a face value of PKR 45 million, form part of At-Tahur Limited Short Term Sukuk, with an aggregate issue size of PKR 900 million. The Sukuk are unsecured and carry a profit rate equivalent to 3-month KIBOR plus 1.30%, payable quarterly in arrears. The certificates are scheduled to mature on March 15, 2027.

5.3.12 The Sukuk Certificates, having a face value of PKR 100 million, form part of Liberty Daharki Power Limited Short Term Sukuk, with an aggregate issue size of PKR 4,000 million. The Sukuk are unsecured and carry a profit rate equivalent to 6-month KIBOR plus 1.25%, payable semi-annually in arrears. The certificates are scheduled to mature on December 16, 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 on January 6, 2011 and accrual of income on the same was suspended. Accordingly, the security has been fully provided in accordance with the provisioning circulars issued by SECP and the board's approved provisioning policy.

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.



786 Smart Fund

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2026

		2026	2025
	Note	----- Rupees -----	
5.4 Unrealized gain on revaluation of investments classified as fair value through other comprehensive income - net			
Fair value of investments	5.2	972,350,000	558,697,772
Less: Cost/Carrying Value of Investment		(974,139,344)	(557,196,200)
		(1,789,344)	1,501,572
Less: Accrued interest income		-	-
Less: Net unrealized gain in fair value of investments - Opening		1,501,572	-
		(287,772)	1,501,572
6 ACCRUED INCOME/PROFIT			
- Income from profit and loss sharing (PLS) accounts		2,715,301	5,353,446
- Income from sukuk certificates		35,050,305	13,609,348
		37,765,606	18,962,794
7 SECURITY DEPOSITS			
Deposits - Central Depository Company of Pakistan Limited		150,000	150,000
8 PAYABLE TO 786 INVESTMENTS LIMITED - MANAGEMENT COMPANY			
Management remuneration	8.1	1,700,344	1,715,908
Sindh sales tax payable	8.2	255,052	257,386
Accounting and operational charges	8.3	-	1,287,374
		1,955,396	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: 13%) 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."			
9 PAYABLE TO DIGITAL CUSTODIAN COMPANY LIMITED - TRUSTEE			
Trustee Remuneration	9.1	151,336	152,270
Sindh sales tax payable on Trustee remuneration	9.2	22,700	22,840
		174,036	175,110
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 2024: 13%) on trustee's remuneration.			



786 Smart Fund

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2026

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.

11 ACCRUED EXPENSES AND OTHER LIABILITIES

		2026	2025
	Note	----- Rupees -----	
Federal Excise Duty on Remuneration	11.1	6,513,679	6,513,679
Accrued expenses	11.2	1,247,027	755,002
Other liabilities		1,002,996	780
Zakat payable and withholding tax		11,619	11,620
		<u>8,775,321</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, 2026 aggregates to Rs. 6.51 million (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, 2026 would have been higher by Rs. 0.40 per unit (June 30, 2025: Rs. 0.36 per unit).

11.2 Accrued expenses

	2026	2025
	----- Rupees -----	
Auditors' remuneration payable	719,926	354,600
Rating fee payable - PACRA	123,972	226,402
PSX fee payable	101,251	51,250
Printing payable	-	19,000
Shariah and tax advisors fee payable	301,878	103,750
	<u>1,247,027</u>	<u>755,002</u>

12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30, 2026.



786 Smart Fund

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2026

	2026	2025
13 NUMBER OF UNITS IN ISSUE	----- Numbe of Units -----	
Total outstanding as of July 01	18,007,686	10,526,352
Issued during the period	12,726,355	40,502,567
Redemption during the period	(14,363,611)	(33,021,233)
Closing units	<u>16,370,430</u>	<u>18,007,686</u>
14 INCOME FROM INVESTMENTS AND BALANCES WITH BANKS		
<i>Income from:</i>		
- Sukuk certificates	106,976,998	119,367,893
- Profit and loss sharing (PLS) account	58,502,801	65,592,383
	<u>165,479,799</u>	<u>184,960,276</u>

15 TOTAL EXPENSE RATIO

The total expense ratio (TER) of the Fund for the year ending on June 30, 2026, is 2.03%, 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 year ended June 30, 2026									
	As at July 01, 2025	Issued for cash	Refund of capital units	Re- Invest	Redeemed	As at June 30, 2026	As at July 01, 2025	Issued for cash	Redeemed	As at June 30, 2026
	----- Units -----						----- Rupees -----			
Associated Companies / Undertakings:										
786 Investments Limited - Management Company	1,451,985	2,205,365	163,732	665	1,959,411	1,862,336	122,060,693	200,775,206	-	156,837,342
BRR Guardian Limited (Associate of Management Company)	765,829	101,035	-	55,109	-	921,972,7363	64,379,224	-	-	77,644,303
First Dawood Investment Bank Limited - Employees Contributory Provident Fund- Employee Benefit Fund of Group Company	1,132,902	994,622	28,698	1,294	1,814,930	342,586	95,237,045	87,490,002	156,133,161	28,851,009
LADIESFUND Energy (Private) Limited (Connected Person due to Management Company)	261,011	225,555	797	673	468,909	19,127	21,941,780	19,734,544	41,350,000	1,610,802



786 Smart Fund

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2026

	For the year ended June 30, 2026									
	As at	Issued	Refund of	Re-	Redeemed	As at	As at	Issued for cash	Redeemed	As at
	July 01, 2025	for cash	capital units	Invest		June 30, 2026	July 01, 2025			June 30, 2026
	Units						Rupees			
Dawood Family Takaful Limited (Associate of Management Company)	8,809,230	7,399,374	639,207	6,066	9,462,094	7,391,784	740,545,291	680,000,000	868,291,007	622,502,041
Directors and key management personnel of the Management Company	2,707,713	504,161	29,517	228,627	100,837	3,369,181	227,623,090	44,800,000	8,500,000	283,736,895
	For the year ended June 30, 2025									
	As at	Issued	Refund of	Re-	Redeemed	As at	As at	Issued for cash	Redeemed	As at
	July 01, 2024	for cash	capital units	Invest		June 30, 2025	July 01, 2024			June 30, 2025
	Units						Rupees			
Associated Companies / Undertakings:										
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 (Associate of Management Company)	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 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

17.2 Transactions during the Period Ended

786 Investments Limited - Management Company

Remuneration of the management company	8.1	22,036,344	19,310,743
Sales tax on remuneration to the management company	8.2	3,305,454	2,896,611
Accounting and operational charges	8.3	-	1,287,375

Digital Custodian Company Limited - Trustee

Remuneration of the Trustee	9.1	2,086,247	1,759,112
Sales tax on Trustee fee	9.2	292,413	263,866

17.3 Balance as at period ended

786 Investments Limited - Management Company

Remuneration payable to the management company	8	1,700,344	1,715,908
Sales tax payable on management company's remuneration	8	255,052	257,386
Accounting and operational charges	8	-	1,287,374
FED payable on management company's remuneration		6,513,679	6,513,679

Digital Custodian Company Limited - Trustee

Remuneration payable to the Trustee	9	151,336	152,270
Sales tax payable on Trustee fee	9	22,700	22,840



786 Smart Fund

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2026

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 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets

Balances with banks
Investments
Accrued income/profit
Security deposits

<i>As at June 30, 2026</i>		
<i>At amortized cost</i>	<i>Financial asset at fair value through other comprehensive income</i>	<i>Total</i>
<i>----- Rupees -----</i>		
251,726,048	-	251,726,048
-	1,103,531,818	1,103,531,818
37,765,606	-	37,765,606
150,000	-	150,000
289,641,654	1,103,531,818	1,393,173,472

Financial liabilities

Payable to 786 Investments Limited - Management Company
Payable to Digital Custodian Company Limited - Trustee
Payable to Securities and Exchange Commission of Pakistan
Unclaimed dividend
Accrued expenses and other liabilities

<i>As at June 30, 2025</i>		
<i>At amortized cost</i>	<i>Financial asset at fair value through other comprehensive income</i>	<i>Total</i>
<i>----- Rupees -----</i>		
949,917,872	-	949,917,872
-	558,697,772	558,697,772
18,962,794	-	18,962,794
150,000	-	150,000
969,030,666	558,697,772	1,527,728,438

Financial assets

Balances with banks
Investments
Accrued income/profit
Security deposits

3,003,282	-	3,003,282
152,270	-	152,270
85,820	-	85,820
3,114,375	-	3,114,375
755,782	-	755,782
7,111,529	-	7,111,529

Financial liabilities

Payable to 786 Investments Limited - Management Company
Payable to Digital Custodian Company Limited - Trustee
Payable to Securities and Exchange Commission of Pakistan
Unclaimed dividend
Accrued expenses and other liabilities



786 Smart Fund

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2026

19 RISK MANAGEMENT FRAMEWORK

19.1 Risk management framework

The Fund's activities expose it to a variety of financial risks, market risk, credit risk and liquidity risk.

The Fund's Board of Directors has an overall responsibility for the establishment and oversight of the Fund's risk management framework.

Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, the Fund's constitutive documents and the regulations and directives of the SECP. The policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

The audit committee oversees how management monitors compliance with the Fund's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Fund. The audit committee is assisted in its oversight role by the internal audit. The internal audit undertakes regular reviews of risk management controls and procedures and the results of which are reported to the audit committee.

Asset purchases and sales are determined by the Fund's Investment Manager, who has been authorised to manage the distribution of the assets to achieve the Fund's investment objectives. Compliance with the target asset allocations and the composition of the portfolio is monitored by the Investment Committee. In instances where the portfolio has diverged from target asset allocations, the Fund's Investment Manager is obliged to take actions to rebalance the portfolio in line with the established targets within prescribed time limits.

19.2 Market Risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices.

The Management Company manages the market risk by monitoring exposure on marketable securities by following internal risk management policies and investment guidelines approved by the Investment Committee and the regulations laid down by SECP.

19.2.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. At present, the Fund is not exposed to currency risk as all the transactions are carried out in Pakistani Rupees.

19.2.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

As of June 30, 2024, the Fund is exposed to such risk in respect of bank balances and investment in debt securities. The bank balances are subject to interest rates as declared by the respective banks on periodic basis. Debt securities are subject to floating interest rates other than Government securities which are subject to fixed interest rates. The sensitivity of the income or loss for the year is the effect of the assumed changes in interest rates on:

- the net interest income for one year, based on the floating rate financial assets held at the year end; and
- changes in fair value of investments for the year, based on revaluing fixed rate financial assets at the year end.

The following table demonstrates the sensitivity of Fund's income/(loss) for the year to a reasonably possible change in interest rates, with all other variables held constant. In practice, the actual results may differ from the sensitivity analysis.

Change in Basis Point	Effect on Income	
	2026	2025
	----- Rupees -----	
+ 100	135,525,787	150,861,564
- 100	(135,525,787)	(150,861,564)

Yield/interest rate sensitivity position for on balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.



786 Smart Fund

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2026

On-Balance Sheet

Financial Assets

Balance with banks
Investments
Accrued income / profit
Security Deposit

-----June 30, 2026-----				
Exposed to Yield / interest rate risk				
Up to Three months	More than three months and up to one year	More than one year	Not exposed to Yield / interest rate risk	Total
----- Rupees -----				

251,726,048	-	-	-	251,726,048
-	-	1,103,531,818	-	1,103,531,818
-	-	-	37,765,606	37,765,606
-	-	-	150,000	150,000
251,726,048	-	1,103,531,818	37,915,606	1,393,173,472

Financial Liabilities

Payable to 786 Investments Limited -
Management Company
Payable to Digital Custodian Company
Limited - Trustee
Payable to Securities and Exchange
Commission of Pakistan
Unclaimed dividend
Accrued expenses and other liabilities

-	-	-	1,955,396	1,955,396
-	-	-	174,036	174,036
-	-	-	85,017	85,017
-	-	-	3,540,735	3,540,735
-	-	-	8,775,321	8,775,321
-	-	-	14,530,505	14,530,505

On-Balance Sheet Gap

There is no off-balance sheet financial instrument that exist as at year end June 30, 2026.

On-Balance Sheet

Financial Assets

Balance with banks
Investments
Accrued income / profit
Security Deposit

-----June 30, 2025-----				
Exposed to Yield / interest rate risk				
Up to Three months	More than three months and up to one year	More than one year	Not exposed to Yield / interest rate risk	Total
----- Rupees -----				

949,917,872	-	-	-	949,917,872
-	-	558,697,772	-	558,697,772
-	-	-	18,962,794	18,962,794
-	-	-	150,000	150,000
949,917,872	-	558,697,772	19,112,794	1,527,728,438

Financial Liabilities

Payable to 786 Investments Limited -
Management Company
Payable to Digital Custodian Company
Limited - Trustee
Payable to Securities and Exchange
Commission of Pakistan
Unclaimed dividend
Accrued expenses and other liabilities
On-Balance Sheet Gap

-	-	-	3,260,668	3,260,668
-	-	-	175,110	175,110
-	-	-	85,820	85,820
-	-	-	3,114,375	3,114,375
-	-	-	7,281,081	7,281,081
-	-	-	13,917,054	13,917,054



786 Smart Fund

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2026

19.2.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. At present, the Fund is not exposed to price risk.

19.3 Credit Risk

Credit risk represent the risk of a loss if the counter parties fail to perform as contracted. The Fund's credit risk is primarily attributable to its investments and balances with banks. The Fund does not foresee any credit risk with respect to GOP Ijarah Sukuks since these are securities issued by State Bank of Pakistan on behalf of the Government of Pakistan. The credit risk on other financial assets is limited because the counter parties are mainly companies/ financial institution with reasonably high credit ratings. In addition, the internal risk management policies and investment guidelines (approved by investment committee) require the Fund to invest in debt securities that have been rate as investment grade by a well known rating agency.

19.3.1 The analysis below summarises the credit rating quality of the Fund's financial assets as at June 30, 2024.

Name of Bank	Rating agency	Latest published rating		Percentage of bank balance
		Short term	Long term	
United Bank Limited	PACRA	A1	AAA	0.54%
Dubai Islamic Bank Limited	JCR-VIS	A1+	AA	2.09%
U Microfinance Bank Limited	PACRA	A1	A+	0.00%
Bank Islami Pakistan Limited	PACRA	A1	AA-	0.00%
Faysal Bank Limited	PACRA	A1+	AA+	97.37%

Sukuks other than GOP Ijara Sukuks

Name of issuer/issue date	Rating agency	Latest published rating of the instrument	Percentage of Sukuks
Masood Spining Mills Limited	PACRA	A-	19.39%
Mughal Iron & Steel Ind. Limited	PACRA	AA-	17.58%
Thatta Cement Company Limited	JCR-VIS	AA-	11.89%
Daewoo Pakistan Bus Service	PACRA	A	9.06%
Liberty Daharki Power Limited	JCR-VIS	A1	9.06%
RYK Mills Limited	JCR-VIS	A1	6.80%
K-Electric Company Limited	PACRA	AA	6.49%
Daewoo Pakistan Bus Services Limited	PACRA	A	4.53%
Allaince Sugur Mills Limited	PACRA	A1	4.53%
At-Tahur Limited	PACRA	A1	4.08%
Dubai Islamic Bank Pakistan Limited	JCR-VIS	AA	4.03%
K-Electric Power Company Ltd	PACRA	AA	1.91%
Agha Steel Industries Limited	PACRA	D	0.37%
BankIslami Ehad	PACRA	A	0.29%

Concentration of credit risk

Concentration of risk exists arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly effect by changes in economic, political or other conditions. The Fund's portfolio of the financial instruments is mainly held with various banks, securities issued by State Bank of Pakistan on behalf of the Government of Pakistan and certain privately placed sukuks.

19.3.2 Liquidity Risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities earlier than expected. The Fund is exposed to cash redemptions of its redeemable units on a regular basis. Units are redeemable at the unit holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive documents.



786 Smart Fund

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2026

The table below summarizes the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity date. However, for equity securities at fair value through income statement, the period in which those assets are assumed to mature is taken as the expected date on which these assets will be realized.

2026	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	More than 5 years	Total
----- Rupees -----						
Financial Liabilities						
Payable to 786 Investments Limited - Management Company	1,700,344		-	-	-	1,700,344
Payable to Digital Custodian Company Limited - Trustee	151,336		-	-	-	151,336
Payable to Securities and Exchange Commission of Pakistan	85,017		-	-	-	85,017
Unclaimed dividend	3,540,735	-	-	-	-	3,540,735
Accrued expenses and other liabilities	2,250,023	-	-	-	-	2,250,023
	7,727,455	-	-	-	-	7,727,455
----- Rupees -----						
2025	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	More than 5 years	Total
----- Rupees -----						
Financial Liabilities						
Payable to 786 Investments Limited - Management Company	3,003,282	-	-	-	-	3,003,282
Payable to Digital Custodian Company Limited - Trustee	152,270	-	-	-	-	152,270
Payable to Securities and Exchange Commission of Pakistan	85,820	-	-	-	-	85,820
Unclaimed dividend	3,114,375	-	-	-	-	3,114,375
Accrued expenses and other liabilities	755,782	-	-	-	-	755,782
	7,111,529	-	-	-	-	7,111,529

20 UNIT HOLDERS' FUND RISK MANAGEMENT

The Unit Holders' Fund is represented by redeemable units. The unit holders of the Fund are entitled to distributions and to payment of a proportionate share based on the Fund's net asset value per unit as of the close of the business day less any back end load, provision for transaction cost and any provision for duty and charge, if applicable. The relevant movements are shown on the 'Statement of Movement in Unit holder's Fund'.

The Fund has no restrictions or specific capital requirements on the subscription and redemption of units.

The Fund's objective when managing unit holders' fund is to safeguard the Fund's ability to continue as a going concern in order to seek maximum preservation of unit holders' fund and an optimum rate of return by investing in avenues having good credit rating and liquidity and to maintain a strong capital base to support the development of the investment activities of the Fund.

In accordance with the risk management policies, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption requests, such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

The Fund meets the requirements of sub-regulation 54(3a) which requires that the minimum size of an Open End Scheme shall be one hundred million rupees at all times during the life of the scheme.

21 FAIR VALUE OF FINANCIAL INSTRUMENTS

"Fair Value Measurement" defines fair value as the price that would be received to sale an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.



786 Smart Fund

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2026

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active market are based on the quoted market price at the close of trading on the period end date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from the carrying values as the items are either short-term in nature or periodically repriced.

Debt Securities

These are valued at the rates notified by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the SECP's Circular 1 of 2009. The said circular prescribes a valuation methodology which in case of currently traded securities, is based on weighted average prices during the 15 days preceding the valuation date and in case of thinly or non-traded securities, on the basis of discount coupon method which takes into consideration credit risk and maturities of the instruments.

Government Securities

These are valued by reference to the quotations obtained from the PKRV rate sheet on the Reuters page.

The fair value of other assets and liabilities of the Fund approximate their carrying amount largely due to short term maturities of these instruments.

21.1 Fair Value Hierarchy

The Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

		30-Jun-26					
		Carrying amount			Fair value		
		At amortised cost	FVTOCI	Total	Level 1	Level 2	Level 3
Note		----- Rupees -----					
Financial assets measured at fair value							
Investments							
Unlisted - Sukuk certificates	21.1.1	-	1,103,531,818	1,103,531,818	1,103,531,818	-	-
		-	1,103,531,818	1,103,531,818	1,103,531,818	-	-
Financial assets not measured at fair value							
	21.1.2						
Balances with banks		251,726,048	-	251,726,048			
Accrued income/profit		37,765,606	-	37,765,606			
Security deposits		150,000	-	150,000			
		289,641,654	-	289,641,654			



786 Smart Fund

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2026

Financial liabilities not measured at fair value

	Carrying amount		
	At amortised cost	FVTOCI	Total
	----- Rupees -----		
Payable to 786 Investments Limited - Management Company	1,700,344	-	1,700,344
Payable to Digital Custodian Company Limited - Trustee	151,336	-	151,336
Payable to Securities and Exchange Commission of Pakistan	85,017	-	85,017
Unclaimed dividend	3,540,735	-	3,540,735
Accrued expenses and other liabilities	2,250,023	-	2,250,023
	7,727,455	-	7,727,455

Financial assets measured at fair value

Investments

	30-Jun-25			Fair value		
	At amortised cost	FVTOCI	Total	Level 1	Level 2	Level 3
	----- Rupees -----					
Unlisted - Sukuk certificates	-	558,697,772	558,697,772	558,697,772	-	-
	-	558,697,772	558,697,772	558,697,772	-	-

Financial assets not measured at fair value

Balances with banks	949,917,872	-	949,917,872
Accrued income/profit	18,962,794	-	18,962,794
Security deposits	150,000	-	150,000
	969,030,666	-	969,030,666

Financial liabilities not measured at fair value

	Carrying amount		
	At amortised cost	FVTOCI	Total
	----- Rupees -----		
Payable to 786 Investments Limited - Management Company	3,003,282	-	3,003,282
Payable to Digital Custodian Company Limited - Trustee	152,270	-	152,270
Payable to Securities and Exchange Commission of Pakistan	85,820	-	85,820
Unclaimed dividend	3,114,375	-	3,114,375
Accrued expenses and other liabilities	755,782	-	755,782
	7,111,529	-	7,111,529



786 Smart Fund

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2026

21.1.1 Investment in sukuks are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan (SECP).

21.1.2 The Fund has not disclosed the fair values for these financial assets, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are a reasonable approximation of fair value.

22 SUPPLEMENTARY NON FINANCIAL INFORMATION

22.1 Pattern of Unit Holding

	As at 30 June 2026			As at 30 June 2025		
	Number of Unit Holders	Investment Amount	Percentage Investment	Number of Unit Holders	Investment Amount	Percentage Investment
	----- Rupees -----					
Individuals	746	130,594,909	9.47%	715	160,403,118	10.60%
Associated Companies & Directors	8	540,620,770	39.21%	8	531,318,285	35.10%
Insurance Companies	4	622,502,041	45.15%	4	740,545,291	48.92%
Retirement Funds	6	11,670,569	0.85%	6	12,153,440	0.80%
Others	27	73,254,678	5.31%	27	69,391,250	4.58%
	791	1,378,642,967	100.00%	760	1,513,811,384	100.00%

22.2 Details of Investment Committee

Name of Member	Designation	Qualification	Experience
Ms. Tara Uzra Dawood	Chief Executive Officer	Doctorate of Juridical Science	23 years
Mr. Noman Shakir	Chief Financial Officer and Company Secretary	ACMA	17 years
Mr. Muhammad Abbas	Fund Manager	MBA Finance	21 years
Mr. Muhammad Ali	Head of Compliance	MA Economic	6 years

22.3 Details of Fund Manager

Mr. Muhammad Abbas is fund manager of 786 smart fund.

23 Details of Board of Director's meetings

Name of Director	September 29, 2025	October 23, 2025	February 26, 2026	April 9, 2026
Mr. Ahmed Salman Munir	Present	Present	N/A	Present
Miss Tara Uzra Dawood	Present	Present	Present	Present
Mr. Nadeem Akhtar	Present	N/A	Present	Present
Mr. Naveed Ahmed	Present	Present	Present	Present
Syed Musharaf Ali	Present	Present	Present	Present
Mr. Iqbal Shafiq	Present	N/A	Present	N/A
Mr. Ahmer Zia Sarwar	Present	Present	Present	Present

24 NUMBER OF EMPLOYEES

The total number of employees at year-end was 11 (2025: 10), and the average number of employees during the year was 11 (2025: 10).



786 Smart Fund

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026**

25 GENERAL

Figures have been rounded off to the nearest rupee.

26 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue by the board of directors of the Management Company on **September 14, 2026**.

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

Chief Financial Officer

Chief Executive Officer

Director



786 Smart Fund

PERFORMANCE TABLE / KEY FINANCIAL DATA

	Year					
	2026	2025	2024	2023	2022	2021
Net Assets (Rs in million)	1,378.64	1,513.81	879.23	721.07	589.33	746.11
Net Asset Value per Units (Rs.)	84.22	84.06	83.53	82.41	81.72	81.18
Offer Price per Unit	85.06	84.90	84.37	83.23	82.54	81.99
Redemption Price per Unit	84.22	84.06	83.53	82.41	81.72	81.18
Number of Units	16,370,430	18,007,686	10,526,352	8,750,090	7,212,002	9,190,455
Net Profit for the year (Rs in million)	137.88	169.93	253.58	142.86	87.59	31.35
<i>Income Distribution (Rs in million)</i>						
Final	121.10	73.42	137.26	91.57	41.95	31.29
Interim	-	-	-	-	-	-
<i>Average Annual Return (%)</i>	9.62%	14.57%	23.01%	16.80%	10.42%	5.12%



786 Smart Fund

PROXY ISSUED BY THE FUND

The proxy voting policy of Fund, duly approved by Board of Directors of the Management Company, is available on the website of 786 Investments Limited i.e. <http://www.786investments.com> A detailed information regarding actual proxies voted by the Management Company in respect of the fund is also available without charge, upon request, to all unit holders.

The details of summarized proxies voted are as follows:

Resolutions	For	Against	Abstain
Number (%ages)	NIL	NIL	NIL



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

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