



INVESTMENTS

WE KNOW YOUR VALUE

786 INVESTMENTS LIMITED



786 SMART FUND

**FOR THE
QUARTER ENDED
MARCH 31, 2021
(UN-AUDITED)**

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CORPORATE INFORMATION

Management Company	786 Investments Limited G-3 Ground Floor, 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	Ms. Shafqat Sultana Miss Tara Uzra Dawood Ms. Charmaine Hidayatullah Mr. Ahmed Salman Munir Syed Shabahat Hussain Mr. Tahir Mehmood Syed Farhan Abbas	Chairperson Chief Executive Officer Director Director Director Director Director
Chief Financial Officer & Company Secretary	Mr. Noman Shakir	
Audit Committee	Syed Shabahat Hussain Mr. Tahir Mehmood Syed Farhan Abbas	Chairman Member Member
Human Resource Committee	Ms. Shafqat Sultana Miss Tara Uzra Dawood Mr. Tahir Mehmood	Chairperson Member Member
Trustee:	Digital Custodian Company (Formerly) MCB Financial Services Limited 4th Floor, Perdesi House, 2/1 R-Y Old Queens Road, Lalazar, Karachi.	
Auditors	Grant Thornton Anjum Rahman 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:	Bank Islamic Bank Pakistan Dubai Islamic Bank	
Rating	PACRA: AA-(f)	



DIRECTORS' REPORT FOR THE QUARTER ENDED MARCH 31, 2021

It gives me immense pleasure to present on behalf of the Board of Directors of 786 Investments Ltd "786 or the Company" the Management Company of 786 Smart Fund (Formerly Dawood Income Fund), I am pleased to present reviewed financial statements along with auditors reviewed report for the quarter ended March 31, 2021.

ECONOMY, MARKET & STOCK REVIEW

Economy Review:

Pakistan impacted with two Coronavirus waves and is currently passing through the third wave. The IMF application has additionally resumed with every other disbursement of USD 500 million. The Current Account multiplied significantly throughout the nine months of the fiscal 12 months 2021. The Country reported a surplus of USD 748 million in the duration beneath evaluation in contrast to a USD 2,911 million deficit in the same length last year. The improvement was once on account of a 24% boom in remittances that outweighed the 22% upward jab in the trade deficit. The offerings deficit also declined by using 48%, which in addition aided the current account surplus balance. As a result, overseas reserves continued to toughen and PKR/USD parity additionally improved with the PKR buying and selling at 153 to the dollar in March 2021. SBP reserves elevated by using 22% in the fiscal year to date to USD 13.7 billion and total reserves accelerated with the aid of 6% to USD 20.8 billion. Oil expenses recovered 63% throughout the duration on the back of international vaccine rollout and confident expectations for global demand recovery. Going forward, the costs are anticipated to stay at \$60/bbl. stages for the relaxation of the year as the demand pickup would overcome the modern provide glut in the market.

CPI inflation eased off from 9.3% in July 2020 to 5.7% in January 2021. However, the inflation expanded to 9% ranges from February onwards due to the low base effect. In its current Monetary Policy Meeting, the SBP persisted to keep a dovish policy stance. Furthermore, with the heightened dangers of the third Coronavirus wave, we count on the Committee to keep the cover price at 7% for the rest of the year.

Stock Market Review & Outlook:

The Pakistan Stock Exchange (PSX), a barometer to gauge financial performance, has emerged as the excellent performing regional market. The changes in spending patterns of individuals, coupled with the reduced peacetime rate, excess liquidity in the machine and a great deal extended profits with the aid of the organizations listed at the PSX all inspired traders to guess at the bus and pushed share prices, the extent and fee to multi-year excessive levels.

The elements which would help the stock market's increase include announcement from the central financial institution final week that the pastime price would remain secure at 7% in the close to term (till May), surpassing tax revenue goal for the first seven months (Jul-Mar) of modern fiscal year 2021 and receipt of robust workers' remittances from foreign places Pakistanis at over \$2 billion a month for the previous seven months.

Money Market Review

During the fiscal year to date, State Bank of Pakistan (SBP) kept the Policy Rate unchanged at 7%. The central bank has decreased its supply of Pakistan Investment Bonds and had rejected bids in the new issuance of 5Y instrument until January 2021. However, as demand remained intact particularly from the Insurance and Banking sector, the SBP finally started accepting bids in the 5Y instrument at a cut-off yield of 9.52%. Since then, PIB cut-offs yields have increased across all tenors. Over the period under review, the SBP received PKR 118 billion, PKR 278 billion and PKR 387 billion bids, respectively, for the 3Y, 5Y and 10Y Fixed Rate PIBs. Against this, the SBP accepted bids worth PKR 50 billion, PKR 77 billion and PKR 98 billion in the 3Y, 5Y and 10Y tenors, respectively.



DIRECTORS' REPORT FOR THE QUARTER ENDED MARCH 31, 2021

Fund Performance:

As of March 31, 2021, net assets were PKR 538.70 million as compared to PKR 670.39 million as of March 31, 2020. Total operating income for the period was PKR 29.63 million as compared to PKR 51.39 million in the same period last year. Total expense was PKR 9.81 million as compared to PKR 9.14 million in the same period last year. The fund annualized return of 4.57% for the period ended March 31, 2021, as compared to its benchmark return of 3.72% during the same period.

Net Income for the period was PKR 19.82 as compared to PKR 42.24 million in the same period last year. Income already paid on the unit redeemed was PKR 2.04 million. The Net Asset Value per unit was PKR 83.78 as of March 31, 2021.

Future Plans:

786IL is building a strategy focused on times of COVID-19, and in anticipation of post COVID-19, with a focus on ease of both operations and customer access to information and our team, during periods of lockdown and with an emphasis on virtual, safer communications and elimination of paper for reasons of health and safety, as well as to be a more sustainable, purpose-driven, eco-friendly role model among asset management companies.

Our objective for the year is to grow Asset under Managements (AUM) through an effective virtual, social media driven sales strategy.

---SD---

Director

---SD---

Shafqat Sultana
Chairperson

786

SMART FUND

ڈائریکٹرز کی رپورٹ

برائے 31 مارچ 2021ء مختصر نو ماہ

786 سمارٹ فنڈ (سابقہ ڈاؤڈا ٹیم فنڈ) کی منجمنت کمپنی، 786 انویسٹمنٹ لمیٹڈ (786) دی کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے، میں 31 مارچ 2021ء کو ختم ہونے والی نو ماہی کے دوبارہ نظر ثانی شدہ مالیاتی گوشوارے مع ڈائریکٹرز کی دوبارہ نظر ثانی شدہ رپورٹ پیش کرتے ہوئے خوشی محسوس کرتا ہوں۔

اقتصادی، مارکیٹ اور اسٹاک کا جائزہ

اقتصادی جائزہ:

پاکستان کو روٹا وائرس کی وباہوں سے متاثر ہوا اور فی الحال تیسری اہر سے گزر رہا ہے۔ آئی ایم ایف اپنی ایکسیشن 500 بلین ڈالر کی دوسری ڈسبرسمنٹ کے ساتھ دوبارہ شروع ہو چکی ہے۔ مالی سال 2021 کی نو ماہی میں کرنٹ اکاؤنٹ میں نمایاں اضافہ ہوا۔ ملک نے گذشتہ سال کی اسی مدت میں 2,911 بلین امریکی ڈالر خسارے کے مقابلے میں زبردستی چارہ مدت کے دوران 748 بلین امریکی ڈالر سرپلس درج کر لیا۔ تجارتی خسارے میں 22 فیصد نمایاں اضافے کے مقابلے میں 24 فیصد اضافے کی وجہ سے یہ بہتری آئی تھی۔ پیش کش کے خسارے میں بھی 48 فیصد کمی آئی، جس سے کرنٹ اکاؤنٹ کو سرپلس بنائیں میں تبدیل ہونے میں بھی مدد ملی۔ نتیجے کے طور پر، بیرون ملک مقیم ذخائر میں خلی برقرار رہی اور مارچ 2021 میں ڈالر کی خرید و فروخت 153 پاکستانی روپے کے ساتھ روپیہ / امریکی ڈالر کی برابری میں مزید بہتری آئی۔

مالی سال میں اسٹیٹ بینک کے ذخائر 22 فیصد کے اضافے سے 13.7 بلین امریکی ڈالر تک پہنچ گئے اور مجموعی ذخائر 6 فیصد کے اضافے سے 20.8 بلین امریکی ڈالر تک پہنچ گئے۔ بین الاقوامی ویکسین رول آؤٹ اور عالمی طلب کی بحالی کی پُر اعتماد توقعات کی بناء پر تیل کے اخراجات میں 63 فیصد بحالی ہوئی۔ آگے بڑھتے ہوئے، اگست 60 ڈالر فی بیرل بننے کی توقع ہے۔ سال کے آسان مراحل کیونکہ طلب میں اضافہ مارکیٹ میں جدید راہی کے خاتمے پر قابو پائے گا۔

جولائی 2020 میں سی بی آئی کی افراط زر میں 9.3 فیصد سے کم ہو کر جنوری 2021 میں 5.7 فیصد ہو گئی۔ تاہم، کم بنیاد اثر کی وجہ سے فروری سے مئی تک 9 فیصد کی حد تک اضافہ ہوا۔ اپنے موجودہ مالیاتی پالیسی اجلاس میں، اسٹیٹ بینک نے پالیسی شرح برقرار رکھنے کی تاکید کی۔ مزید یہ کہ روٹا وائرس کی تیسری اہر کے بڑھتے ہوئے خطرات کے ساتھ، ہم کمپنی پر اعتماد کرتے ہیں کہ وہ باقی سال کے لئے کو قیمت 7 فیصد رکھے گی۔

سٹاک مارکیٹ کا جائزہ اور مستقبل کا نقطہ نظر:

پاکستان اسٹاک ایکسچینج (پی ایس ایکس)، جو مالی کارکردگی کا اندازہ لگانے کے لئے ایک بیرونیٹر ہے، ایک بہتر بن کارکردگی کا مظاہرہ کرنے والی علاقائی مارکیٹ کے طور پر ابھری ہے۔ افراد کے اخراجات میں ہونے والی تبدیلیوں کے ساتھ ساتھ، بین الاقوامی شرح میں کمی، بشپن میں اضافی لیکویڈیٹی اور پی ایس ایکس میں مندرجہ تنظیموں کی مدد سے وسیع پیمانے پر منافع میں توسیع ہوئی، جس سے تمام متاثرہ تاجروں نے بس پر اندازہ لگایا اور جس کی قیمتوں، کثیر سالہ حد سے زیادہ سطحوں کی حد اور فیس کو آگے بڑھایا۔

اسٹاک مارکیٹ میں اضافے میں مدد دینے والے عناصر میں مرکزی مالیاتی ادارے کی جانب سے اعلان کیا گیا ہے کہ پاسٹ نامی کی قیمت مدت کے اختتام (مئی) تک 7 فیصد تک محفوظ رہے گی، جو مالی سال 2021 کے پہلے سات ماہ (جولائی تا مارچ) تک نیکس محصولات اور بیرون ملک مقیم پاکستانیوں سے مزدوروں کی ترسیلات زر کی وصولی کے اہداف کو پیچھے چھوڑے گی۔

مئی مارکیٹ کا جائزہ

آج تک مالی سال کے دوران، اسٹیٹ بینک آف پاکستان (ایس بی پی) نے پالیسی شرح کو 7 فیصد پر برقرار رکھا۔ مرکزی بینک نے پاکستان انویسٹمنٹ بانڈز کی فراہمی میں کمی کر دی ہے اور 5 سالہ انٹرمیٹ کے لئے اجراء میں پیشکشوں کو جنوری 2021 تک مسترد کر دیا تھا۔ تاہم، کیونکہ انٹرنیشنل اور بینکنگ کے شعبے کی طلب برقرار ہے، اسٹیٹ بینک نے بالآخر 9.52 فیصد کی کٹ آف پیرو اور پھر 5 سالہ پیشکشوں کو قبول کرنا شروع کر دیا۔ اس کے بعد سے، PIB کٹ آف پیش اور تمام نمبرز میں بڑھ گئیے۔ زبردستی چارہ مدت کے دوران، اسٹیٹ بینک نے بالترتیب 3 سالہ، 5 سالہ اور 10 سالہ مقررہ شرح PIBs کے لئے بالترتیب 118 بلین روپے، 278 بلین روپے اور 387 بلین روپے وصول کئے۔ اس کے برعکس، اسٹیٹ بینک نے بالترتیب 3 سالہ، 5 سالہ اور 10 سالہ میں 50 بلین روپے، 77 بلین روپے اور 98 بلین روپے کی پیشکش قبول کی۔

کمپنی کی کارکردگی کا جائزہ:

گزشتہ سال کی اسی مدت میں 14.17 بلین روپے کے مقابلے موجودہ مدت میں کمپنی کی مجموعی آمدنی 10.65 بلین روپے رہی۔ گزشتہ سال کی اسی مدت میں 19.78 بلین روپے کے مقابلے کل اخراجات 17.21 بلین روپے ہوئے۔ گزشتہ سال کی اسی مدت میں 8.15 بلین روپے کے مقابلے ایبوی ایٹس کے حصص نے 5.06 بلین روپے کا منافع دکھایا ہے۔ گزشتہ سال اسی عرصہ میں 4.22 بلین روپے منافع کے مقابلے موجودہ مدت کے لئے خالص منافع 3.94 بلین روپے ہوا۔

فنڈ کی کارکردگی

31 مارچ 2021 کو خالص اثاثے 538.70 بلین روپے ہیں جو 31 مارچ 2020 کو 670.39 بلین روپے تھے۔ گزشتہ سال کی اسی مدت میں 51.39 بلین روپے کے مقابلے موجودہ مدت کے لئے کل آپرٹنگ آمدنی 29.63 بلین روپے رہی۔ مدت کے دوران کل اخراجات 9.81 بلین روپے ہوئے جو گزشتہ سال کی اسی مدت میں 9.14 بلین روپے تھے۔ گزشتہ سال کی اسی مدت کے دوران 3.72 فیصد سٹاک ریٹرن کے مقابلے 31 مارچ 2021 کو ختم ہونے والی مدت کے لئے فنڈ نے 4.57 فیصد کا منافع کمایا ہے۔

زیر جائزہ مدت کے دوران خالص آمدنی 19.82 بلین روپے جبکہ گزشتہ سال کی اسی مدت میں 42.24 بلین روپے تھی۔ فی یونٹ موصولہ پے ایبل ایڈا شدہ آمدنی 2.04 بلین روپے تھی۔ 31 مارچ 2021 کو فی یونٹ خالص اثاثے کی قدر 2.04 روپے ہو گئی۔

----SD----
ڈائریکٹر

----SD----
شفقت سلطانی
چیرپرسن



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

		(Un-Audited) March 31, 2021	Audited June 30, 2020
Note		-----Rupees-----	
Assets			
Balances with Banks	5	501,613,056	548,128,655
Investments	6	52,214,635	86,625,682
Accrued Income/Profit	7	4,369,675	5,670,500
Security Deposits and Prepayments	8	156,856	6,150,000
Advance Income Tax	16	218,789	7,923,448
Total Assets		558,573,011	654,498,285
Liabilities			
Payable to 786 Investments Limited - Management Company	9	2,663,117	2,308,585
Payable to MCB Financial Services Limited - Trustee	10	77,479	85,649
Payable to Securities and Exchange Commission of Pakistan (SECP)	11	87,246	124,256
Unclaimed Dividend		1,504,276	5,738,576
Accrued Expenses and Other Liabilities	12	15,531,959	19,737,481
Total Liabilities		19,864,077	27,994,547
Contingencies and Commitments	13		
Net Assets		538,708,934	626,503,738
Unit Holders' Funds		538,708,934	626,503,738
(Number)			
Number of Units in Issue	14	6,429,929	7,734,563
(Rupees)			
Net Assets Value per Unit		83.78	81.00

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

For 786 Investments Limited
(Management Company)

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

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

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

**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2021**

	Note	Nine Months Period Ended		Three Months Period Ended	
		March 31, 2021	2020	March 31, 2021	2020
-----Rupees-----					
Income					
Income from Investments and Balances					
With Banks	15	30,218,491	43,001,677	9,179,664	17,651,987
Reversal of Impairment on Investment At Fair Value Through Other Comprehensive Income	6.1.1	(583,310)	8,377,578	(583,310)	-
Other Income		-	11,695	-	6,122
		29,635,181	51,390,950	8,596,354	17,658,109
Expenses					
Remuneration to the Management Company	9.1	6,543,462	5,466,849	2,003,904	2,287,165
Sindh Sales Tax on Remuneration to The Management Company	9.2	850,649	710,691	260,506	297,333
Accounting and Operational Charges	9.3	436,230	364,456	133,593	152,477
Remuneration to the Trustee	10.1	654,355	546,686	200,390	228,717
Sindh Sales Tax on Remuneration to the Trustee	10.2	85,066	71,070	26,051	29,734
Annual Fee to SECP	11	87,246	72,893	26,718	30,498
Auditor's Remuneration		313,757	422,990	83,983	141,891
Fees and Subscription		120,865	132,825	39,710	34,897
Securities Transactions Cost		34,852	103,316	3,550	94,474
Printing and Related Charges		37,445	37,672	12,239	12,466
Legal and Professional Charges		228,895	266,243	75,927	134,952
Provision for Sindh Workers' Welfare Fund	12.2	404,535	861,958	112,865	285,198
Withholding Taxes - Written Off		-	76,500	-	-
Bank Charges		15,633	12,821	11,472	8,316
		9,812,990	9,146,970	2,990,908	3,738,118
Net Income for the Period Before Taxation		19,822,191	42,243,980	5,605,446	13,919,991
Taxation	16	-	-	-	-
Net Income for the Period After Taxation		19,822,191	42,243,980	5,605,446	13,919,991
Allocation of Net Income for the Period					
Net Income for the Period		19,822,191	42,243,980	5,605,446	13,919,991
Income Already Paid on Units Redeemed		(2,040,240)	(1,792,942)	(782,642)	3,523,369
Accounting Income Available for Distribution:		17,781,951	40,451,038	4,822,804	17,443,360
Relating to Capital Loss		-	-	-	-
Excluding Capital Gain		17,781,951	40,451,038	4,822,804	17,443,360
		17,781,951	40,451,038	4,822,804	17,443,360

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

For 786 Investments Limited
(Management Company)

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

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

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



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2021**

	Nine Months Period Ended		Three Months Period Ended	
	March 31,		March 31,	
	2021	2020	2021	2020
Note	-----Rupees-----			
Net Income for the Period After Taxation	19,822,191	42,243,980	5,605,446	13,919,991
<i>Items That Have Been Or May Be Re-Classified Subsequently to the Income Statement</i>				
Unrealized (Loss)/Gain on Revaluation of Investments Classified As Fair Value Through Other Comprehensive Income - Net (Fvtoci)	6.4 (209,889)	(549,243)	469,586	95,773
Other Comprehensive (Loss)/Income	(209,889)	(549,243)	469,586	95,773
Total Comprehensive Income for the Period	<u>19,612,302</u>	<u>41,694,737</u>	<u>6,075,032</u>	<u>14,015,764</u>

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

For 786 Investments Limited
(Management Company)

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

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

----SD----
Director

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

	March 31, 2021				March 31, 2020			
	Rupees				Rupees			
	Capital Value	(Accumulated Losses)	Unrealized Gains/(Accumulated Losses) on Investment (FVTOCI)	Total	Capital Value	(Accumulated Losses)	Unrealized Gains/(Accumulated Losses) on Investment (FVTOCI)	Total
Net Assets at Beginning of the Period	766,034,989	(140,531,735)	1,000,484	626,503,738	587,946,959	(142,977,620)	722,434	445,691,773
Issue of 150,913 Units (2020: 4,176,550 Units)								
- Capital Value (At Net Asset Value per Unit at the Beginning of the Period)	12,224,049	-	-	12,224,049	335,934,967	-	-	335,934,967
- Element of Income	309,109	-	-	309,109	24,332,159	-	-	24,332,159
Total Proceeds on Issuance of Units	12,533,158	-	-	12,533,158	360,267,126	-	-	360,267,126
Redemption of 1,455,549 Units (2020: 2,097,704 Units)								
- Capital Value (At Net Asset Value per Unit at the Beginning of the Period)	(117,900,024)	-	-	(117,900,024)	(168,725,732)	-	-	(168,725,732)
- Amount Paid Out of Element of Income	-	(2,040,240)	-	(2,040,240)	-	(1,792,942)	-	(1,792,942)
- Refund/Adjustment on Units as Element of Income	-	-	-	-	(6,741,503)	-	-	(6,741,503)
Total Payments on Redemption of Units	(117,900,024)	(2,040,240)	-	(119,940,264)	(175,467,235)	(1,792,942)	-	(177,260,177)
Net Income for the Period	-	19,822,191	(209,889)	19,822,191	-	42,243,980	(549,243)	42,243,980
Other Comprehensive (Loss)	-	19,822,191	(209,889)	19,612,302	-	42,243,980	(549,243)	41,694,737
Net Assets at End of the Period	896,468,171	(122,749,784)	790,595	538,708,934	772,746,850	(102,526,582)	173,191	670,393,459
Undistributed Loss Brought Forward								
- Realized Loss		(140,531,735)				(142,977,620)		
		(140,531,735)				(142,977,620)		
Accounting Income Available for Distribution								
- Relating to Capital Loss		-				-		
- Excluding Capital Gain		17,781,951				40,451,038		
		17,781,951				40,451,038		
Undistributed Loss Carried Forward		(122,749,784)				(102,526,582)		
Undistributed Loss Carried Forward								
- Realized Loss		(122,749,784)				(102,526,582)		
		(122,749,784)				(102,526,582)		
Net Assets Value per Unit at Beginning of the Period		81.00				80.43		
Net Assets Value per Unit At End of the Period		83.78				87.98		

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

For 786 Investments Limited
(Management Company)

---SD---
Chief Executive Officer

---SD---
Chief Financial Officer

---SD---
Director

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

	Nine Months Period Ended	
	March 31, 2021	March 31, 2020
Note	-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income for the Period Before Taxation	19,822,191	42,243,980
Adjustments For:		
Income from Investments and Balances with Banks	(30,218,491)	(43,001,677)
Reversal of Impairment On Investment At Fair Value Through Other Comprehensive Income	583,310	(8,377,578)
Withholding Taxes - Written Off	-	(76,500)
Provision For Sindh Workers' Welfare Fund	404,535	861,958
Operating Loss Before Working Capital Changes	(29,230,646)	(50,593,797)
Decrease/(Increase) in Assets		
Deposits and Prepayments	5,993,144	(6,056,912)
Increase/(Decrease) in Liabilities		
Payable to the Management Company	354,532	1,071,622
Payable to the Trustee	(8,170)	25,504
Annual Fee Payable To SECP	(37,010)	(262,405)
Dividend Payable	-	550,979
Accrued Expenses and Other Liabilities	(4,610,057)	7,664,357
	(4,300,705)	9,050,057
Proceeds from Investments - Net	33,617,848	38,384,380
Markup/Profit Received On Investments and Balances with Banks	31,519,316	41,641,466
Advance Income Tax	7,704,659	(7,773,185)
Net Cash Generated from Operating Activities	65,125,807	66,895,989
Cash Flows from Financing Activities		
Amounts Received Against Issue of Units	12,533,158	360,267,126
Payment Made Against Redemption of Units	(119,940,264)	(177,260,177)
Dividend Paid	(4,234,300)	-
Net Cash (Used In)/Generated from Financing Activities	(111,641,406)	183,006,949
Net (Decrease)/Increase in Cash and Cash Equivalents	(46,515,599)	249,902,938
Cash and Cash Equivalents At Beginning of the Period	548,128,655	331,391,795
Cash and Cash Equivalents At End of the Period	501,613,056	581,294,733

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

For 786 Investments Limited
(Management Company)

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

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

----SD----
Director

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

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 786 Smart Fund (Formerly: Dawood Income Fund) (The Fund) was established under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules). The Fund was constituted under a Trust Deed executed on April 08, 2003 between 786 Investments Limited as Management Company and Bank AL-Habib Limited (BAHL) as Trustee. In June 2011, BAHL retired and MCB Financial Services Limited (MCBFSL) was appointed as the new Trustee of the Fund and the name of the Fund was also changed from "Dawood Money Market Fund" to "Dawood Income Fund". These changes, after necessary regulatory approvals, were duly incorporated in the Trust Deed of the Fund by way of First Supplemental Trust Deed. On January 20, 2017, the Management Company has changed its name to 786 Investments Limited after completing regulatory formalities. During the last year, the registered office of the Management Company was changed and is now situated at G3, Ground floor, B.R.R Tower, Hassan Ali Street, I.I Chundrigar Road, Karachi, Pakistan.

During the period ended December 31, 2019, the name of the Fund was changed to 786 Smart Fund from Dawood Income Fund with the approval of SECP and after registration of revised trust deed dated August 08, 2019, in compliance of regulation 44(6) of the Non Banking Finance Companies and Notified Entities regulations 2008.

1.2 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.

1.3 The principal activity of the Fund is to make investment in spread transactions and debt based securities including government securities, commercial papers and other money market instruments and placement of Funds.

1.4 Title to the assets of the Fund are held in the name of MCBFSL as the Trustee of the Fund (except for term finance certificate of New Allied Industries Limited as mentioned in note 6.3.1 which is a non-performing term finance certificate hence being unable to be transferred until final settlement, which is held in the name of BAHL being the previous Trustee of the Fund).

1.5 The Fund is categorized as "Shariah Complaint Islamic Scheme" in accordance with circular no. 07 of 2009 issued by the Securities and Exchange Commission of Pakistan (SECP).

1.6 The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of "AM3" to the Management Company as at December 24, 2020 and stability rating of "AA-(f)" to the Fund as at October 22, 2020.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

2.1.1 These condensed interim 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 Accounting Standard (IAS) 34, Interim Financial Reporting issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017,
- Provision of the directives issued under the Companies Act, 2017 along with part VIII A of the repealed Companies Ordinance, 1984; and
- Non Banking Finance Companies (Establishment and Regulation) Rules 2003 (the NBFC Rules), Non Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirement of Trust Deed.

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

2.1.2 These condensed interim financial statements does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual audited financial statements of the Fund for the year ended June 30, 2020.

2.1.3 These condensed interim financial statements are unaudited are being circulated to the unit holders as per the requirement of the NBFC regulations. The board of Directors of the Management Company declare that this condensed interim financial statement gives a true and fair view of the state of affairs of the Fund.

3 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this condensed interim financial statements, significant judgments made by management in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited financial statements as at and for the year ended June 30, 2020.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the method of computation adopted in the preparation of these condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year ended June 30, 2020.

		(Un-Audited) March 31, 2021	Audited June 30, 2020
5 BALANCES WITH BANKS	Note	-----Rupees-----	
- In profit and loss sharing (PLS) accounts	5.1	<u>501,613,056</u>	<u>548,128,655</u>

5.1 Profit rates on PLS saving accounts ranges from 5% to 7% (June 30, 2020: 4.5% to 11%) per annum.

		(Un-Audited) March 31, 2021	Audited June 30, 2020
6 INVESTMENTS	Note	-----Rupees-----	
At Fair Value through Other Comprehensive Income			
Listed - Term finance certificates	6.1	-	-
Unlisted - Sukuk certificates	6.2	<u>52,214,635</u>	<u>86,625,682</u>
		<u>52,214,635</u>	<u>86,625,682</u>

	Note	As at July 01, 2020	Acquired as a Result of Merger	Matured/ Disposed during the Period	As at March 31, 2021	Cost/ Carrying Value	Market Value	% of Total Investment
6.1 At Fair Value through Other Comprehensive Income		-----Number of certificates-----			-----Rupees-----			
Listed - Term Finance Certificates								
Face Value of Rs. 5,000/- Each								
<i>Construction and Material</i>								
Dewan Cement Company Limited	6.1.1	14,242	-	-	14,242	71,209,413	-	-
Provision Held	6.3					<u>(71,209,413)</u>		
						<u>-</u>	<u>-</u>	

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

	As at July 01, 2020	Acquired as a Result of Merger	Matured/ Disposed during the Period	As at March 31, 2021	Cost/ Carrying Value	Market Value	% of Total Investment
6.2	-----Number of certificates-----			-----Rupees-----			
	At Fair Value through Other Comprehensive Income						
	Unlisted - term finance certificates						
	Face value of Rs. 2,207/-each						
	Cable and electric goods						
	New Allied Industries Limited	6.3.1	11,523	-	11,523	25,433,190	-
	Provision held	6.3			(25,433,190)	-	-
	Face value of Rs. 2,207/-each				-	-	
	New Allied Industries Limited	6.3.2	3,417	-	3,417	7,222,749	-
	Provision held	6.3			(7,222,749)	-	-
	Unlisted - Sukuk certificates						
	Face Value of Rs. 750,000/-each						
	Cable and Electric Goods						
	TPL Corporation Limited	6.3.3	15	-	15	10,000,000	10,000,000
	Face Value of Rs. 1,000,000/-each						
	Commercial Bank						
	Dubai Islamic Bank Limited	6.3.4	26	-	26	26,682,088	26,727,142
	Engineering						
	Agha Steel Industries Limited	6.3.5	15	-	15	15,000,000	14,747,550
	Face Value of Rs. 70,000/-each						
	Fertilizers						
	Dawood Hercules Corporation Limited	6.3.6	400	-	400	-	-
	Face Value of Rs. 1,000/-each						
	Fertilizers						
	Fatima Fertilizer Company Limited	6.3.7	736	-	736	742,436	739,943
	Face Value of Rs. 2,933/-each						
	Eden Housing Limited	6.3.8	2,933	-	2,933	2,887,171	-
	Provision held	6.3			(2,887,171)	-	-
	Face value of Rs. 5,000/-each						
	Amtex Limited	6.3.9	6,000	-	6,000	22,500,000	-
	Provision held	6.3			(22,500,000)	-	-
	New Allied Electronics Industries (Private) Limited	6.3.10	1,000	-	1,000	5,027,500	-
	Provision held	6.3			(5,027,500)	-	-
					52,424,524	52,214,635	

6.3 Details of Non-Compliant Investments

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

Name of Non Compliant Investment	Note	Type of Investment	Value of Investment before Provision	Provision Held if any	Value of Investment after Provision	% of Net Assets	% of Gross Assets
-----Rupees-----							
Dewan Cement Limited - Restructured	6.1.1	Pre-IPO investment	71,209,413	(71,209,413)	-	-	-
New Allied Industries Limited	6.3.1	Term finance certificates	25,433,190	(25,433,190)	-	-	-
New Allied Industries Limited	6.3.2	Term finance certificates	7,222,749	(7,222,749)	-	-	-
New Allied Industries Limited	6.3.10	Sukuk certificates	5,027,500	(5,027,500)	-	-	-
Eden Housing Limited	6.3.8	Sukuk certificates	2,887,171	(2,887,171)	-	-	-
Amtext Limited	6.3.9	Sukuk certificates	22,500,000	(22,500,000)	-	-	-

- 6.3.1** New Allied Electronics Industries Limited defaulted on its payment of principal and mark-up due on December 25, 2008. Consequently, the security was classified as non-performing by MUFAP on January 09, 2009 and accrual on the same was suspended. This security has been fully provided in accordance with the provisioning circulars of SECP and the Board's approved provisioning policy. These TFCs are held in CDC investor account of the previous Trustee and will only be transferred upon final settlement.
- 6.3.2** New Allied Electronics Industries (Private) Limited defaulted on its payment of principal and mark-up due on 25 December 2008. Consequently, the security was classified as non-performing by MUFAP on 9 January 2009 and accrual of income on the same was suspended. This security has been fully provided in accordance with the provisioning circulars issued by the SECP and the Board's approved provisioning policy.
- 6.3.3** These sukuk certificates carry profit equal to 1 year KIBOR plus 3% receivable quarterly in arrears and will mature in April 2021. The principal amount is redeemable in four six monthly installments of Rs. 0.25 million per certificate each commencing from October 2019. These sukuk certificates are secured by hypothecation charge over the hypothecated assets of Rs. 625 million and pledge of shares of TPL Properties Limited in favour of the Trustee of the issuer for the benefit of the certificate holders.
- 6.3.4** These sukuk certificates are unsecured and carry profit equal to 6 month KIBOR plus 0.50% receivable half-yearly in arrears and will mature in July 2027.
- 6.3.5** This is the Pakistan's 1st over the counter listed sukuk issue, priced through competitive bidding process by Agha Steel Industries Limited backed by diminishing musharaka and carry profit equal to 3 month KIBOR plus 0.8% and will completely mature in October 2024. Pak Brunei Limited is appointed as trustee and the issue agent of the sukuk. These sukuk certificates are secured by hypothecation charge over the present and future fixed assets of the issuer in favour of the Trustee of the issuer for the benefit of the certificate holders.
- 6.3.6** These sukuk certificates carry profit equal to 3 month KIBOR plus 1% receivable quarterly in arrears and will mature in February 2023. The instrument is structured to redeem 60% of the issue amount during the first 4 years and remaining 40% in last two equal semi-annual installments of 20% Each. The instrument is secured against pledge of shares of Engro Corporation Limited, inclusive of 50% margin, in a designated CDC account. In the event of any sale and repurchase of security, the Trustee will have a lien over subsequent cash, which is to be deposited in a specified bank account and further, floating or hypothecation charge on all present and future assets of the Company inclusive of 25% margin security.
- 6.3.7** These sukuk certificates carry profit equal to 6 month KIBOR plus 1.1% receivable semi-annually in arrears and will mature in 5 years from 28 November 2016. The principal amount is redeemable in ten equal semi-annual instalments from the Ijarah commencement date. These certificates are secured by 1st ranking hypothecation charge of all present and future fixed assets excluding land and building of the issuer with a minimum 25% margin, 1st ranking mortgage over land and building of the issuer with a minimum 25% margin, establishment of and assignment of a Debt Payment Account, assignment over all rights and benefits of the issuer under any and all project insurances and cut-through agreements for reinsurance.
- 6.3.8** Eden Housing Limited defaulted on its payment of principal and mark-up due on April 21, 2011. Consequently, the security was classified as non-performing by MUFAP on May 06, 2011 and accrual on the same was suspended. This security has been fully provided in accordance with the provisioning circulars of SECP and the Board's approved provisioning policy. These sukuk are held in CDC investor account of the Fund.

6.3.9 Amtex Limited (Sukuk) defaulted on its payment of principal and mark-up due on December 22, 2010. Consequently, the security was classified as non-performing by MUFAP non January 6, 2011 and accrual of income on the same was suspended. Accordingly, the security has been fully provided in accordance with the provisioning circulars issued by SECP and the board's approved provisioning policy.

6.3.10 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.

		(Un-Audited) March 31, 2021	Audited June 30, 2020
6.4 Unrealized Gain on Revaluation of Investments Classified as Fair Value through Other Comprehensive Income - Net	Note	-----Rupees-----	
Fair value of investments	6.2	52,214,635	86,625,682
Cost/carrying value of investment		(52,702,574)	(56,305,130)
		(487,939)	30,320,552
Net unrealized loss in fair value of investments - opening		278,050	(30,042,502)
		(209,889)	278,050
7 ACCRUED INCOME/PROFIT			
Income form:			
- Profit and loss sharing (PLS) accounts		2,739,959	2,936,634
- Sukuk certificates		1,629,716	2,733,866
		4,369,675	5,670,500
8 SECURITY DEPOSITS AND PREPAYMENTS			
Prepayments - Annual PSX fee		6,856	-
Deposits - Central Depository Company			
- Deposits - Central Depository Company 786SF		100,000	100,000
- Deposits - Central Depository Company FDMF		50,000	50,000
		150,000	150,000
Deposits - National Clearing Company of Pakistan			
- Deposits - National Clearing Company 786RSF		-	2,500,000
- Deposits - National Clearing Company FDMF		-	3,500,000
		-	6,000,000
		156,856	6,150,000
9 PAYABLE TO 786 INVESTMENTS LIMITED			
- MANAGEMENT COMPANY			
Management remuneration	9.1	685,634	757,933
Sindh sales tax payable	9.2	109,617	119,016
Accounting and operational charges			
-786 Smart Fund	9.3	959,425	523,195
-First Dawood Mutual Fund	9.3	731,382	731,382
-786 Rising Star Fund	9.3	177,059	177,059
		1,867,866	1,431,636
		2,663,117	2,308,585



SMART FUND

- 9.1** According to the provisions of the Trust Deed of the Fund, the Management Company has charged its remuneration at the rate of 1.5% (June 2020: 1.5%) per annum on the average annual net assets of the Fund calculated on a daily basis.
- 9.2** The Sindh Provincial Government has levied Sindh Sales tax at the rate of 13% (June 2020: 13%) on Management Company's remuneration.
- 9.3** In accordance with the provisions of the NBFC Regulations amended vide S.R.O 1160(I)/2015 dated November 25, 2015, the Management Company of the Fund is entitled for reimbursement of fee and expenses incurred by the Management Company in relation to registrar service, accounting, operation and valuation services related to the Fund maximum up to 0.1% of average annual net assets of the scheme or actual which ever is less. Accordingly, the Management Company has charged accounting and operating expenses to the Fund at a rate of 0.1% per annum of the average annual net assets of the Fund for the year ended June 30, 2020.

		(Un-Audited) March 31, 2021	Audited June 30, 2020
10	PAYABLE TO MCB FINANCIAL SERVICES LIMITED- TRUSTEE	Note	-----Rupees-----
	Trustee Remuneration	10.1 68,564	75,795
	Sindh sales tax payable on trustee remuneration	10.2 8,915	9,854
		<u>77,479</u>	<u>85,649</u>

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

On net assets:

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

-Exceeding Rs.1 Billion Rs.0.6 million plus 0.09% per annum of the net assets of the Fund computed on a daily basis exceeding Rs.1 billion.

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

11 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

This represents annual fee payable to SECP in accordance with SRO 714(I)/2019 dated July 1, 2019 as amended in clause "c" of Schedule II of NBFC Regulation 2008, read with regulation 62 of NBFC Regulation 2008, applicable from July 1, 2019 whereby the Fund is required to pay SECP an amount equal to 0.02% of the average daily net assets. In June 30, 2020 this fee was 0.085% of the average daily net assets.

		(Un-Audited) March 31, 2021	Audited June 30, 2020
12	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	-----Rupees-----
	Federal Excise Duty on Remuneration	12.1 6,513,679	6,513,679
	Provision for Sindh Workers' Welfare Fund	12.2 7,863,143	7,458,609
	Accrued Expenses	12.3 617,844	561,380
	Other Liabilities	525,673	557,809
	Capital Gain Tax Payable	-	261,552
	Zakat Payable and Withholding Tax	11,620	4,384,452
		<u>15,531,959</u>	<u>19,737,481</u>

- 12.1 The legal status of applicability of Federal Excise Duty on the Fund is the same as disclosed in note 14.1 to the annual audited financial statements of the Fund for the year ended June 30, 2020, and the appeal, filed by tax authorities against the order passed by Sindh High Court in the Honorable Supreme Court of Pakistan dated July 16, 2016, is pending for decision.

In view of the above, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from June 13, 2013 to June 30, 2016 aggregating to Rs. 6.513 million. Had the provision not been retained, NAV per unit of the Fund as at March 31, 2021 would have been higher by Rs. 1.01 per unit (June 30, 2020: 0.91 per unit)

- 12.2 The legal status of applicability of Sindh workers' welfare fund is the same as that disclosed in note 14.2 to the annual audited financial statements of the Fund for the year ended June 30, 2020.

As a matter of abundant caution, Management Company with effect from May 21, 2015 till March 31, 2021 is carrying provision for SWWF aggregating to Rs. 7.75 (June 30, 2020: Rs. 7.458). Had the provision not been recognized, the NAV per unit of the Fund as at March 31, 2021 would have been higher by Rs. 1.22 per unit (June 30, 2020: 1.04 per unit).

	(Un-Audited) March 31, 2021	Audited June 30, 2020
12.3 Accrued Expenses	-----Rupees-----	
Auditors' Remuneration Payable	286,045	317,888
Rating Fee Payable - PACRA	100,221	-
Printing and Related Expenditure Payable	45,583	32,140
Shariah and Tax Advisors Fee Payable	185,995	211,352
	<u>617,844</u>	<u>561,380</u>

13 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at March 31, 2021 and (June 30, 2020: Nil).

	(Un-Audited) March 31, 2021	Audited June 30, 2020
14 NUMBER OF UNITS IN ISSUE	-----Number of Units-----	
Total outstanding as of July 1	7,734,563	5,541,116
Issued during the Period	150,913	5,924,775
Redemption during the Period	(1,455,547)	(3,731,328)
Closing Units	<u>6,429,929</u>	<u>7,734,563</u>

	Nine Months Period Ended March 31,	
	2021	2020
15 INCOME FROM INVESTMENTS AND BALANCES WITH BANKS	-----Rupees-----	
Income from:		
- Sukuk Certificates	5,169,909	10,893,629
- Profit and Loss Sharing (PLS) Account	25,048,582	32,108,048
	<u>30,218,491</u>	<u>43,001,677</u>

16 TAXATION

Advance income tax pertains to one of the fund which has merged during the period (786 Rising Star Fund). The Management Company has filed return of income of the Fund for the years ended 30 June 2013, 2014 and 2015 claiming exemption from income under clause 99 of Pan I to the Second Schedule of the Income Tax Ordinance, 2001 (the Ordinance). The Additional Commissioner Inland (CIR) initially raised notices and then ordered to pay tax for the above referred years by making certain addition to income of the Fund and exemption under clause 99 is available to only those collective investment schemes, which distribute not less than 90% of its accounting income year amongst unit holders on year to year basis. Further, an amount of Rs 7.9 million was withheld by tax department from the bank the Fund which is included in advance income tax on the statement of asset and liabilities. The Management Company of the Fund filed an appeal to Commissioner Inland Revenue (Appeals) (CIR Appeals) claiming that the additions made to the income by the Commissioner were erroneous and the fund has distributed more than 90% of its income for each of the three years after finalization of financial statements of the Fund after removal of suspension of the operations of the Fund, The CIR Appeals decided the appeal in favor of Management Company and remanded back the case to CIR on the grounds that income tax officer has passed impugned orders in haste without objective appreciation of relevant provisions of law and drew adverse inference on irrelevant assertions and directed CIR re-examine the case after giving appellant opportunity of being heard.

During the year ended 30 June 2018 amended tax orders under section 124(1) of the Income Tax Ordinance, 2001, for the tax years 2013, 2014 and 2015 respectively were issued by the Commissioner Inland Revenue raising Nil tax demand in respect of said years. Further, during the period management has received the amount of advance tax Rs 7.9 million.

17 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund for the period ended March 31, 2021 is 2.25% which includes 0.33% representing government levies on the Fund such as federal excise duties and sales taxes, Workers' Welfare Fund, annual fee payable to the SECP, etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorized as an "Islamic Income Scheme".

18 TRANSACTIONS WITH RELATED PARTIES/CONNECTED PERSONS

Related party/connected person include 786 Investments Limited being the Management Company, other collective investment schemes managed by the Management company, 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 financial statements are as follows:

18.1 Transactions during the period ended	Note	Nine Months Period Ended March 31,	
		2021	2020
		-----Rupees-----	
786 Investments Limited - Management Company			
Remuneration of the Management Company	9.1	<u>6,543,462</u>	<u>5,466,849</u>
Sales tax on Remuneration to the Management Company	9.2	<u>850,649</u>	<u>710,691</u>
Accounting and Operational Charges	9.3	<u>436,230</u>	<u>364,456</u>
Issue of Units: Nil (2020: 849,869)		<u>-</u>	<u>72,825,422</u>
Redemption of Units: Nil (2020: 548,779)		<u>-</u>	<u>45,000,000</u>
MCB Financial Services Limited - Trustee			
Remuneration of the Trustee	10.1	<u>654,355</u>	<u>546,686</u>
Sales tax on Trustee Fee	10.2	<u>85,066</u>	<u>71,070</u>
BRR Guardian Modaraba (Connected Person due to Group Company)			
Issue of Units: Nil (2020: 380,439)		<u>-</u>	<u>32,620,729</u>
Redemption of Nil Units (2020: 11,386)		<u>-</u>	<u>1,000,000</u>
BRR Investment Limited (Connected person due to group company)			
Issue of Units: 84,023 (2020: 392)		<u>7,000,000</u>	<u>31,581</u>
Redemption of Units: Nil (2020: 300,164)		<u>-</u>	<u>24,950,000</u>
Dawood Family Takaful Limited (Connected person due to group company)			
Issue of Units: Nil (2020: 389,417)		<u>-</u>	<u>33,390,553</u>
Redemption of 2,265 Units: Nil (2020: Nil)		<u>188,352</u>	<u>-</u>
Dawood Family Takaful Limited -Employees contributory provident fund- Associate of Management Company			
Issue of Units: Nil (2020: 52,905)		<u>-</u>	<u>4,536,356</u>
First Dawood Investment Bank Limited (Connected Person due to Group Company)			
Issue of Units: Nil (2020: 1,991)		<u>-</u>	<u>160,223</u>
Redemption of Units: Nil (2020: 1,991)		<u>-</u>	<u>161,617</u>
Dawood International (Private) Limited			
Issue of Units: 22,318 (2020: 127,985)		<u>1,850,000</u>	<u>11,150,000</u>
Redemption of Units: 109,708 (2019: Nil)		<u>9,065,244</u>	<u>-</u>
First Dawood Investment Bank Limited -Employees Contributory Provident Fund- Employee Benefit Fund of Group Company			
Issue of units: 21,732 (2020: 136,877)		<u>1,800,000</u>	<u>11,736,560</u>
Redemption of Units: 157,232 (2020: 60,167)		<u>13,000,000</u>	<u>5,000,000</u>

		Nine Months Period Ended	
		March 31,	
		2021	2020
Note		-----Rupees-----	
BRR Financial Services (Pvt.) Limited			
(Connected Person due to Group Company)			
	Issue of Nil Units (2020: 304,308 Units)	-	26,500,000
	Redemption of Nil Units (2020: 51,394 Units)	-	4,500,000
Directors and Key Management Personnel of the Management Company			
	Issue of Nil Units (2020: 6,583 Units)	-	564,453
	Redemption of Units: 73,787 (2020: 34,255)	6,000,000	2,856,000
Other Connected Persons			
	Issue of Units: Nil (2020: 1,661,786)	-	144,120,427
	Redemption of Units: 332,167 (2020: 1,038,644)	27,400,000	89,445,246
		(Un-Audited)	Audited
		March 31,	June 30,
		2021	2020
		-----Rupees-----	
18.2	Balance as at Period Ended		
786 Investments Limited - Management Company			
	Remuneration Payable to the Management Company	9	685,634 757,933
	Sales Tax Payable on Management Company's Remuneration	9	109,617 119,016
	Accounting and Operational Charges	9	959,425 523,195
	-Payable to CDC Trustee of First Dawood Mutual Fund	9	731,382 731,382
	-Payable to CDC Trustee of 786 Star Rising Fund	9	177,059 177,059
	FED Payable on Management Company's Remuneration	6,513,679	6,513,679
	Units Held: 1,825,406 (June 30, 2020: 1,825,406)	152,935,247	147,858,793
MCB Financial Services Limited - Trustee			
	Remuneration Payable to the Trustee	10	72,677 75,795
	Sales tax payable on Trustee fee	10	9,449 9,854
BRR Guardian Modaraba			
(Connected person due to group Company)			
	Units held: 396,776 (June 30, 2020: 396,776)	33,242,451	32,139,018
First Dawood Investment Bank Limited -Employees Contributory Provident Fund- Employee Benefit Fund of Group Company			
	Units held: 345,210 (June 30, 2020: 480,710)	28,922,247	38,937,756
Dawood Family Takaful Limited			
(Connected Person due to Group Company)			
	Units held: 426,699 (June 30, 2020: 428,963)	35,749,462	34,746,251
Family Takaful Limited-Employees contributory provident fund- Associate of management company			
	Units held: 58,278 (June 30, 2020: 58,278)	4,882,608	4,720,537

	(Un-Audited)	Audited
	March 31,	June 30,
	2021	2020
	-----Rupees-----	
BRR Financial Services (Private) Limited (Connected Person due to Group Company)		
Units held: 28,687 (June 30, 2020: 28,687)	<u>2,403,445</u>	<u>2,323,666</u>
BRR Investments Limited (Connected Person due to Group Company)		
Units held: 84,023 (June 30, 2020: Nil)	<u>7,039,567</u>	<u>2,323,666</u>
Dawood International (Private) Limited (Connected Person due to Group Company)		
Units held: 22,318 (June 30, 2020: 109,708)	<u>1,869,877</u>	<u>8,886,417</u>
Directors and Key Management Personnel of the Management Company		
Units held: 579,578 (June 30, 2020: 656,460)	<u>48,557,904</u>	<u>53,173,552</u>
Other Connected Persons		
Units held: 902,990 (June 30, 2020: 1,451,711)	<u>75,653,845</u>	<u>117,589,284</u>

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

19 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties. The following methods are used to estimate the fair values of instruments:

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.

19.1 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 in active markets for identical assets.

Level 2 : Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3 : techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at March 31, 2021, the Fund held the following financial instruments measured at fair value:

	Level 1	Level 2	Level 3	Total
	----- (Rupees) -----			
As at March 31, 2021 (Un-audited)				
Fair value through other comprehensive income	-	52,214,635	-	52,214,635
	-	52,214,635	-	52,214,635

	Level 1	Level 2	Level 3	Total
	----- (Rupees) -----			
As at June 30, 2020 (Audited)				
Fair value through other comprehensive income	-	86,625,682	-	86,625,682
	-	86,625,682	-	86,625,682

19 GENERAL

19.1 The corresponding figures have been re-arranged wherever necessary.

19.2 Figures have been rounded off to the nearest rupee, unless otherwise stated.

20 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue by the board of directors of the Management Company on **27-Apr-2021**.

For 786 Investments Limited
(Management Company)

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

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

----SD----
Director



BOOK POST



If undelivered, please return to:

786 SMART FUND
G-3, B.R.R. Tower,
Hassan Ali Street,
Off I.I. Chundrigar Road,
Karachi - 74000 Pakistan



Managed By:
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Trustee: Digital Custodian Company
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