



INVESTMENTS

WE KNOW YOUR VALUE

786 INVESTMENTS LIMITED



DAWOOD ISLAMIC FUND

**ANNUAL REPORT
2018**



Corporate Information	02
Mission Statement	03
Report of the Directors of the Management Company	04
میںجمنٹ کمپنی کے ڈائریکٹرز کی رپورٹ	12
Report of the Fund Manager	13
Details of Pattern of Holdings (Units)	17
Report of the Shariah Advisor	18
Trustee Report to the Certificate Holders	19
Independent Auditors' Report to the Unit Holders	20
Financial Statements:	
Statement of Assets and Liabilities	25
Income Statement	26
Statement of Comprehensive Income	27
Cash Flow Statement	28
Statement of Movement in Unit Holder's Fund	29
Notes to the Financial Statements	30
Six Year Financial Summary	54
Proxy Issued By The Fund	55



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. Talal Ismail Pasha	
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:	Central Depository Company of Pakistan Limited CDC House, 99-B, Block-B, S.M.C.H.S. Main Shahra-e-Faisal, Karachi-74400 Ph: (92-21) 111-111-500 Fax: (92-21) 34326020-23	
Auditors	Riaz Ahmad & Co. 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 (SMC-Pvt.) Ltd. Office# 1705, 17th Floor Saima Trade Tower, A, I.I. Chundrigar Road, Karachi-74000, Pakistan.	
Banker:	BankIslami Pakistan Limited Habib Metropolitan Bank Limited Dubai Islamic Bank Limited AlBaraka Bank Pakistan Limited	
Rating:	PACRA: 3 Star	



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



REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of 786 Investments Limited. ("786" or the "Company") the Management Company of Dawood Islamic Fund is pleased to present the annual report and the audited financial statements of the Company for the year ended June 30, 2018.

Economic Review

Pakistan's economic performance in FY18 continued to post an improvement with real GDP growth accelerating to 5.79% compared to 5.37% in the year before. FY18's GDP growth rate was the highest in the past 10 year. Key factors behind the higher GDP growth rate were increase in growth rate of agricultural sector, which posted 3.81% growth vs 2.07% growth, the growth in production of three important crops namely rice, sugarcane and cotton is estimated at 8.7%, 7.4%, and 11.8% respectively. Meanwhile, industrial growth came in at 5.80% and service sector posted 6.43% growth. CPI inflation comes out to be 3.9%. The increase in CPI inflation is being majorly attributed due to the base effect kicking because of contained food prices and budgetary measures adopted last year. Pakistan's fiscal deficit as % of GDP reduced to 4.3% from previous year's 5.8%. During second of FY18 State Bank of Pakistan increased Discount Rate twice, first in January'18 and then in May'18 by 25 bps and 50 bps respectively to 7%. The reasons were (i) the multiplier-effect of a strong fiscal expansion during second half of FY18 is likely to offset the contractionary impact of monetary tightening in the recent months on domestic demand; (ii) higher international oil prices have continued to inflate the import bill; (iii) rising inflation projections and the ensuing fall in real interest rates; and (iv) a notable reduction in PKR and US interest rate differential.

Stock Market Review:

During the financial year 2017-18, the Pakistan Stock markets 100 index underperformed -5.97%. During the period under review, the market remained volatile, it reached the peak of 47,084 points on August 03 2017, then continued to go down, reaching its lowest level point of 37,919 on December 19 2017. The fiscal year 2018 started well with significant positive economic indicators, notably, a promising GDP growth, improved country perception, recognition of SMEs as the prime mover of country's economy and the continuity of the inflow of remittances by the Overseas Pakistanis. At the start of new calendar year 2018, the market gained momentum. On June 29th, PSX 100 index closed at 41,910.90 points whereas market capitalization was PKR. 8.66 trillions. The foreign investors offloaded securities worth PKR 32.33 billion during July 2017 - June 2018, which was absorbed by domestic individual investors, companies and insurance companies. This strong buying by local investors has shown the confidence of the investors in Pakistan's equity market.

Money Market Review:

The SBP held twenty-six Treasury bill auctions during FY18. The cumulative participation witnessed were PKR 21,100bn against the pre-announced auction target of PKR 16,925bn while the SBP accepted an amount of PKR 16,052bn during the period under review. That being said, acceptance in 3 months tenor represented 92.11% of the total accepted amount while the 6 months and 12 months were 7.64% and 0.26% respectively. Further, during this period, SBP conducted twelve Pakistan Investment Bond (PIB) auctions and raised PKR 94.9bn the last cut-off yields were 7.5%, 8.48% and 8.70 % for 3, 5 and 10 years respectively. State Bank of Pakistan also revised coupons rates and increased it by 25bps for 3 and 5 year tenor for Jul'18 auction while keeping the rates constant for 10 and 20 years.



Towards the end of second half of FY18, SBP introduced Floating Rate Bonds (FRB) based on spread over 6 months weighted average cut-off T.Bills and conducted two auctions. The cumulative participation witnessed were PKR 296.13bn against the auction target of PKR 100bn while the SBP accepted an amount of PKR 34.65bn with spread over 50 bps on 6 months T.Bills.

The SBP did not conduct any GOP Ijarah Sukuk auction during the period under review.

Future Outlook:

Pakistan's economy received multiple jolts during fiscal year 2018 and almost all economic indicators worsened. The economy is faced with new and bigger challenges in fiscal year 2019. The economy took off with Gross Domestic Product (GDP) being declared at a decade high level of 5.3% in fiscal 2017. It achieved a 13-year high growth of around 5.8% in FY18. However, now it is estimated to recede to 4.7-4.8% in FY19. Economic fundamentals have deteriorated over the previous year and are set to mess up the economy down the road. The water crisis may further hamper economic growth in fiscal year 2019. As per international organizations, Pakistan is likely to face a major water crisis by 2025. The crisis may slow down agriculture growth this fiscal year. Its share in the economy stands at around one-fifth.

Given the bleak economic scenario, where the country's foreign currency reserves have dropped to a critical level of less than two months import cover at \$9.66 billion on June 22, 2018; it is an obvious scenario that Pakistan will enter into the International Monetary Fund's (IMF) program sometime late first quarter or early second quarter 2018. We expect more currency devaluation in FY19 and hike in key interest rate by December 2018.

Corporate Governance and Financial Reporting Framework

The Director are pleased to state as follows:

- The financial statements, prepared by the company, present its state of affair fairly, the result of its operations, cash flows and changes in equity.
- Proper books of account have been maintained by the company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- 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.
- The system of internal control is sound in design and has been effectively implemented and monitored with ongoing efforts to improve it further.
- There are no significant doubts upon the company's ability to continue as a going concern.
- 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.



- There has been no trading during the year in the units of the Fund carried out by the Director, Chief Executive Officer, Company Secretary and their spouses and their minor children except as disclosed in the relevant notes to the financial statement.
- There is no statutory payment on account of taxes, duties, levies and charges outstanding.
- One of the Director has completed Directors Training Program, rest of the Directors will attend Director Training Program or take exemption from the Commission.
- During the year, Ansar Hussain resign from the Directorship and was replaced by Syed Shabahat Hussain.

Board of Directors Meetings

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

Names	No of Meetings held	No of Meetings attended	Leave granted
Ms. Shafqat Sultana	4	4	-
Ms. Tara Uzra Dawood	4	4	-
Mr. Ansar Hussain*	4	-	1***
Mr. Muhammad Izqar Khan	4	-	4***
Ms. Charmaine Hidayatullah	4	3	1***
Mr. Tahir Mehmood	4	4	-
Syed Farhan Abbas	4	4	-
Syed Shabahat Hussain**	4	-	-

*Ansar Hussain resigned as Director on October 30, 2017.

**Syed Shabahat Hussain appointed as Director on casual vacancy on April 16, 2018.

***Leave of absence was granted.

Audit Committee Meeting

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

Names	No of Meetings held	No of Meetings attended	Leave granted
Mr. Ansar Hussain*	4	-	1****
Mr. Tahir Mehmood	4	4	-
Syed Farhan Abbas	4	4	-
Ms. Charmaine Hidayatullah **	4	2	1****
Syed Shabahat Hussain***	-	-	-

*Ansar Hussain resigned as Director on October 30, 2017.

**Charmaine Hidayatullah joined Audit committee on October 30, 2017.

*** Syed Shabahat Hussain appointed as Director on casual vacancy on April 16, 2018.

****Leave of absence was granted.



Auditors

The present Auditor, Riaz Ahmed & Company retire and being eligible, have offered themselves for re-appointment. The Board Audit Committee have recommended their re-appointment as statutory auditors for the year ending June 30, 2019 and the Board have endorsed the communication.

Principle Risk & Uncertainties

The Asset Management industry is in growing phase and competition in the market is expected that can increase the industry AUM and on other side shrink the existing size of the companies.

The Company managed open ended funds, invested in the capital markets which are influenced by the macroeconomic, and political factors which may impact the Company's performance. Increase political turmoil in the country will remain a risk because of this, Foreign and local investor may take out from the market resulting down prices and return. Exchange rates may also impact the performance of the capital market and hence the profitability of the Company.

The Company's risk management policies and procedures ensure that risks are effectively identified, evaluated, monitored and managed. Risk management is a dynamic function and management must continuously monitor its internal risk procedures and practices in order to reduce earnings variability.

Statement of Ethics and Business Practices

The Board of Directors of Company has adopted a Statement of Ethics and Business Practices. All employees are informed of this statement and are required to observe these rules of conduct in relation to business and regulations.

Fund Strategy

The investment strategy devised for the Fund seeks to provide investors with balanced exposure to Shariah based securities including stocks, debt securities and government securities. The Fund's strategy aims to not only preserve investors' capital but also to maximize the value of their investments while providing a stable stream of income.

The portfolio management team selects investments using various analytical disciplines such as top-down fundamental research and quantitative screens in the light of the country's macro indicators. In particular, the team seeks to include in its portfolios fundamentally strong sectors and companies, while dynamically rebalancing portfolios to benefit from predicted macro trends. Investments are diversified across a mix of sectors and investors are offered an optimized risk/return profile.

Fund Performance

As at June 30, 2018, net assets were Rs. 106.15 million as compared to Rs. 103.03 million as at June 30, 2017. Total operating loss for the year was Rs. 7.09 million as compared to income of Rs. 13.73 million for the same period last year. Total expenses during the year were Rs.4.72 million as compared to Rs. 2.97 million in last year. The net loss before distribution for the financial year 2018 was Rs.11.82 million, as compared to income of Rs. 9.49 million last year. The Net Asset Value per unit was Rs. 117.07 as at June 30, 2018.



Dividend

The Board of Directors has announced cash dividend to unit holders of Rs. 0.3834 per unit for the year ended June 30, 2018 which comes out to be 0.38% of the par value per unit of Rs. 100.

Sales and Redemption Units

197,437 units worth PKR. 33.53 million were issued in the current year (2017: 232,140 units worth PKR. 29.23 million) and 67,549 units worth PKR. 18.40 were redeemed in the current year (2017: 159,184 units worth PKR. 21.15 million). As on June 30, 2018, the total number of outstanding units was 906,713 valued as PKR. 106.15 million.

Credit Rating

The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of "AM3", to the Company and that of Fund is 3 Star.

Transaction with Connected Persons/Related Parties

Transactions between the Fund and its connected persons as disclosed in notes to the financial statements are carried out on an arm's length basis.

Pattern of Unit Holding as on June 30, 2018

The pattern of unit holders as on June 30, 2018 is annexed to these financial statements.

Key Financial Highlights

Key financial highlights are summarized and annexed to these financial statements.

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 put in by the employees of the Company for their commitment and dedication and shareholders for their confidence in the Company.

Tara Uzra Dawood
Chief Executive Officer

Shafqat Sultana
Chairperson

September 17, 2018
Karachi.



فنز کی کارکردگی

30 جون 2018 کو خالص اثاثے 334.72 ملین روپے تھے جو 30 جون 2017 کو 247.74 ملین روپے تھے۔ گزشتہ سال کی اسی مدت میں 34.76 ملین روپے کے مقابلے اس سال 47.01 ملین روپے کی کل آپریٹنگ آمدنی ہوئی۔ سال کے دوران کل اخراجات 11.90 ملین روپے ہوئے جو گزشتہ سال میں 1.86 ملین روپے تھے۔ آمدنی کے ایلیمینٹ 22.17 ملین روپے جو گزشتہ سال 2.09 ملین روپے تھے۔ گزشتہ سال 34.99 ملین روپے آمدنی کے مقابلے مالی سال 2018 کے لئے تقسیم سے قبل خالص منافع 35.11 ملین روپے ہوا۔ 30 جون 2018 کو فی یونٹ خالص اثاثے کی قدر 88.31 روپے تھی۔

ڈیویڈنڈ

بورڈ آف ڈائریکٹرز نے 30 جون 2018 کو ختم ہونے والے سال کے لئے یونٹ ہولڈرز کو 8.5273 روپے فی یونٹ نقد منافع منقسمہ کا اعلان کیا ہے جو ہر ایک سو (100) روپے کی مساوی ڈیویڈنڈ یونٹ کا 8.53 فیصد بنتا ہے۔

سیلز اینڈ ریڈمپشن یونٹ

3,255,583 یونٹس مالیت 279.12 ملین روپے موجودہ سال میں جاری کئے گئے (2017: 2,711,299 یونٹس مالیت 222.32 ملین روپے) اور 2,604,025 یونٹس مالیت 217.61 ملین روپے موجودہ سال میں واپس وصول کئے گئے (2017: 1,625,347 یونٹس مالیت 136.86 ملین روپے)۔ 30 جون 2018 کو بقایا یونٹس کی تعداد 3,790,392 مالیت 334.72 ملین روپے تھی۔

کریڈٹ ریٹنگ

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے کمپنی کو "AM3" کی ایسٹ نیچر ریٹنگ تفویض کی ہے اور یہ کہ فنڈ AA-f ہے۔

منسلک افراد متعلقہ پارٹیوں کے ساتھ لین دین

فنز اور اس سے متعلقہ افراد کے درمیان لین دین جیسا کہ مالی گوشواروں میں انکشاف کیا گیا، قابل رسائی بنیاد پر کیا جاتا ہے۔

30 جون 2018 کو یونٹ ہولڈنگ کا نمونہ

30 جون 2018 کو یونٹ ہولڈرز کا نمونہ مالی گوشواروں سے منسلک کر دیا گیا ہے۔

اہم مالیاتی بھولکیاں

کلیدی مالیاتی بھولکیوں کا خلاصہ ان مالیاتی گوشواروں کے ساتھ منسلک کر دیا گیا ہے۔

اظہار تشکر

میجسٹریٹ کمپنی کے بورڈ آف ڈائریکٹرز قابل قدر معاونت، مدد اور رہنمائی پر سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور پاکستان اسٹاک ایکسچینج لمیٹڈ کی انتظامیہ کے شکرگزار ہیں۔ ڈائریکٹرز عزم، لگن اور محنت پر کمپنی کے ملازمین اور انتظامیہ کا اور کمپنی میں اعتماد پر شیئر ہولڈرز کا بھی شکریہ ادا کرتے ہیں۔

شفقت سلطانہ

تارہ عزم راداد

کراچی، 17 ستمبر 2018



آڈٹ کمیٹی کا اجلاس

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

نام	منعقدہ اجلاسوں کی تعداد	تعداد حاضری اجلاس	تغیبات
جناب عنصر حسین*	4	-	1**
جناب طاہر محمود	4	4	-
سید فرحان عباس	4	4	-
محترمہ شرمین ہدایت اللہ*	4	2	1**

* عنصر حسین بحیثیت ڈائریکٹر 130 اکتوبر 2017 کو مستعفی ہو گئے۔

* شرمین ہدایت اللہ 130 اکتوبر 2017 کو آڈٹ کمیٹی میں شامل ہوئیں۔

** غیر حاضری کی چھٹی دی گئی۔

آڈیٹر

ریٹائر ہونے والے موجودہ آڈیٹر، میسرز ریاض احمد اینڈ کمپنی اہلیت کی بنیاد پر خود کو دوبارہ تقرری کے لئے پیش کرتے ہیں۔ بورڈ کی آڈٹ کمیٹی نے میسرز ریاض احمد کی 30 جون 2019 کو ختم ہونے والے سال کے لئے آڈیٹر کی حیثیت سے تقرری کی سفارش کی ہے اور بورڈ نے اس کی منظوری دے دی ہے۔

اصل خطرہ اور غیر یقینی

ایٹ منجمنٹ انڈسٹری ترقی کے مراحل میں ہے اور مارکیٹ میں مقابلہ متوقع ہے جو ایک طرف انڈسٹری AUM بڑھا سکتا ہے اور دوسری طرف کمپنیوں کے موجودہ سائز کو کم کر سکتا ہے۔ کمپنی نے کیپٹل مارکیٹوں میں اوپن انڈر ٹیکسٹ کی سرمایہ کاری کا انتظام کیا ہے جو مائیکرو اکنامک سے متاثر ہونے میں اور سیاسی عناصر جو کمپنی کی کارکردگی کو متاثر کر سکتے ہیں۔ ملک میں سیاسی کشمکش میں اضافہ ایک خطرہ رہے گا اس کی وجہ سے غیر ملکی اور مقامی سرمایہ کار مارکیٹ سے باہر جاسکتے ہیں جس کے نتیجے میں قیمتوں اور منافع میں کمی آسکتی ہے۔ زرمبادلہ کی شرحیں بھی کیپٹل مارکیٹ کی کارکردگی اور کمپنی کی منافع یا پائی کو متاثر کر سکتی ہیں۔

کمپنی کی رسک منجمنٹ پالیسیاں اور پروسیجرز یقینی بناتے ہیں کہ رسک کی مؤثر طریقہ سے شناخت، تشخیص، نگرانی اور انتظام کیا گیا ہے۔ رسک منجمنٹ ایک متحرک فنکشن ہے اور منجمنٹ آڈیٹ میں تغیر کو کم کرنے کے لئے اپنے داخلی رسک پروسیجرز اور عوامل کی مسلسل نگرانی لازمی بناتی ہے۔

اخلاقیات اور کاروباری طریقوں کا بیان

کمپنی کے بورڈ آف ڈائریکٹرز نے اخلاقیات اور کاروباری طریقوں پر عمل کیا ہے۔ تمام ملازمین کو اس بیان بارے میں مطلع کیا گیا ہے اور کاروباری قواعد و ضوابط کے سلسلے میں ان اصولوں پر عمل کرنا ضروری قرار دیا گیا ہے۔

فنڈ کی حکمت عملی

سرمایہ کاری کی حکمت عملی شریعت کی بنیاد پر سیکورٹیزز بشمول اسٹاک، قرض سیکورٹیز اور گورنمنٹ سیکورٹیز موزوں مواقع کے ساتھ سرمایہ کاری کو فراہم کرنے کی کوشش کرتی ہے۔ فنڈ کی حکمت عملی کا مقصد صرف سرمایہ کاریوں کے سرمایہ کو محفوظ بنانا نہیں بلکہ ان کی سرمایہ کاری کی قدر کو زیادہ مستحکم کرنے کے لئے اہل آمدنی فراہم کرنا ہے۔ پورٹ فولیو منجمنٹ ٹیم ملک کے سیکورڈ اداروں کی روشنی میں مختلف تجزیاتی مضامین کا استعمال کرتے ہوئے سرمایہ کاری کا انتخاب کرتی ہے جیسے کہ ٹاپ ڈاؤن کی بنیاد پر بنیادی تحقیق اور مقدار کی سکرین۔ خاص طور پر، ٹیم اپنے ٹکٹوں کو بنیادی طور پر مضبوط شعبوں اور کمپنیوں میں شامل کرنے کی کوشش کرتی ہے، جبکہ متحرک طور پر پورٹ فولیو متوقع منکر درجانات سے فائدہ مند ہیں۔ سرمایہ کاری شعبوں میں اختلاف ہیں اور سرمایہ کاریوں کو ایک بہتر خطرہ / ریٹرن پروفائل پیش کی جاتی ہے۔



کارپوریٹ گورننس اور مالیاتی رپورٹنگ کا دائرہ کار

ڈائریکٹرز بخوشی بیان کرتے ہیں کہ:

- کمپنی کی انتظامیہ کی طرف سے تیار کردہ، مالیاتی حسابات، اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکٹیوٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔
- کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔
- 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۔
- 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۔
- اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
- کمپنی کے گونگ کنسرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- کارپوریٹ گورننس کے بہترین عمل سے کوئی مادی انحراف نہیں کیا گیا ہے سوائے جن کا مالی گوشواروں کے ساتھ منسلک تفصیلی بیان میں انکشاف کیا گیا۔
- فنڈ کے یونٹ میں کسی ڈائریکٹر، چیف ایگزیکٹو آفیسر، کمپنی سیکرٹری اور ان کے زوج اور ان کے نابالغ بچوں کی طرف سے سال کے دوران کوئی تجارت نہیں کی گئی سوائے جن کا مالی گوشواروں سے متعلقہ نوٹس میں انکشاف کیا گیا۔
- ٹیکسز، ڈیوٹیز، لیویز اور بھاریا چارجز کی مد میں کوئی قانونی ادائیگی نہیں ہے۔
- ایک ڈائریکٹر نے ڈائریکٹرز مینٹنگ پروگرام مکمل کر لیا ہے، باقی ڈائریکٹرز ڈائریکٹرز مینٹنگ پروگرام میں شرکت کریں گے یا کمیشن سے ایکٹو مینٹنگ حاصل کر لیں گے۔
- سال کے دوران، عنصر حسین ڈائریکٹرشپ سے مستعفی ہو گئے اور ان کی جگہ سید شاہت حسین کو مقرر کیا گیا۔

بورڈ آف ڈائریکٹرز کے اجلاس

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

نام	منعقدہ اجلاسوں کی تعداد	تعداد حاضری اجلاس	تعطیل
محترمہ شفقت سلطانیہ	4	4	-
محترمہ تارہ عزراد اود	4	4	-
جناب عنصر حسین*	4	-	1***
جناب محمد اذکار خان	4	-	4***
محترمہ شرمین ہدایت اللہ	4	3	1***
جناب طاہر محمود	4	4	-
سید فرحان عباس	4	4	-
سید شاہت حسین**	4	-	-

* عنصر حسین بحیثیت ڈائریکٹر 130 اکتوبر 2017 کو مستعفی ہو گئے۔

** سید شاہت حسین 16 اپریل 2018 کو خالی آسامی پر بحیثیت ڈائریکٹر مقرر ہوئے۔

*** غیر حاضری کی چھٹی دی گئی۔



مینجمنٹ کمپنی کے ڈائریکٹرز کی رپورٹ

داؤد انکم فنڈ (786 یادی کمپنی) مینجمنٹ کمپنی، 786 انویسٹمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز 30 جون 2018 کو ختم ہونے والے سال کی سالانہ رپورٹ اور نظر ثانی شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

اقتصادی جائزہ

FY18 میں پاکستان کی اقتصادی کارکردگی کی رفتار گزشتہ سال میں 5.37 فیصد کے مقابلے میں 5.79 فیصد اصل جی ڈی پی نمو کے ساتھ مسلسل بہتر ہوئی ہے۔ FY18 کی جی ڈی پی نمو کی شرح گزشتہ 10 سالوں میں کی شرح سب سے زیادہ تھی زری شعبے کی ترقی کی شرح نمو اعلیٰ جی ڈی پی کی شرح نمو کے پیچھے اہم عوامل ہیں، جس نے 2.07 فیصد نمو کے مقابلے میں 3.81 فیصد نمو درج کرائی ہے، تین اہم فصلوں چاول، گنا اور کپاس کی پیداوار میں نمو کا اندازہ بالترتیب 8.7 فیصد، 7.4 فیصد اور 11.8 فیصد لگایا گیا ہے۔ دریں اثنا، صنعتی ترقی 5.80 فیصد اور خدمات کے شعبے میں 6.43 فیصد نمو درج کرائی گئی۔ جی ڈی پی آئی افراط زر 3.9 فیصد رہا۔ جی ڈی پی آئی افراط زر میں اضافہ گزشتہ سال خوراک کی قیمتوں اور بجٹ کے اقدامات کی وجہ سے بنیادی اثرات کو ختم کرنے سے منسوب کیا جا رہا ہے۔ پاکستان کا مالی خسارہ پچھلے سال کے 5.80 فیصد سے کم ہو کر جی ڈی پی کا 4.34 فیصد ہو گیا۔ FY18 کی دوسری ششماہی میں اسٹیٹ بینک آف پاکستان نے ڈسکاؤنٹ کی شرح میں دو گنا اضافہ ہوا، سب سے پہلے جنوری 18 میں اور پھر مئی 18 میں بالترتیب 25 پی پی ایس اور 50 پی پی ایس یعنی 7 فیصد تک اضافہ ہوا۔ جس کی وجوہات تھیں (i) FY18 کی دوسری ششماہی کے دوران مضبوط مالیاتی توسیع کے ضوابط کا اثر مقامی طلب پر حالیہ مہینوں میں غیر معمولی تیزی کے خاتمہ پر اثر انداز ہو سکتا ہے (ii) بین الاقوامی تیل کی قیمتوں میں اضافہ نے درآمدی بل کو بڑھا دیا ہے (iii) افراط زر میں مسلسل اضافہ اور اصل شرح سود میں کمی؛ اور (iv) پاکستانی روپیہ کی قدر میں تازہ ذکری اور امریکی ڈالر کی شرح سود میں فرق۔

منفی مارکیٹ کا جائزہ:

ایس بی پی نے مالی سال 18 کے دوران پچیس ٹریڈری بل آکشن منعقد کرائیں۔ مجموعی شرکت کا مشاہدہ پہلے اعلان کردہ بنیادی ہدف 16,925bn روپے کے برخلاف 21,100bn روپے تھا جبکہ ایس بی پی نے زیر جائزہ مدت کے دوران 16,052bn روپے کی رقم کی منظوری دی۔ یہ کہا جا رہا ہے کہ 3 ماہ کی مدت میں قبولیت کل قابل قبول رقم کی 92.11 فیصد کی نمائندگی کرتی ہے۔ جبکہ 6 ماہ اور 12 ماہ کی بالترتیب 7.64 فیصد اور 0.26 فیصد تھی۔

مزید، اس عرصے کے دوران، ایس بی پی نے بارہ (12) پاکستان انویسٹمنٹ بانڈ (بی آئی بی) بنیادی ہدف کا انعقاد کیا اور 94.9bn روپے اکٹھے کئے 5.3 اور 10 سالوں کی پیداوار بالترتیب 7.5 فیصد، 8.48 فیصد اور 8.70 فیصد تھی۔ اسٹیٹ بینک آف پاکستان نے کوپن کی شرحوں میں بھی نظر ثانی کی اور اسے جولائی 18 کی آکشن میں 3 اور 5 سال کے لئے 25 پی پی ایس تک بڑھا دیا، جبکہ 10 اور 20 سالوں کے لئے ریش مستقل رکھے۔

FY18 کی دوسری ششماہی کے اختتام کے لئے، ایس بی پی نے 6 ماہ کی اوسط آف ٹی بلز پر محیط فلوئنگ ریٹ بانڈز (FRB) متعارف کرائے اور دو بنیادی ہدف منعقد کئے۔ مجموعی قبولیت کا مشاہدہ 100bn روپے کے بنیادی ہدف کے برخلاف 296.13bn روپے لگایا گیا تھا جبکہ ایس بی پی نے 6 ماہ ٹی بلز پر 50 پی پی ایس پر محیط 34.65bn روپے رقم کی منظوری دی ہے۔ زیر جائزہ مدت کے دوران ایس بی پی نے کوئی جی او پی اجارہ سلک آکشن کا انعقاد نہیں کیا۔

مستقبل کا نقطہ نظر:

مالیاتی سال 2018 کے دوران پاکستانی معیشت کو بہت سی مشکلات پیش آئیں اور تقریباً تمام معاشی اشارے بدترین تھے۔ مالیاتی سال 2019 میں معیشت کو نئے اور بڑے چیلنجوں کا سامنا ہے۔ مالی سال 2017 میں معیشت دہائی کی بلند ترین سطح پر 5.3 فیصد مجموعی مقامی مصنوعات (جی ڈی پی) کا اعلان کیا گیا۔ مالی سال 2018 میں اس نے تقریباً 5.8 فیصد نمو گزشتہ 13 سالوں میں سب سے زیادہ حاصل کی ہے۔ تاہم، اب مالی سال 2019 میں اس کا تخمینہ 4.8-4.7 فی صد تک لگایا گیا ہے۔ پچھلے سال کے دوران اقتصادی بنیادیں بہت کشیدہ ہو گئیں اور جنہوں نے معیشت کو مزید کم نیچے اتار دیا۔ پانی کا بحران مالی سال 2019 میں معاشی ترقی کو مزید نقصان پہنچا سکتا ہے۔ بین الاقوامی تنظیموں کے مطابق پاکستان کو 2025 تک پانی کے بحران کا سامنا کرنا پڑ سکتا ہے۔ بحران اس مالی سال میں زراعت کی ترقی کو سست کر سکتا ہے۔ معیشت میں اس کا تقریباً پانچواں حصہ ہے۔

غیر معمولی اقتصادی صورتحال کو دیکھتے ہوئے، جہاں 22 جون 2018 کو ملک کے غیر ملکی زرمبادلہ کے ذخائر دو ماہ سے کم عرصہ میں درآمد کے لحاظ سے 9.66 بلین ڈالر کی کم سے کم سطح پر پہنچ گئے، یہ ایک واضح منظر ہے کہ پاکستان 2018 کی پہلی سہ ماہی کے فوراً بعد یا دوسری سہ ماہی کے آغاز میں بین الاقوامی ماہیٹری فنڈ (آئی ایم ایف) کے پروگرام میں داخل ہو جائے گا۔ ہمیں مالی سال 2019 میں کرنسی کی قدر میں کم اور دسمبر 2018 تک کلیدی شرح سود میں تیزی سے اضافہ ہونے کی توقع ہے۔



REPORT OF THE FUND MANAGER FOR THE YEAR ENDED 30 JUNE 2018

Description of Collective Investment Scheme Category and Type:

Islamic Asset Allocation Fund/Open end

Fund Objective

To provide an avenue to Unit Holders to invest their savings in a diversified portfolio based on Shariah Compliant Investments under supervision of its Shariah Advisor.

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

The Collective Investment Scheme achieved its stated objective.

Fund Performance

As at June 30, 2018, net assets were Rs. 106.15 million as compared to Rs. 103.03 million as at June 30, 2017. Total operating loss for the year was Rs. 7.09 million as compared to income of Rs. 13.73 million for the same period last year. Total expenses during the year were Rs.4.72 million as compared to Rs. 2.97 million in last year. The net loss before distribution for the financial year 2018 was Rs.11.82 million, as compared to income of Rs. 9.49 million last year. The Net Asset Value per unit was Rs. 117.07 as at June 30, 2018.

Fund Return

Fund Bench Mark KMI-30 Index + Avg 6 Months deposit rates of three A rated scheduled Islamic Banks on the basis of actual proportion held by the scheme.

	YTD Return	YTD Bench Mark
FY 2017	10.60%	8.08%
FY 2018	(11.73)%	(4.05)%

Asset Allocation	
TFC / Sukuk	16.23%
Equity Securities	58.74%
Bank Balances	13.33%
Others	11.70%

Asset Quality 2018	
AA+	1.05%
AA	9.13%
AA-	2.59%
A+	16.78%
Unrated	70.45%



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

Net Assets Value			NAV per unit		
June 30, 2017	June 30, 2018	Change in %	June 30, 2017	June 30, 2018	Change in %
103,030,963	106,153,184	3.03%	132.63	117.07	(11.73)%

INVESTMENT STRATEGY

The investment strategy devised for the Fund seeks to provide investors with balanced exposure to Shariah based securities including stocks, debt securities and government securities. The Fund's strategy aims to not only preserve investors' capital but also to maximize the value of their investments while providing a stable stream of income.

The portfolio management team selects investments using various analytical disciplines such as top-down fundamental research and quantitative screens in the light of the country's macro indicators. In particular, the team seeks to include in its portfolios fundamentally strong sectors and companies, while dynamically rebalancing portfolios to benefit from predicted macro trends. Investments are diversified across a mix of sectors and investors are offered an optimized risk/return profile.

DIVIDEND

The Board of Directors has announced cash dividend to unit holders of Rs. 0.3834 per unit for the year ended June 30, 2018 which comes out to be 0.38% of the par value per unit of Rs. 100.

PATTERN OF UNIT HOLDING

Number Of Certificateholders	Certificate Holding			Number Of Certificates
	From		To	
74	0.0001	-	9,999.9999	12,490.1546
5	10000	-	49,999.9999	166,935.2635
4	50000	-	99,999.9999	323,233.9130
3	100000	-	499,999.9999	404,053.4595
86				906,712.7905

Economic Review:

Pakistan's economic performance in FY18 continued to post an improvement with real GDP growth accelerating to 5.79% compared to 5.37% in the year before. FY18's GDP growth rate was the highest in the past 10 years. Key factors behind the higher GDP growth rate were increase in growth rate of agricultural sector, which posted 3.81% growth vs 2.07% growth, the growth in production of three important crops namely rice, sugarcane and cotton is estimated at 8.7%, 7.4%, and 11.8% respectively. Meanwhile, industrial growth came in at 5.80% and service sector posted 6.43% growth. CPI inflation comes out to be 3.9%. The increase in CPI inflation is being majorly attributed due to the base effect kicking because of contained food prices and budgetary measures adopted



last year. Pakistan's fiscal deficit as % of GDP reduced to 4.3% from previous year's 5.8%. During second of FY18 State Bank of Pakistan increased Discount Rate twice, first in January'18 and then in May'18 by 25 bps and 50 bps respectively to 7%. The reasons were (i) the multiplier-effect of a strong fiscal expansion during second half of FY18 is likely to offset the contractionary impact of monetary tightening in the recent months on domestic demand; (ii) higher international oil prices have continued to inflate the import bill; (iii) rising inflation projections and the ensuing fall in real interest rates; and (iv) a notable reduction in PKR and US interest rate differential.

Money Market Review:

The SBP held twenty six Treasury bill auctions during FY18. The cumulative participation witnessed were PKR 21,100bn against the pre-announced auction target of PKR 16,925bn while the SBP accepted an amount of PKR 16,052bn during the period under review. That being said, acceptance in 3 months tenor represented 92.11% of the total accepted amount while the 6 months and 12 months were 7.64% and 0.26% respectively. Further during this period SBP conducted twelve Pakistan Investment Bond (PIB) auctions and raised PKR 94.9bn the last cut-off yields were 7.5%, 8.48% and 8.70 % for 3, 5 and 10 years respectively. State bank of Pakistan also revised coupons rates and increased it by 25bps for 3 and 5 year tenor for Jul'18 auction while keeping the rates constant for 10 and 20 years.

Towards the end of second half of FY18 SBP introduced Floating Rate Bonds (FRB) based on spread over 6 months weighted average cut-off T.Bills and conducted two auctions. The cumulative participation witnessed were PKR 296.13bn against the auction target of PKR 100bn while the SBP accepted an amount of PKR 34.65bn with spread over 50 bps on 6mT.Bills.

The SBP did not conduct any GOP Ijarah Sukuk auction during the period under review.

Stock Market Review:

During the financial year 2017-18, the Pakistan Stock markets 100 index underperformed -5.97%. During the period under review, the market remained volatile, it reached the peak of 47,084 points on August 03 2017, then continued to go down, reaching its lowest level point of 37,919 on December 19 2017. The fiscal year 2018 started well with significant positive economic indicators, notably, a promising GDP growth, improved country perception, recognition of SMEs as the prime mover of country's economy and the continuity of the inflow of remittances by the Overseas Pakistanis. At the start of new calendar year 2018, the market gained momentum. On June 29th, PSX 100 index closed at 41,910.90 points whereas market capitalization was Rs. 8.66 trillions. The foreign investors offloaded securities worth PKR 32.33 billion during July 2017 - June 2018, which was absorbed by domestic individual investors, companies and insurance companies. This strong buying by local investors has shown the confidence of the investors in Pakistan's equity market.

Future Outlook:

Pakistan's economy received multiple jolts during fiscal year 2018 and almost all economic indicators worsened. The economy is faced with new and bigger challenges in fiscal year 2019. The economy took off with Gross Domestic Product (GDP) being declared at a decade high level of 5.3% in fiscal 2017. It achieved a 13-year high growth of around 5.8% in FY18. However, now it is estimated to recede to 4.7-4.8% in FY19. Economic fundamentals have deteriorated over the previous year and are set to mess up the economy down the road. The water crisis may further hamper economic growth in fiscal year 2019. As per international organizations, Pakistan is likely to face a major water crisis by 2025. The crisis may slow down agriculture growth this fiscal year. Its share in the economy stands at around one-fifth.



Given the bleak economic scenario, where the country's foreign currency reserves have dropped to a critical level of less than two months import cover at \$9.66 billion on June 22, 2018; it is an obvious scenario that Pakistan will enter into the International Monetary Fund's (IMF) program sometime late first quarter or early second quarter 2018. We expect more currency devaluation in FY19 and hike in key interest rate by December 2018.

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

Details of Pattern of Holdings (Units)

As at June 30, 2018

S. No.	Category	No of Unit Holders	Investment Amount	% of Total
1	Directors	1	462,366	0%
2	Associated Companies Undertakings and related parties	8	84,541,149	80%
3	Individuals	76	21,121,415	20%
4	Others	1	28,254	0%
	TOTAL	85	106,153,184	100.00



**DETAILS OF PATTERN OF HOLDINGS (UNITS)
AS AT JUNE 30, 2018**

S. No.	Category	No of Unit Holders	Unit Held	Amount	% of Total
1	Directors	-	-	-	-
	Mr. Tahir Mehmood	1	3,949	462,366	0.44
2	Associated Companies				
	Dawood Family Takaful Limited	3	309,010	36,177,253	34.08
	B.R.R. Guardian Modaraba	1	140,988	16,506,184	15.55
	First Dawood Investment Bank Ltd and Others	1			
	Employees Contributory Provident Fund		108,560	12,709,621	11.97
	Crescent Standard Modaraba	1	80,915	9,473,081	8.92
	Dawood Family Takaful Limited - EPF	1	41,960	4,912,458	4.63
	786 Investments Limited	1	40,680	4,762,552	4.49
3	Individuals	76	180,409	21,121,415	19.90
4	Insurance Companies	-	-	-	-
5	Bank/DFIs	-	-	-	-
6	Modaraba / Mutual Funds	-	-	-	-
7	Others	1	241	28,254	0.03
		86	906,713	106,153,184	100.00

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



Sept 13, 2018

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, 2018 comply with the provided Shariah guidelines. Therefore, it is resolved that investments in Dawood Islamic Fund (DIFs) managed by 786 Investments are halal and in accordance with Shariah principles.

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.

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

Mufti Irshad Ahmad Aijaz
Member Shariah Council

Faraz Younus Bandukda, CFA
Chief Executive

Al-Hilal Shariah Advisors (Pvt) Limited

Suite# 619, 6th Floor, Clifton Centre, Schon Circle, Block - 5 Clifton,
Karachi, Pakistan. Tel :+92-21-35305931-37, Web: www.alhilalsa.com

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:

CDC House, 99-B, Block 'B',
S.M.C.H.S., Main Shakra-e-Faisal,
Karachi - 74400, Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326020 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

DAWOOD ISLAMIC FUND

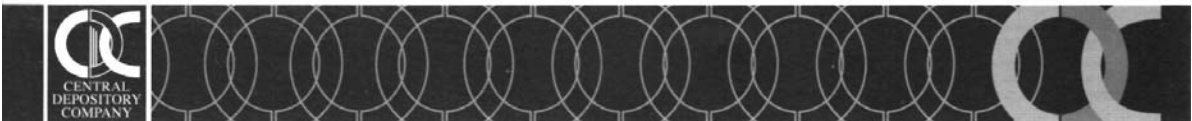
**Report of the Trustee pursuant to Regulation 41(h) and clause 9 of Schedule V of the
Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We Central Depository Company of Pakistan Limited, being the Trustee of Dawood Islamic Fund (the Fund) are of the opinion that 786 Investments Limited (formerly Dawood Capital Management Limited) being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2018 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iv) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Aftab Ahmed Divan
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 10, 2018



**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
DAWOOD ISLAMIC FUND**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Dawood Islamic Fund ("the Fund"), which comprise the statement of assets and liabilities as at 30 June 2018, and the income statement, statement of comprehensive income, statement of movements in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 June 2018, and of its financial performance, its cash flows and transactions for the year then ended in accordance with the approved accounting and reporting standards 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund 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) together with the ethical requirements that are relevant to our audit of the financial statements in Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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.

Following are the key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
1)	Existence and valuation of investments: Investment portfolio of the Fund makes up 74.96% of total assets and 77.40% of	 Our procedures over the existence and valuation of the Fund's investment portfolio included, but were not limited to:

Riaz Ahmad & Company

Chartered Accountants

the net assets of the Fund. Investment portfolio of the Fund comprises of listed equity and debt securities and unlisted debt securities classified at fair value through profit or loss (held-for-trading) and available-for-sale investments. For further information, refer to the following:

- Summary of significant accounting policies, financial instruments note 3.1 to the financial statements.
- Investments note 5 to the financial statements.

We have identified the existence, ownership and valuation of the Fund's investments as a key audit matter as the investment is a significant driver of the net assets value of the Fund and of its total return.

- i) walked through the valuation processes and understood the systems and controls implemented;
- ii) evaluated the Fund's investment valuation policies with reference to the requirements of the applicable accounting and reporting standards;
- iii) agreed holding of all investments from the Account Balance Report of Central Depository Company of Pakistan Limited;
- iv) agreed the valuation of all listed equity securities from prices quoted on the Pakistan Stock Exchange Limited and the valuation of all debt securities from the rates published by Mutual Fund Association of Pakistan (MUFAP); and
- v) evaluated the adequacy of provision held against non-performing debt securities.

2) **Amendments in Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations, 2008):**

The Securities and Exchange Commission of Pakistan (SECP) through its SRO 756(I)/2017 dated 03 August 2017 has made certain amendments in the NBFC Regulations, 2008.

The SRO includes a definition and explanation relating to "element of income" and also stipulates that the accounting income available for distribution as appearing in the "Income Statement" excludes income already paid on units redeemed during the year. Accordingly, the net amount appearing on the "Income Statement" after deducting the income already paid on units redeemed is to be considered as the distributable amount.

The said SRO also deleted 'Distribution

Our procedures included, but were not limited to:

- i) Developed understanding of the amendments in the NBFC Regulations, 2008;
- ii) Ensured that changes in accounting policy resulted from amendments in the NBFC Regulations, 2008 are adopted and reported as per the requirements of applicable accounting and reporting standards;
- iii) Recalculated the amount available for distribution taking into account the amount already distributed at the time of redemption;
- iv) Ensured the accuracy of management report for allocation of distributable

Riaz Ahmad & Company

Chartered Accountants

Statement' and requires additional disclosures and recording of element of income / loss included in price of unit issued or redeemed in statement of movement in unit holders' fund instead of income statement. For further information, refer to note 3.4 to the financial statements.

These amendments in the NBFC Regulations, 2008 are considered key audit matter because there is a risk that impact of such amendments is not adequately reflected in the financial statements.

amount between 'distribution out of income' and 'refund of capital'; and

- v) Ensured that amount of element of income is appropriately disclosed in the income statement and statement of movement in unit holders' fund pursuant to amendments.

Other Matter

The financial statements of the Fund for the preceding year ended 30 June 2017 were audited by another firm of chartered accountants who, vide their report dated 18 September 2017, expressed unmodified opinion on those financial statements with emphasis of matter paragraphs concerning the (i) risk of non-compliance with the NBFC Regulations, 2008 in respect of minimum net assets requirement of Rupees 100 million if majority units held by a single unit-holder are redeemed; (ii) suspension of the operations of the Fund from 22 March 2013 to 22 January 2015 and resultant non-compliance with various regulatory requirements by the Management Company; and (iii) pending renewal of the license of the Management Company from SECP to undertake asset management services and investment advisory services.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Management Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Fund and our auditors' report thereon.

Our opinion on the financial statements of the Fund 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 of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Fund for 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 material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Riaz Ahmad & Company

Chartered Accountants

Responsibilities of Management and Board of Directors of the Management Company for the Financial Statements

Management Company 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 the NBFC Regulations, 2008 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 Company is responsible for assessing the Fund'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 the management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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 Fund's ability to continue as a going

Riaz Ahmad & Company

Chartered Accountants

concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Fund 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 board of directors of the Management Company 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 board of directors of the Management Company 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 board of directors of the Management Company, 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 auditors' 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

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking 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 auditors' report is Muhammad Waqas.



RIAZ AHMAD & COMPANY
Chartered Accountants

Karachi

Date: 17 SEP 2018



**STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2018**

	Note	2018 Rupees	2017 Rupees
Assets			
Bank Balances	4	14,605,923	33,608,003
Investments	5	82,167,371	65,049,723
Dividends and Other Receivable	6	252,857	471,138
Advance Income Tax	14.2	7,923,448	8,733,671
Receivable against Trading in Investments		2,161,517	-
Deposit		2,500,000	-
Total Assets		109,611,116	107,862,535
Liabilities			
Payable against Trading in Investments		-	972,582
Payable to 786 Investments Limited - Management Company	7	325,476	500,390
Payable to Central Depository Company of Pakistan Limited - Trustee of Pakistan - Annual Fee	8	65,005	109,894
Accrued Expenses and Other Liabilities	9	99,300	101,346
	10	2,968,151	3,147,360
Total Liabilities		3,457,932	4,831,572
Net Assets		106,153,184	103,030,963
Unit Holders' Fund (As per Statement Attached)		106,153,184	103,030,963
Number of Units			
Number of Units in Issue	11	906,713	776,825
Rupees			
Net Assets Value per Unit		117.07	132.63
Contingencies and commitments	12		

The annexed notes 1 to 23 form an integral part of these financial statements.

786 Investments Limited.
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



**INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2018**

	Note	2018 Rupees	2017 Rupees
Income			
Income on Bank Balances		1,699,830	994,998
Income on Sukuk Certificates		953,981	625,993
Dividend Income		2,451,235	1,179,450
Capital (Loss)/Gain on Sale of Investments		(2,339,976)	10,911,430
Reversal of Impairment Against Available for Sale Investments - Net		-	5,851,533
		<u>2,765,070</u>	<u>19,563,404</u>
Net Unrealised Diminution in Fair Value of Investments Classified As 'At Fair Value Through Profit Or Loss'	5.1	<u>(9,856,261)</u>	<u>(5,836,956)</u>
Total Income		<u>(7,091,191)</u>	<u>13,726,448</u>
Expenses			
Remuneration to 786 Investments Limited - Management Company	7.1	1,567,894	1,600,204
Sindh Sales Tax on Remuneration to Management Company	7.2	203,826	208,027
Accounting and Operation Charges	7.3	104,522	106,680
Shariah Advisor Fee		126,903	120,000
Remuneration to Central Depository Company Pakistan Limited - Trustee	8.1	700,000	700,000
Sindh Sales Tax on Trustee Fee	8.2	91,000	91,000
Annual Fee to Securities and Exchange Commission of Pakistan	9	99,300	101,346
Auditors' Remuneration	13	572,795	560,332
Fees and Subscription		135,000	286,768
Securities Transaction Cost		104,599	509,453
Bank Charges		23,994	14,788
Reversal of Provision for Workers' Welfare Fund - Federal		-	(2,352,642)
Provision for Sindh Workers' Welfare Fund		-	895,175
Withholding Taxes		869,123	-
Printing and Related Charges		101,770	113,493
Charity		26,453	11,776
Total Expenses		<u>4,727,179</u>	<u>2,966,400</u>
Net (Loss)/Income From Operating Activities		<u>(11,818,370)</u>	<u>10,760,048</u>
Net Element of Loss and Capital Losses Included in Prices of Units Issued Less Those in Units Redeemed	3.4	-	(1,264,333)
Net (Loss)/Income for the Year Before Taxation		<u>(11,818,370)</u>	<u>9,495,715</u>
Taxation	14	-	-
Net (Loss)/Income for the Year After Taxation		<u>(11,818,370)</u>	<u>9,495,715</u>
Allocation of Net Loss for the Year:			
Income Already Paid on Units Redeemed		-	
Accounting Income Available for Distribution			
- Relating to Capital Loss		(12,196,237)	
- Excluding Capital Loss		377,867	
		<u>(11,818,370)</u>	
Earnings per Unit	15		

The annexed notes 1 to 23 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director



**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2018**

	2018	2017
	Rupees	Rupees
Net (Loss)/Income for the Year after Taxation	(11,818,370)	9,495,715
Other Comprehensive Income		
Items That are or May be Reclassified Subsequently to Income Statement		
Net Unrealised (Diminution)/Appreciation in Fair Value of Investments Classified As Available for Sale	(195,866)	406,042
Total Comprehensive (Loss)/Income for the Year	<u>(12,014,236)</u>	<u>9,901,757</u>

The annexed notes 1 to 23 form an integral part of these financial statements.

786 Investments Limited.
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



**STATEMENT OF MOVEMENT IN UNIT HOLDER'S FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	30 June 2018				30 June 2017			
	Capital Value	Undistributed Income	Unrealised Gain on Investment	Total	Capital Value	Undistributed Income	Unrealised Gain on Investment	Total
	----- (Rupees) -----				----- (Rupees) -----			
Net Assets at the Beginning of the Year	88,289,543	14,335,378	406,042	103,030,963	78,944,857	8,970,904	-	87,915,761
Issue of 197,437 Units (2017: 232,140 Units)								
- Capital Value (At Net Asset Value per Unit								
At the Beginning of the Period	33,538,802	-	-	33,538,802				
- Element of Income	-	-	-	-				
Total Proceed on Issuance of Units	33,538,802	-	-	33,538,802	29,226,785	3,009	-	29,229,794
Redemption of 67,549 Units (2017: 159,184 Units)								
- Capital Value (At Net Asset Value per Unit								
At the Beginning of the Period	(18,402,345)	-	-	(18,402,345)				
- Element of Income	-	-	-	-				
Total Payments on Redemption of Units	(18,402,345)	-	-	(18,402,345)	(19,882,099)	(1,267,342)	-	(21,149,441)
Element of Loss and Capital Losses Included in Prices of Units Issued Less Those in Units Redeemed - Net	-	-	-	-	-	1,264,333	-	1,264,333
Total Comprehensive (Loss)/Income For the Year	-	(11,818,370)	(195,866)	(12,014,236)	-	9,495,715	406,042	9,901,757
Distribution During the Year								
Final Distribution at the Rate of Rupees 5.5124 Per Unit For the Year Ended 30 June 2017	-	-	-	-	-	(4,131,241)	-	(4,131,241)
Net Assets at End of the Year	103,426,000	2,517,008	210,176	106,153,184	88,289,543	14,335,378	406,042	103,030,963
Undistributed Income Brought Forward								
- Realised Gain		21,092,981				9,891,551		
- Unrealised Loss		(6,757,603)				(920,647)		
Accounting Income Available For Distribution		14,335,378				8,970,904		
- Relating To Capital Loss		(12,196,237)				-		
- Excluding Capital Gains		377,867				-		
Net Income For the Year After Taxation (For Prior Periods Either Income/(Loss) And Where There is Loss Situation in Current Year)		(11,818,370)				-		
Distribution During the Year		-				9,495,715		
Undistributed Income Carried Forward		2,517,008				(4,131,241)		
Undistributed Income Carried Forward						14,335,378		
- Realised		12,373,269				21,092,981		
- Unrealised Loss		(9,856,261)				(6,757,603)		
		2,517,008				14,335,378		
Net Assets Value per Unit at Beginning of the Year				132.63				124.90
Net Assets Value per Unit at End of the Year				117.07				132.63

The annexed notes 1 to 23 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director



**CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2018**

	2018	2017
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (Loss)/Income for the Year before Taxation	(11,818,370)	9,495,715
Adjustments for Non-Cash Charges and Other Items:		
Net Unrealised Diminution in Fair Value of Investments Classified As 'At Fair Value Through Profit Or Loss'	9,856,261	5,836,956
Provision for Sindh Workers' Welfare Fund	-	895,175
Net Element of Loss and Capital Losses Included in Prices of Units Issued Less Those in Units Redeemed	-	1,264,333
Reversal of Provision for Workers' Welfare Fund - Federal Withholding Taxes	-	(2,352,642)
	869,123	-
	(1,092,986)	15,139,537
Increase in Assets		
Receivable against Trading in Investments	(2,161,517)	-
Investments	(27,169,775)	(43,177,060)
Dividends and Other Receivable	218,281	(48,851)
Deposit	(2,500,000)	-
	(31,613,011)	(43,225,911)
Decrease in Liabilities		
Payable against Redemption of Units	-	(290,354)
Payable against Trading in Investments	(972,582)	(602,893)
Payable to 786 Investments Limited - Management Company	(174,914)	(531,501)
Payable to Central Depository Company of Pakistan Limited - Trustee	(44,889)	(1,659,246)
Payable to Securities and Exchange Commission of Pakistan - Annual Fee	(2,046)	25,943
Accrued Expenses and Other Liabilities	(179,209)	250,221
	(1,373,640)	(2,807,830)
Taxes Paid/Withheld By Counter Parties	(58,900)	(4,600,010)
Net Cash Used in Operating Activities	(34,138,537)	(35,494,214)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from Issuance of Units	33,538,802	45,000
Dividend Paid	-	(693,368)
Payments on Redemption of Units	(18,402,345)	(21,149,441)
Net Cash Generated From/(Used in) Financing Activities	15,136,457	(21,797,809)
Net Decrease in Cash and Cash Equivalents During the Year	(19,002,080)	(57,292,023)
Cash and Cash Equivalents at Beginning of the Year	33,608,003	90,900,026
Cash and Cash Equivalents at End of the Year	14,605,923	33,608,003

The annexed notes 1 to 23 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Dawood Islamic Fund ('the Fund') was established under the Non-Banking Finance Companies (Establishment and Regulations) Rules 2003 (the NBFC Rules). The Fund was established under a Trust Deed executed on 13 September 2006 between 786 Investments Limited as the Management Company and the Central Depository Company of Pakistan Limited (CDCPL) as Trustee. The Securities and Exchange Commission of Pakistan (SECP) approved the appointment of Trustee and granted license to the Management Company of the Fund to act as Asset Management Company. During the last year, the Management Company has changed its name to 786 Investments Limited with effect from 20 January 2017 after completing regulatory requirements. During the current period, the registered office of the Management Company was changed and is situated at G3, Ground floor, BRR Tower, Hassan Ali Street, I.I Chundrigarh Road, Karachi, Pakistan.
- 1.2 The Fund is an open-ended Islamic fund and is listed on the Pakistan Stock Exchange Limited (PSX). Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.3 The Fund is categorized as a "Shariah Compliant Asset Allocation Scheme" approved by the Board of Directors of the Management Company as per Circular 7 of 2009 issued by the SECP. The policy of the Fund is to invest in Shariah Compliant equity instruments and debt instruments with a minimum rating of "A-".

Titles to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

- 1.4 Regulation 54 Clause 3(a) of the NBFC Regulations, 2008 requires the minimum size of open end schemes to be Rupees 100 million at all times during the life of the scheme. As at 30 June 2018, size of the Fund is Rupees 106.153 million and certain connected persons/related parties of the Management Company hold up to 91% units of the Fund. Redemption of units of the Fund by any connected person/related party would result in size of the Fund reduced from the minimum required size of Rupees 100 million. Management Company has obtained letter of support from connected persons/related parties to hold their investments unless the potential risk of non-compliance with the requirement of the NBFC Regulations, 2008 is not eliminated.
- 1.5 The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM3' to the Management Company and has assigned performance ranking of "3 star" to the Fund.
- 1.6 In continuation of onsite inspection carried out last year, SECP conducted offsite examination of the Management Company and Funds under its management during the current year. Based on the inspection and examination SECP highlighted various non-compliances with NBFC Rules and NBFC Regulations in its letters to the Management Company dated 12 April 2018 and 18 July 2018. These non-compliances mainly pertain to financial management systems, compliance and risk management system, updating of policies and procedures, fund management and internal controls and procedures. The Management Company vide its letters to SECP dated 4 May 2018 and 31 July 2018 ensured that most of the non-compliances have been complied whereas for rest of the non-compliances, the Management Company is fully committed to ensure compliance with such rules and regulations in due course.
- 1.7 PSX vide its letter number no. PSX/N C-848-2945 dated 27 June 2018 considered Management Company request for shifting name of the Management Company from Defaulters' Segment to Normal Counter and resumption of trading in shares of the Management Company on fulfillment of full and final payment against outstanding dues and other conditions.
- The Management Company paid the dues of PSX on 28 June 2018 and fulfilled other conditions subsequently on 23 July 2018. On fulfillment of the conditions, PSX through its notice dated 30 August 2018 announced the shifting of name of the Management Company to Normal Counter and resumption of trading in shares of the Management Company from 03 September 2018.
- 1.8 The Management Company applied for renewal of its license to undertake Asset Management Services and Investment Advisory Services which was approved by the SECP on 19 October 2017 and accordingly issued license no. AMCW/13/786IL/AMS/08/2017 and AMCW/14/786IL/IA/06/2017 to carry out Asset Management Services and Investment Advisory Services respectively.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the 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 requirements of the Trust Deed differ from the requirements of IFRS, 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 requirements of the Trust Deed have been followed.



2.2 Amendments to the Approved Accounting Standards and Interpretations that are Effective for the Year Ended 30 June 2018

There are certain amendments to the approved accounting standards that are mandatory for the Fund's annual accounting period beginning on 1 July 2017. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

2.3 New Accounting Standards, Amendments to Existing Standards, IFRS Interpretations and Forthcoming Changes that are Not Yet Effective.

The following standards, amendments and interpretations with respect to approved accounting standards would be effective from the date mentioned below against the respective standards, amendments and interpretations.

a) IFRS 15 Revenue from Contracts with Customers - Effective Date: 1 July 2018

The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (e.g. 1 July 2018), i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. The Fund has yet to assess the full impact of this standard on its financial statements.

b) IFRS 9 Financial Instruments - Effective Date: 1 July 2018

IFRS 9 'Financial Instruments' was issued on 24 July 2017. This standard is adopted locally by the Securities and Exchange Commission of Pakistan and is effective from accounting periods beginning on or after 1 July 2018. The final version of IFRS 9 brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 'Financial Instruments: Recognition and Measurement'.

Key requirements of IFRS 9 are as follows:

Classification and Measurement of Financial Assets

- All recognized financial asset that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value.
- Debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods.
- Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are generally measured at fair value through Other Comprehensive Income.
- All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods.
- In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading nor contingent consideration recognized by an acquirer in a business combination) in other comprehensive income, with only dividend income generally recognized in profit or loss.

Classification and Measurement of Financial Liabilities

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires as follows;

- The amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.
- Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

Impairment of Financial Assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

SECP through its SCD/AMCW/RS/MUFAP/2017-148 dated 21 November 2017 have deferred the applicability of above provision requirements in relation to debt securities for mutual funds.

Impact Assessment

Based on the analysis of Fund's financial assets and liabilities as at 30 June 2018 and also considering facts and circumstances that exists at that date, the Management Company have assessed the impact of IFRS 9 on the financial statements as follows:



IFRS 9 contains three principal classification categories for financial assets; measured at amortized cost, Fair Value through Other Comprehensive Income (FVOCI) and Fair Value through Profit and Loss account (FVTPL). The standard eliminates the existing IAS 39: Financial Instruments: Recognition and Measurement of Financial assets and Financial liabilities (IAS 39) categories of held-to-maturity, loans and receivables and available-for-sale.

The Fund does not expect the new guidance to affect the classification and measurement of its financial assets. Further, there will be no impact on the Fund's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Fund does not have any such liabilities.

c) IAS 12 Income Taxes - Effective Date: 1 January 2019

This amendment as part of the annual improvement 2015-2017 cycle, clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognised consistently with the transactions that generated the distributable profits – i.e. in profit or loss, other comprehensive income or equity. The amendments are not likely to have material impact on the Funds financial statements.

d) IFRIC 23 Uncertainty Over Income Tax Treatment - Effective Date: 1 January 2019

The interpretation clarifies the accounting for income tax when there is uncertainty over income tax treatment under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The amendments are not expected to have material impact on the Funds financial statements.

2.4 Basis of Measurement

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

2.5 Functional and Presentation Currency

This financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Fund and figures are rounded off to the nearest rupees.

2.6 Critical Accounting Estimates and Judgments

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of its revision and future periods if the revision affects both current and future periods. In particular, information about assumption and estimation uncertainties that have a significant risk of resulting in material adjustment within the next financial year as well as critical judgment in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

Investments Stated at Fair Value and Derivative Financial Instruments

The Management Company has determined fair value of listed equity securities, term finance certificates and sukuk certificates by using quotations from Pakistan Stock Exchange Limited and Mutual Funds Association of Pakistan respectively. Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matter of judgments (e.g. valuation, interest rates, etc.) and therefore, can not be determined with precision.

Other Assets

Judgment is also involved in assessing the realization of the assets' balances.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except stated in note 3.4.

3.1 Financial Instruments

The Fund classifies its financial instruments in the following categories:

a) Financial Instruments as 'at Fair Value through Profit or Loss'

An instrument is classified as 'at fair value through profit or loss' if it is held-for-trading or is designated at fair value through profit or loss at inception. Financial instruments are designated as 'at fair value through profit or loss' if the Fund manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Fund's documented risk management or investment strategy. Financial assets which are acquired principally for the purpose of generating profit from short term price fluctuation or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held for trading or a derivative. Financial instruments as 'at fair value through profit or loss' are measured at fair value and changes therein are recognised in the Income Statement.



All derivatives in a net receivable position (positive fair value), are reported as financial assets held for trading. All derivatives in a net payable position (negative fair value), are reported as financial liabilities held for trading.

b) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified by the Fund as 'at fair value through profit or loss' or 'available for sale'.

c) Available-for-Sale

'Available for sale' financial assets are non-derivative that are either designated in this category or not classified in any other category.

d) Financial Liabilities

Financial liabilities, other than those as 'at fair value through profit or loss', are measured at amortized cost using the effective yield method.

e) Regular way Contracts

Regular purchases and sale of financial assets are recognized on the trade dates - the date on which the Fund commits to purchase or sell the asset.

Recognition

The Fund recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instruments.

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention such as 'T+2' purchases and sales are recognised at the trade date. Trade date is the date on which the Fund commits to purchase or sell the financial assets.

Measurement

Financial instruments are measured initially at fair value (transaction price) plus, in case of a financial instrument not as 'at fair value through profit or loss', transaction costs that are directly attributable to the acquisition or issue of the financial instruments. Transaction costs on financial instruments 'at fair value through profit or loss' are expensed out immediately.

Subsequent to initial recognition, financial instruments classified as 'at fair value through profit or loss' and 'available for sale' are measured at fair value. Gains or losses arising from changes in the fair value of the financial assets as 'at fair value through profit or loss' are recognised in the Income Statement. The changes in the fair value of financial instruments classified as 'available-for-sale' are recognised in other comprehensive income until derecognised or impaired, when the accumulated adjustments recognised in other comprehensive income are transferred to Income Statement.

Financial assets classified as loan and receivables' are carried at amortised cost using the effective yield method, less impairment losses, if any.

Financial liabilities, other than those 'at fair value through profit or loss', are measured at amortised cost using the effective yield method.

Fair Value Measurement Principles

The fair value of financial instrument is determined as follows:

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 MUFAP in accordance with criteria laid down in Circular No.1 of 2009 and Circular No.33 of 2012 issued by the 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 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.

Provisions are recognised when there is objective evidence that a financial asset or group of financial assets are non-performing, in accordance with the circular and subsequent clarification thereon. Additional provision may be recognised when there is objective evidence of the continuity of non-performing. Further the reversal of provisions is also made in accordance with the said circulars and subsequent clarifications.

Basis of Valuation of Quoted Equity Securities

The fair value of shares of listed companies, derivatives and financial instruments sold on deferred settlement basis is based on their price quoted on the Pakistan Stock Exchange at the reporting date without any deduction for estimated future selling costs. Financial assets and financial liabilities are priced at their fair value.

Impairment

Financial assets not carried 'at fair value through profit or loss' are reviewed at each balance sheet date to determine whether there is any indication of impairment. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of asset and that loss events had an impact on the future cash flows of that asset that can be estimated reliably.



An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. In case of an investment in an equity security, a significant or prolong decline in fair value below its cost is objective evidence of impairment.

Impairment losses are recognised in Income Statement. Any subsequent decrease in impairment loss on debt securities classified as available-for-sale is recognised in Income Statement. However, any subsequent recovery in the fair value of an impaired available for sale equity security is recognised in other comprehensive income.

If, an event occurring after the impairment was recognised causes the amount of impairment to decrease then the decrease in impairment loss is reversed through the Income Statement except for reversal of equity investment classified as 'available for sale'.

Provisions are recognised when there is objective evidence that a financial asset or group of financial assets are non-performing, in accordance with the criteria laid down by the SECP in Circular No. 1 of 2009, Circular No. 33 of 2012, Circular No. 35 of 2012 and subsequent clarifications thereon. As allowed by SECP, management may also make provision over and above the minimum provision requirement prescribed in the aforesaid circulars. Further the reversal of provisions is also made in accordance with the said circulars and subsequent clarifications.

The Board of Directors of the Management Company has formulated a comprehensive policy for making provision against non-performing investments in compliance with applicable Circular issued by the SECP.

Derecognition

The Fund derecognises a financial asset when the contractual right to the cash flows from the financial assets expires or it transfers the right to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred or in which the Fund neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control of the financial asset.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Offsetting of Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Assets and Liabilities when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or winding up of the Fund or the counterparties.

3.2 Unit Holders' Fund

Unit holders' fund representing the units issued by the Fund, is carried at the net asset value representing the investors' right to a residual interest in the Fund assets.

3.3 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 day. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable. The sales load is payable to the investment facilitators, distributors and the Management Company.

Units redeemed are recorded at the redemption price, applicable on units for which the distributors receive redemption applications during business hours on 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, charges on redemption and any provision for transaction costs, if applicable.

3.4 Element of Income/(Loss) and Capital Gains/(Losses) Included in Prices of Units Issued Less Those in Units Redeemed

The Fund has followed the requirements of SRO 756 (I) 2017 dated 3 August 2017 read with NBFC regulations, 2008 in the preparation of these financial statements as follows:

- element of income has been determined as the difference between net assets value on the issuance or redemption date, as the case maybe, of units and the net asset value at the beginning of the accounting period;
- presented distributable income in statement of movement In unitholders' fund ; and
- presented allocation of net income available for distribution relating to capital gains and excluding capital gains in statement of movement In unitholders' fund.



3.4.1 The Securities and Exchange Commission of Pakistan through its SRO 756(I)/2017 dated 3 August 2017 has made certain amendments in the NBFC Regulations. The notification includes a definition and explanation relating to "element of income" and excludes the element of income from the expression "accounting income" as described in Regulation 63 (amount distributable to unit holders) of the NBFC Regulations. As per the notification, 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 revised regulations also specify that element of income is a transaction of capital nature and the receipt and payment of element of income shall be 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 will be refunded on units in the same proportion as dividend bears to accounting income available for distribution. Furthermore, the revised regulations also require certain additional disclosures with respect to 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', whereas disclosure with respect to 'Distribution Statement' has been deleted in the revised regulations.

Previously, an equalisation account called the 'element of income/(loss) and capital gains/(losses) included in prices of units issued less those in units redeemed' was created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption. The net element of income/(loss) and capital gains/(losses) relating to units issued and redeemed during the accounting period which pertained to unrealised appreciation/(diminution) held in the Unit Holder's Fund was recorded in a separate account and any amount remaining in this reserve account at the end of the accounting period (whether gain or loss) was included in the amount available for distribution to the unit holders. The remaining portion of the net element of income/(loss) and capital gains/(losses) relating to units issued and redeemed during an accounting period was recognised in the Income Statement.

As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosures requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', prospectively from 1 July 2017, based on the clarification issued by the SECP. Accordingly, corresponding figures have not been restated. The 'Distribution Statement' for the comparative period has not been presented as it has been deleted as a result of the amendments made in the NBFC Regulations the aforementioned SRO issued by the SECP.

Had the element of income been recognised as per the previous accounting policy, there would be no impact on the income of the Fund as no element of income has been generated during the current year. Further, the change in accounting policy does not have any impact on the 'Cash flow Statement', the 'net assets attributable to the unit holders' and 'net asset value per unit' as shown in the 'Statement of Assets and Liabilities' and 'Statement of Movement in Unit Holders' Fund'. The change has resulted in inclusion of certain additional disclosures/new presentation requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund which have been incorporated in these statements.

3.5 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 obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

3.6 Net Assets Value per Unit

The net assets value per unit as disclosed on 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.

3.7 Taxation

Current

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 of that year, as reduced by capital gains whether realized or unrealized is distributed amongst the unit holders of collective investment scheme.

Deferred

The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and amounts used for taxation purposes. In addition, the Fund also records deferred tax assets on unutilized tax losses to the extent that these will be available for set off against future taxable profits.

However, the Fund has not recognised any amount in respect of deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the year, as reduced by capital gains whether realized or unrealized is distributed to its unit holders every year.



3.8 Income Recognition

- a) Gains/(losses) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.
- b) Income on sukuk certificates, term deposit receipts and government securities is recognised on a time proportionate basis using effective yield method, except for the securities which are classified as non-performing asset under Circular No. 33 of 2012 issued by the SECP for which the profits are recorded on cash basis.
- c) Unrealised gains/(losses) arising on valuation of investments classified as fair value through profit or loss' and derivatives are included in the Income Statement in the period in which they arise.
- d) Unrealised gains/(losses) arising on valuation of investments classified as 'available for sale' are included in the Income Statement in the period in which they arise.
- e) Dividend income is recognised when the right to receive the dividend is established.
- f) Profit on saving accounts is recognised on time proportion basis using effective interest rate method.

3.9 Expenses

All expenses including Management fee, Trustee fee and Securities Exchange Commission of Pakistan fee are recognised in the Income Statement on accrual basis.

3.10 Cash and Cash Equivalents

Cash and cash equivalents comprise of deposits and current accounts maintained with banks. Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

3.11 Other Assets

Other assets are stated at cost less impairment losses, if any.

3.12 Dividend Distributions and Appropriations

Dividend distributions and appropriations are recorded in the period in which the distributions and appropriations are approved.

4 BANK BALANCES

Balances with Bank	Note	2018 Rupees	2017 Rupees
- Current Account		1,152,689	1,486,218
- Savings Accounts	4.1	13,453,234	32,121,785
		14,605,923	33,608,003

4.1 Profit rates on saving accounts range from 1.73% to 6.5% (30 June 2017: 4.5% to 5%) per annum.

5 INVESTMENTS

At Fair Value through Profit or Loss - Held for Trading

Listed Equity Securities	5.1	64,381,195	56,331,681
Available-for-Sale			
Listed Debt Securities - Sukuk Certificates	5.2	2,617,216	3,460,792
Unlisted Debt Securities - Sukuk Certificates	5.3	15,168,960	5,257,250
		17,786,176	8,718,042
		82,167,371	65,049,723



5.1 Listed Equity Securities - at Fair Value through Profit and Loss' - Held for Trading

Shares of listed companies are fully paid ordinary shares of Rs. 10 each unless stated otherwise.

Name of the Investee Company	Number of Shares				Balance as at 30 June 2018			Market Value		
	As at 1 July 2017	Purchased During the Year	Bonus/ Right Issued	Sold During the Year	As at 30 June 2018	Carrying Value	Market Value	Appreciation/(Diminution)	As a Percentage of Total Investments	As a Percentage of Net Assets
(Rupees)										
REAL ESTATE INVESTMENT AND										
Dolmen City REIT	-	50,000	-	-	50,000	549,700	645,000	95,300	0.78%	0.61%
									0.78%	
CEMENT										
Fauji Cement Company Limited	35,000	44,000	-	10,000	69,000	2,168,675	1,576,650	(592,025)	1.92%	1.49%
Lucky Cement Limited	5,000	18,400	-	7,500	15,900	9,818,140	8,076,087	(1,742,053)	9.83%	7.61%
Maple Leaf Cement Factory Limited	-	20,500	-	16,000	4,500	288,962	228,330	(60,632)	0.28%	0.22%
Power Cement Limited	65,544	30,000	-	49,500	46,044	572,073	384,467	(187,606)	0.47%	0.36%
Bestway Cement Limited	10,000	-	-	-	10,000	2,191,200	1,309,900	(881,300)	1.59%	1.23%
Pioneer Cement Limited	-	21,000	-	16,000	5,000	262,485	234,300	(28,185)	0.29%	0.22%
									14.37%	
REFINERY										
Attock Refinery Limited	5,000	27,200	-	29,000	3,200	1,054,892	688,992	(365,900)	0.84%	0.65%
National Refinery Limited	-	1,500	-	1,500	-	-	-	-	-	-
									0.84%	
POWER GENERATION AND DISTRIBUTION										
Hub Power Company Limited	25,000	2,000	-	-	27,000	3,126,305	2,488,320	(637,985)	3.03%	2.34%
K-Electric Limited*	237,500	-	-	25,000	212,500	1,466,250	1,207,000	(259,250)	1.47%	1.14%
									4.50%	
OIL AND GAS MARKETING COMPANIES										
Sui Southern Gas Company Limited	-	50,000	-	35,000	15,000	582,017	492,300	(89,717)	0.60%	0.46%
Hascol Petroleum Limited	1,500	12,100	-	7,900	5,700	1,548,061	1,788,432	240,371	2.18%	1.68%
Sui Northern Gas Pipelines Limited	25,000	233,500	-	225,500	33,000	3,899,593	3,307,260	(592,333)	4.03%	3.12%
									6.80%	
OIL AND GAS EXPLORATION COMPANIES										
Oil and Gas Development Company Limited	20,000	18,900	-	12,000	26,900	4,166,415	4,186,178	19,763	5.09%	3.94%
Pakistan Oil Field Limited	2,500	10,750	-	6,500	6,750	4,072,371	4,534,583	462,212	5.52%	4.27%
Pakistan Petroleum Limited	-	10,000	-	2,700	7,300	1,491,407	1,568,770	77,363	1.91%	1.48%
									12.52%	
AUTOMOBILE PARTS AND ACCESSORIES										
The General Tyre and Rubber Company of Pakistan Limited	2,500	13,800	-	6,300	10,000	2,062,349	1,662,000	(400,349)	2.02%	1.57%
									2.02%	
ENGINEERING										
Amreli Steels Limited	5,000	13,500	-	2,500	16,000	1,408,340	1,128,800	(279,540)	1.37%	1.06%
Crescent Steels and Allied Products Limited	2,000	1,500	-	-	3,500	656,765	319,095	(337,670)	0.39%	0.30%
International Industries Limited	-	7,700	-	-	7,700	1,853,564	1,788,633	(64,931)	2.18%	1.68%
International Steel Limited	-	17,600	-	1,500	16,100	1,938,234	1,637,370	(300,864)	1.99%	1.54%
Mughal Iron and Steel Industries Limited	30,000	13,500	-	17,500	26,000	2,018,447	1,596,920	(421,527)	1.94%	1.50%
									7.88%	
AUTOMOBILE ASSEMBLER										
Al-Ghazi Tractors Limited**	1,000	-	-	1,000	-	-	-	-	-	-
Ghandhara Nissan Limited	-	4,500	-	3,200	1,300	268,484	233,571	(34,913)	0.28%	0.22%
Ghandhara Nissan Limited - R	-	2,320	-	-	2,320	373,383	416,834	43,451	0.51%	0.39%
Honda Atlas Cars Pakistan Limited	-	800	-	800	-	-	-	-	-	-
									0.79%	
SYNTHETIC & RAYON										
Tri-star Ployester Ltd	-	5,000	-	-	5,000	101,200	83,050	(18,150)	0.10%	0.08%
									0.10%	
CABLE AND ELECTRICAL GOODS										
Pak Electron Limited	-	93,500	-	48,500	45,000	2,456,234	1,595,700	(860,534)	1.94%	1.50%
Pakistan Cables Limited	500	1,000	-	800	700	201,017	130,865	(70,152)	0.16%	0.12%
Pakistan Cables Limited - R	-	175	-	-	175	28,000	7,271	(20,729)	0.01%	0.01%
									2.11%	
FERTILIZER										
Engro Fertilizers Limited	20,000	-	-	20,000	-	-	-	-	-	-
Engro Corporation Limited	12,500	6,900	-	3,600	15,800	5,001,283	4,958,988	(42,295)	6.04%	4.67%
									6.04%	

15



Name of the Investee Company	Number of Shares					Balance as at 30 June 2018			Market Value	
	As at 1 July 2017	Purchased During the Year	Bonus/ Right Issued	Sold During the Year	As at 30 June 2018	Carrying Value	Market Value	Appreciation/(Diminution)	As a Percentage of Total Investments	As a Percentage of Net Assets
PHARMACEUTICALS										
GlaxoSmith Kline Pakistan Limited	38,200	-	-	1,800	36,400	7,167,888	6,042,400	(1,125,488)	7.35%	5.69%
GlaxoSmithKline Consumer Healthcare Pakistan Limited***	2,760	700	-	1,700	1,760	473,660	712,888	239,228	0.87%	0.67%
The Searle Company Limited	3,000	14,200	1,000	1,800	16,400	5,810,305	5,567,800	(242,505)	6.78%	5.25%
									15.00%	
CHEMICAL										
Archroma Pakistan Limited	5,000	-	-	-	5,000	3,563,950	2,525,000	(1,038,950)	3.07%	2.38%
Ghani Gases Limited	-	20,500	-	-	20,500	470,475	330,460	(140,015)	0.40%	0.31%
Pakistan oxygen Limited (Linde Pakistan Ltd)	4,000	1,000	-	3,930	1,070	264,093	256,800	(7,293)	0.31%	0.24%
Lotte Chemical Pakistan Limited	25,000	50,000	-	48,500	26,500	240,657	316,940	76,283	0.39%	0.30%
									4.17%	
LEATHER AND TANNERIES										
Service Industries Limited	4,000	-	-	3,550	450	620,582	353,241	(267,341)	0.43%	0.33%
									0.43%	
FOOD AND PERSONAL CARE PRODUCTS										
Al- Shaheer Corporation Limited	25,000	-	-	25,000	-	-	-	-	-	-
Engro Foods Limited	5,000	6,000	-	11,000	-	-	-	-	-	-
Fauji Foods Limited	-	40,000	-	40,000	-	-	-	-	-	-
Treet Corporation Limited	10,000	-	-	10,000	-	-	-	-	-	-
									-	-
TECHNOLOGY AND COMMUNICATION										
NetSol Technologies Ltd	-	2,500	-	2,500	-	-	-	-	-	-
									-	-
Total as at 30 June 2018						74,237,456	64,381,195	(9,856,261)		

* These have a face value of Rs. 3.5 per share.

** These have a face value of Rs. 5 per share.

*** These are equity securities which are not appearing in the KMI All Islamic Share Index of Pakistan Stock Exchange Limited. Further, the shares of GlaxoSmithKline Consumer Healthcare Pakistan Limited were not actually purchased by the Fund but were received as a result of demerger of the said investee from GlaxoSmith Kline Pakistan Limited.

Listed Equity Securities - at Fair Value through Profit and Loss' - Held for Trading

Shares of listed companies are fully paid ordinary shares of Rupees. 10 each unless stated otherwise.

Name of the Investee Company	Number of Shares					Balance as at 30 June 2017			Market Value	
	As at 1 July 2016	Purchased During the Year	Bonus/ Right Issued	Sold During the Year	As at 30 June 2017	Carrying Value	Market Value	Appreciation/(Diminution)	As a Percentage of Total Investments	As a Percentage of Net Assets
TEXTILE COMPOSITE										
Nishat Mills Limited	5,000	141,000	-	146,000	-	-	-	-	-	-
ENGINEERING										
Amreli Steels Limited	-	40,000	-	35,000	5,000	482,275	614,750	132,475	0.95%	0.60%
Crescent Steels and Allied Products Limited	10,000	26,000	-	34,000	2,000	444,076	477,140	33,064	0.73%	0.46%
International Industries Limited	-	10,000	-	10,000	-	-	-	-	-	-
Mughal Iron and Steel Industries Limited	15,000	72,500	-	57,500	30,000	2,112,000	2,421,900	309,900	3.72%	2.35%
Mughal Iron & Steel Industries Limited - R	-	30,000	-	30,000	-	-	-	-	-	-
									5.40%	
CABLE AND ELECTRICAL GOODS										
Pak Electron Limited	20,000	120,000	-	140,000	-	-	-	-	-	-
Pakistan Cables Limited	-	1,500	-	1,000	500	185,038	160,000	(25,038)	0.25%	0.16%
									0.25%	
FERTILIZER										
Engro Fertilizers Limited	-	30,000	-	10,000	20,000	1,365,550	1,104,800	(260,750)	1.70%	1.07%
Engro Corporation Limited	-	45,100	-	32,600	12,500	4,621,178	4,073,875	(547,303)	6.26%	3.95%
									7.96%	
PHARMACEUTICALS										
GlaxoSmith Kline Pakistan Limited	30,700	13,500	-	6,000	38,200	8,121,281	7,522,344	(598,937)	11.56%	7.30%
GlaxoSmithKline Consumer Healthcare Pakistan Limited	2,760	-	-	-	2,760	-	576,868	576,868	0.89%	0.56%
The Searle Company Limited	2,500	15,000	500	15,000	3,000	1,854,935	1,535,940	(318,995)	2.36%	1.49%
Hignoon Laboratories Limited	-	1,500	-	1,500	-	-	-	-	-	-
									14.81%	
CHEMICAL										
I.C.I. Pakistan Limited	5,000	5,000	-	10,000	-	-	-	-	-	-
Archroma Pakistan Limited	-	5,000	-	-	5,000	3,882,133	3,563,950	(318,183)	5.48%	3.46%
Linde Pakistan Limited	-	6,200	-	2,200	4,000	1,240,140	964,080	(276,060)	1.48%	0.94%
Lotte Chemical Pakistan Limited	-	70,000	-	45,000	25,000	271,960	246,250	(25,710)	0.38%	0.24%
									7.34%	



Name of the Investee Company	Number of Shares					Balance as at 30 June 2017			Market Value	
	As at 1 July 2016	Purchased During the Year	Bonus/ Right Issued	Sold During the Year	As at 30 June 2017	Carrying Value	Market Value	Appreciation/(Diminution)	As a Percentage of Total Investments	As a Percentage of Net Assets
						----- (Rupees) -----				
GLASS AND CERAMICS										
Ghani Global Glass Limited	-	37,500	-	37,500	-	-	-	-	-	-
Ghani Glass Limited	-	12,500	-	12,500	-	-	-	-	-	-
FOOD AND PERSONAL CARE PRODUCTS										
Al- Shaheer Corporation Limited	-	35,000	-	10,000	25,000	1,238,725	1,002,750	(235,975)	1.54%	0.97%
Engro Foods Limited	-	22,500	-	17,500	5,000	650,250	607,450	(42,800)	0.93%	0.59%
Treet Corporation Limited	-	45,000	-	35,000	10,000	762,333	568,800	(193,533)	0.87%	0.55%
OIL AND GAS MARKETING COMPANIES										
Attock Petroleum Limited	-	3,500	-	3,500	-	-	-	-	3.35%	-
Sui Southern Gas Company Limited	-	306,000	-	306,000	-	-	-	-	-	-
Hasecol Petroleum Limited	-	18,000	-	16,500	1,500	532,203	511,650	(20,553)	0.79%	0.50%
Shell Pakistan Limited	-	17,000	-	17,000	-	-	-	-	-	-
Sui Northern Gas Pipelines Limited	-	323,500	-	298,500	25,000	3,866,875	3,723,000	(143,875)	5.72%	3.61%
									6.51%	
OIL AND GAS EXPLORATION COMPANIES										
Oil and Gas Development Company Limited	-	25,000	-	5,000	20,000	3,521,120	2,813,800	(707,320)	4.33%	2.73%
Pakistan Oil Field Limited	-	7,500	-	5,000	2,500	1,190,714	1,145,375	(45,339)	1.76%	1.11%
Pakistan Petroleum Limited	-	20,000	-	20,000	-	-	-	-	-	-
									6.09%	
REFINERY										
Attock Refinery Limited	5,000	60,000	-	60,000	5,000	2,092,500	1,912,900	(179,600)	2.94%	1.86%
Byco Petroleum Pakistan Limited	35,000	70,000	-	105,000	-	-	-	-	-	-
National Refinery Limited	-	7,000	-	7,000	-	-	-	-	-	-
Pakistan Refinery Limited	10,000	-	-	10,000	-	-	-	-	-	-
									2.94%	
AUTOMOBILE PARTS AND ACCESSORIES										
The General Tyre and Rubber Company of Pakistan Limited	2,500	19,000	-	19,000	2,500	701,890	758,750	56,860	1.17%	0.74%
									1.17%	
POWER GENERATION AND DISTRIBUTION										
Hub Power Company Limited	-	27,500	-	2,500	25,000	3,427,738	2,935,750	(491,988)	4.51%	2.85%
Kot Addu Power Company Limited	-	20,000	-	20,000	-	-	-	-	-	-
K-Electric Limited	450,000	212,500	-	425,000	237,500	2,112,370	1,638,750	(473,620)	2.52%	1.59%
Nishat (Chunian) Limited	-	10,000	-	10,000	-	-	-	-	-	-
Kot Addu Power Company Limited	-	20,000	-	20,000	-	-	-	-	-	-
									7.03%	
CEMENT										
Fauji Cement Company Limited	50,000	60,000	-	75,000	35,000	1,640,000	1,436,050	(203,950)	2.21%	1.39%
Lucky Cement Limited	-	15,000	-	10,000	5,000	4,584,532	4,181,300	(403,232)	6.43%	4.06%
Power Cement Limited	-	195,544	-	130,000	65,544	823,888	876,979	53,091	1.35%	0.85%
Bestway Cement Limited	-	35,000	-	25,000	10,000	2,836,750	2,191,200	(645,550)	3.37%	2.13%
D.G Khan Cement Company Limited	-	67,500	-	67,500	-	-	-	-	-	-
Fecto Cement Limited	-	1,000	-	1,000	-	-	-	-	-	-
Cherat Cement Company Limited	-	12,500	-	12,500	-	-	-	-	-	-
Dewan Cement Limited	-	180,000	-	150,000	30,000	1,076,656	605,400	(471,256)	0.93%	0.59%
									14.28%	
LEATHER AND TANNERIES										
Service Industries Limited	-	4,500	-	500	4,000	5,886,660	5,516,000	(370,660)	8.48%	5.35%
									8.48%	
AUTOMOBILE ASSEMBLER										
Al-Ghazi Tractors Limited	-	8,500	-	7,500	1,000	642,867	643,880	1,013	0.99%	0.62%
Ghandhara Industries Limited	-	2,500	-	2,500	-	-	-	-	-	-
Ghandhara Nissan Limited	-	48,000	-	48,000	-	-	-	-	-	-
Honda Atlas Cars Pakistan Limited	-	7,000	-	7,000	-	-	-	-	-	-
Millat Tractors Limited	-	1,500	-	1,500	-	-	-	-	-	-
Pak Suzuki Motor Company Limited	-	5,500	-	5,500	-	-	-	-	-	-
									0.99%	
WOOLLEN										
Bannu Woollen Mills Limited	-	10,000	-	10,000	-	-	-	-	-	-
TRANSPORT										
Pakistan National Shipping Corporation	-	2,500	-	2,500	-	-	-	-	-	-
TECHNOLOGY AND COMMUNICATION										
Avanceon Limited	-	25,000	-	25,000	-	-	-	-	-	-
Pakistan Telecommunication Company Limited	-	100,000	-	100,000	-	-	-	-	-	-
Total as at 30 June 2017						62,168,637	56,331,681	(5,836,956)		

* These have a face value of Rs. 3.5 per share.

** These have a face value of Rs. 5 per share.

***GlaxoSmithkline Consumer Healthcare Pakistan Limited 15,000 shares have been pledged against exposure margin and MTM losses by Central Depository Company of Pakistan Limited.



5.2 Listed Debt Securities - Sukuk Certificates - Available-for-Sale

Certificates have a Face Value of Rupees, 5,000 Each

Name of the Investee Company	Note	Number of Certificates				Balance as at 30 June 2018			Market Value	
		As at 1 July 2017	Purchased During the Year	Sold/Matured/Settled During the Year	As at 30 June 2018	Carrying Value/Carrying Cost	Market Value	Diminution	As a Percentage of Total Investment	As a Percentage of Net Assets
		Units				Rupees				
Chemicals										
Fatima Fertilizer Company Limited	5.2.1	736	-	-	736	2,724,792	2,617,216	(107,576)	3.19%	2.47%
Total as at 30 June 2018						2,724,792	2,617,216	(107,576)		
Name of the Investee Company		Number of Certificates				Balance as at 30 June 2017			Market Value	
		As at 1 July 2016	Purchased During the Year	Sold/Matured/Settled During the Year	As at 30 June 2017	Carrying Value/Carrying Cost	Market Value	Appreciation	As a Percentage of Total Investment	As a Percentage of Net Assets
		Units				Rupees				
Chemicals										
Fatima Fertilizer Company Limited		-	736	-	736	3,312,000	3,460,792	148,792	5.32%	3.36%
Total as at 30 June 2017						3,312,000	3,460,792	148,792		

5.2.1 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.

5.3 Unlisted Debt Securities - Sukuk Certificates - Available-for-Sale

Certificates have a face value of Rupees, 5,000 each unless stated otherwise.

Name of the Investee Company	Note	Number of Certificates				Balance as at 30 June 2018			Market Value	
		As at 1 July 2017	Purchased During the Year	Sold/Matured/Settled During the Year	As at 30 June 2018	Carrying Value	Market Value	Appreciation/ (Diminution)	As a Percentage of Total Investment	As a Percentage of Net Assets
		Units				Rupees				
Cable and Electrical Goods										
New Allied Electronics Industries* (Private) Limited	5.3.1	1,000	-	-	1,000	5,027,500	-	-	-	-
TPL Corporation Limited**	5.3.2	5	-	-	5	5,257,250	5,162,500	(94,750)	6.28%	4.86%
Fertilizers										
Dawood Hercules Corporation Limited***	5.3.3	-	100	-	100	10,000,000	10,006,460	6,460	12.18%	9.43%
Total as at 30 June 2018						20,284,750	15,168,960	(88,290)		
Name of the Investee Company		Number of Certificates				Balance as at 30 June 2017			Market Value	
		As at 1 July 2016	Purchased During the Year	Sold/Matured/Settled During the Year	As at 30 June 2017	Carrying Value/Carrying Cost	Market Value	Appreciation/ (Diminution)	As a Percentage of Total Investment	As a Percentage of Net Assets
		Units				Rupees				
Household Goods										
Pak Elektron Limited		8,000	-	8,000	-	-	-	-	-	-
Cable and Electrical Goods										
New Allied Electronics Industries* (Private) Limited		1,000	-	-	1,000	5,027,500	-	-	-	-
TPL Corporation Limited**		5	-	-	5	5,000,000	5,257,250	257,250	8.08%	5.10%
Total as at 30 June 2017						10,027,500	5,257,250	257,250		

*These TFCs certificates are non performing and are fully provided (note: 5.1.2), therefore these are not subject to mark to market.

** These have a face value of Rs. 1,000,000 per certificate.

*** These have a face value of Rs. 1,00,000 per certificate.

5.3.1 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.

5.3.2 These 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 instalments of Rupees 0.25 million per certificate each commencing from October 2019. These Sukuk certificates are secured by hypothecation charge over the hypothecated assets of Rupees 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.

5.3.3 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 (2) 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.



5.4 Details of Non-Compliant Investment with the Investment Criteria as Specified by Securities and Exchange Commission of Pakistan

5.4.1 In accordance with Clause (v) of the investment criteria laid down for "Shariah Compliant Asset Allocation Scheme" in Circular no. 7 of 2009 issued by the SECP, the Fund is required to invest in any security having rating not lower than 'A'. However, as at 30 June 2018, the Fund is non-compliant with the above mentioned requirement in respect of the following investments. The securities were in compliance of the Circular (i.e. investment grade) at the time of purchase and were subsequently downgraded to non investment grade by MUFAP on default by respective issuer in repayment of coupon due on respective dates. The Fund holds 100% provision against such investment as enumerated below:

Name of Non-Compliant Investment	Type of Investment	Value of Investment Before Provision	Provision Held	Value of Investment after Provision	Percentage of Net Assets	Percentage of Gross Assets
		(Rupees)			%	%
New Allied Electronics Industries (Private) Limited	Sukuk	5,027,500	5,027,500	-	-	-

5.5 Unrealised Appreciation in Fair Value of Investments Classified as 'Available for Sale'

	2018 Rupees	2017 Rupees
Fair Value of Investments	17,786,176	8,718,042
Cost of Investment	(17,576,000)	(8,312,000)
	210,176	406,042
Net Unrealised Appreciation in the Fair Value of Investments at the Beginning of the Period	(406,042)	-
	(195,866)	406,042

6 DIVIDENDS AND OTHER RECEIVABLE

Dividend Income Receivable	-	246,000
Accrued Profit on Savings Accounts	60,984	99,902
Accrued Profit on Investments	191,873	125,236
	252,857	471,138

7 PAYABLE TO 786 INVESTMENTS LIMITED - MANAGEMENT COMPANY

On Account of			
Management Remuneration	7.1	134,129	130,739
Sindh Sales Tax	7.2	86,821	86,458
Accounting and Operation Charges	7.3	104,526	163,193
Shariah Advisor Fee		-	120,000
		325,476	500,390

7.1 In accordance with Regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to receive a remuneration at the rate not exceeding 2% of the average annual net assets of the Fund. The Management Company has charged its remuneration at rate of 1.5% per annum of the average annual net assets of the Fund. The fee is payable to the Management Company on monthly basis in arrears.

7.2 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (30 June 2017: 13%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.

7.3 In accordance with the provisions of the NBFC Regulations amended vide S.R.O 1160(I)/2015 dated 25 November, 2015, the Management Company of the Fund is entitled for reimbursement of fees and expenses incurred by the Management Company in relation to registrar services, accounting, operation and valuation services related to the Fund maximum up to 0.1% of average annual net assets of the Scheme or actual whichever is less. Accordingly, the Management Company has charged accounting and operational charges to the Fund at the rate of 0.1% per annum of the average annual net assets of the Fund which is less than the actual expense allocable to the Fund.



8 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	2018 Rupees	2017 Rupees
Trustee Remuneration Payable	57,527	97,251
Sindh Sales Tax Payable on Trustee Remuneration	7,478	12,643
	<u>65,005</u>	<u>109,894</u>

- 8.1** In accordance with the provision of the Trust Deed, the remuneration is paid to the Trustee on monthly basis in arrears. The following tariff structure relating to Trustee fee is applicable based on net assets of the Fund:

Amount of Funds under Management (Average Net Asset Value)	Tariff per Annum
Up to Rupees 1 Billion	Rupees. 0.7 million or 0.20% per annum of Net Asset Value, whichever is higher
Over Rupees 1 Billion	Rupees. 2 million plus 0.10% per annum of Net Asset value

- 8.2** A notification (SRB-3-4/TP/01/2015/86554 dated 13 June 2015) was issued by Sindh Revenue Board (SRB), which introduced amendments in Sindh Sales Tax on Services Act, 2011. As a result of these amendments, the Fund recognised sales tax on trustee fee at the rate of 13% (30 June 2017: 13%).

9 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN - ANNUAL FEE

Under the provisions of Regulation 62 of the NBFC Regulations 2008, the Fund is required to pay an annual fee to SECP, an amount equal to 0.095% of the average daily net assets of the Fund.

10 ACCRUED EXPENSES AND OTHER LIABILITIES		2018 Rupees	2017 Rupees
Federal Excise Duty on Remuneration	10.1	475,723	475,723
Sindh Workers' Welfare Fund	10.2	895,173	895,173
Audit Fee Payable		469,843	370,960
Other Liabilities		1,075,091	884,182
Withholding Tax and Zakat Payable	10.3	52,321	521,322
		<u>2,968,151</u>	<u>3,147,360</u>

- 10.1** The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from 13 June 2013. As the asset management services rendered by the Management Company of the Fund were already subject to provincial sales tax levied by Sindh Revenue Board, which is being charged to the Fund, the Management Company was of the view that further levy of FED was not justified.

On 4 September 2013, a Constitutional Petition was filed in the Honourable 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.

The SHC while disposing the Constitutional Petition relating to levy of FED on mutual funds has declared the said provisions to be ultra vires and as a result no FED is payable with effect from 1 July 2011 (i.e. the date on which Sindh Sales Tax on Services Act, 2011 came into force). In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan. Thereafter, during the pendency of the present civil petition, the Supreme Court has suspended the operation of the impugned judgement of the SHC. The matter is still pending adjudication. With effect from 1 July 2016, FED on services provided or rendered on non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of Management Company with effect from 1 July 2016. However, as a matter of abundant caution the provision made for FED for the period from 13 June 2013 till 30 June 2016 aggregating to Rupees 0.475 million (30 June 2017: Rupees 0.475 million) is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the said provision of FED not been recorded in the financial statements of the Fund, the net assets value of the Fund as at 30 June 2018 would have been higher by Rupee 0.52 per unit (30 June 2017: Rupee 0.61 per unit).

- 10.2** In January 2016 the Sindh Revenue Board (SRB) had written to few mutual funds to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after 31 December 2013. MUFAP reviewed the issue and based on an opinion dated August 2016 decided that SWWF is not applicable on mutual funds as they are not financial institutions as required by SWWF Act, 2014. MUFAP wrote to SRB that mutual funds are not establishments and are pass through vehicles hence, they do not have any worker and no SWWF is payable by them. SRB responded back that as mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001, therefore SWWF is applicable on mutual funds. MUFAP has taken up this matter before the Sindh Finance Ministry to exclude mutual funds from SWWF.

MUFAP has also taken a legal opinion that SWWF, if applicable, can only be applied from the date of enactment of SWWF Act, 2014, i.e. 21 May 2015. Accordingly, on 12 January 2017, MUFAP as an abundant caution, has decided to provide for SWWF with effect from 21 May 2015, while the efforts to exclude mutual funds from SWWF continue. The Management Company has recognised SWWF charge for the period from 21 May 2015 to 30 June 2018, amounting to Rupees 0.895 million (June 2017: Rupees 0.895 million). Had the SWWF not been provided, the NAV per unit of the Fund would have been higher by Rupee 0.99 (June 2017: Rupees 1.15).

- 10.3** This represents tax and zakat deducted at source from dividend payable and re-invested units issued to the unit holders of the Fund following the distribution of income.



	2018 Numbers	2017 Numbers
11 NUMBER OF UNITS IN ISSUE		
Total Outstanding as of July 01	776,825	703,869
Issued During the Year	197,437	232,140
Redemption During the Year	(67,549)	(159,184)
Total Outstanding as of June 30	<u>906,713</u>	<u>776,825</u>

12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at 30 June 2018 (30 June 2017: Nil)

13 AUDITORS' REMUNERATION

	2018 Rupees	2017 Rupees
Annual Audit Fee	234,000	234,000
Half Yearly Review	88,400	88,400
Review of Code of Corporate Governance	-	50,000
Certification Fee	25,000	25,000
Shariah Audit	67,600	67,600
Out of Pocket Expenses	115,369	58,132
	<u>530,369</u>	523,132
Sales Tax	42,426	37,200
	<u>572,795</u>	<u>560,332</u>

14 TAXATION

14.1 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 for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Provided that for the purpose of determining distribution of at least 90 percent of accounting income, the income distributed through bonus units shall not be dividend. Furthermore, as per regulation 63 of the NBFC Regulation, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders. 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.

14.2 The Management Company has filed return of income of the Fund for the years ended 30 June 2013, 2014 and 2015 claiming exemption from taxation on income under clause 99 of Part 1 to the Second Schedule of the Income Tax Ordinance, 2001 (the Ordinance). The Additional Commissioner Inland Revenue (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 claiming that exemption under clause 99 is available to only those collective investment schemes, which distribute not less than 90% of its accounting income of that year amongst unit holders on year to year basis. Further, an amount of Rupees 7.9 million has been withheld by tax department from the bank account of 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 favour 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 claim of exemption has nothing to do with timely or late filing of the return of income and directed CIR to re-examine the case after giving appellant opportunity of being heard.

On 6 March 2017, 24 February 2017 and 20 February 2017 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. However, the orders further stated that separate proceedings will be conducted for late filing of return and levying of penalty for respective tax years under Section 182 of the Income Tax Ordinance, 2001. No such proceedings have been initiated by the taxation authorities and hence, no provision has been recorded with respect to late filing of income tax returns for respective tax years by the Fund as the management will contest any such proceeding which will be initiated by the taxation authorities. Further, the management is pursuing the relevant authorities for the recovery of the aforementioned seized amount of Rupees 7.9 million.

15 EARNINGS PER UNIT

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

16 TOTAL EXPENSE RATIO

Securities and Exchange Commission of Pakistan (SECP) vide directive no. SCD/PRDD/Direction/18/2016 dated 20 July 2016 required that Collective Investment Scheme (CIS) to disclose Total Expense Ratio (TER) in the periodic financial statements of the Fund. TER of the Fund for the year ended 30 June 2018 is 4.52% which includes 1.23% representing government levy and SECP fee. The ratio is within the maximum limit of 4% prescribed under the NBFC Regulation 2008 for a collective investment scheme categorised as "Shariah compliant asset allocation fund".

17 TRANSACTIONS WITH CONNECTED PERSONS

Related parties/connected persons of the Fund include 786 Investments limited, being management company, other collective investment schemes managed by Management Company, Central Depository Company of Pakistan Limited (CDC), being the trustee of the Fund, Directors and officers of the Management Company, other associated undertakings and unit holders holding more than 10% units in the Fund or any of their connected person.

Remuneration payable to the Management Company and the 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, at contracted rates and terms determined in accordance with market rates.
Details of transactions with related parties and balances with them at the year end are as follows:

17.1 Details of Transactions with Connected Person/Related Parties are as Follows:

	2018 Rupees	2017 Rupees
786 Investments Limited - Management Company		
Remuneration (Including Indirect Taxes)	<u>1,771,720</u>	<u>1,808,231</u>
Accounting and Operations Charges	<u>104,522</u>	<u>106,680</u>
Shariah Advisory Fee	<u>-</u>	<u>120,000</u>
Issue of 40,680 Units (2017: Nil Units)	<u>5,000,000</u>	<u>-</u>
Central Depository Company of Pakistan Limited - Trustee		
Remuneration (Including Indirect Taxes)	<u>791,000</u>	<u>791,000</u>
First Dawood Investment Bank Limited-Employees Contributory Provident Fund - Connected Person due to Holding 10% or More		
Issue of Nil Units (2017: 31,215 Units)	<u>-</u>	<u>3,935,329</u>
Dawood Family Takaful Limited - Associate of Management Company		
Issue of Nil Units (2017: 71,308 Units)	<u>-</u>	<u>8,985,272</u>
B.R.R Guardian Modaraba - Connected Person due to Holding More Than 10% Units		
Issue of Nil Units (2017: 64,523 Units)	<u>-</u>	<u>8,134,559</u>
Redemption of 83,412 Units (2017: Nil Units)	<u>10,305,922</u>	<u>-</u>
Dawood Family Takaful Limited - Employees' Contributory Provident Fund - Associate of Management Company		
Issue of Nil Units (2017: 10,003 Units) and	<u>-</u>	<u>1,263,523</u>
Directors and Executive of the Management Company		
Issue of 3,949 Units (2017: 10,815 Units)	<u>450,000</u>	<u>1,350,870</u>
Redemption of Nil Units (2017: 45,360 Units)	<u>-</u>	<u>6,072,168</u>
Other Connected Persons/Related Parties		
Issue of 87,814 Units (2017: 17,999 Units)	<u>10,000,000</u>	<u>2,268,648</u>

17.2 Amounts Outstanding as at Year End

786 Investments Limited - Management Company		
Remuneration Payable	<u>325,476</u>	<u>500,390</u>
Units Held 40,680 (June 2017: Nil Units)	<u>4,762,552</u>	<u>-</u>



	2018 Rupees	2017 Rupees
Central Depository Company of Pakistan Limited-Trustee		
Remuneration Payable	<u>65,005</u>	<u>109,894</u>
B.R.R Guardian Modaraba - Connected Person due to Holding More Than 10% Units		
Units Held 140,988 (June 2017: 224,400 Units)	<u>16,506,184</u>	<u>29,762,348</u>
First Dawood Investment Bank - Employees Provident Fund-Connected Person due to Holding More Than 10% Units		
Units Held 108,560 (June 2017: 108,560 Units)	<u>12,709,621</u>	<u>14,398,400</u>
Dawood Family Takaful Limited - connected person due to holding more than 10% Units		
Units Held 309,010 (June 2017: 309,010 Units)	<u>36,177,253</u>	<u>40,984,287</u>
Dawood Family Takaful Limited - Employees' Contributory Provident Fund - Associate of Management Company		
Units Held 41,960 (June 2017: 41,960 Units)	<u>4,912,458</u>	<u>5,565,196</u>
Directors and Executive of the Management Company		
Units Held 3,949 (2017: Nil Units)	<u>462,366</u>	<u>-</u>
Other Connected Persons/Related Parties		
Units Held 172,237 (June 2017: 67,729 Units)	<u>20,164,561</u>	<u>8,982,962</u>

18 FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Fund's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

The Fund primarily invests in shariah compliant securities or instruments including high quality liquid shares listed on stock exchanges with an objective of optimizing the return to unit holders.

The Fund's activities expose it to a variety of financial risks which are:

18.1 Market Risk

Market risk is the risk that the fair values or future cash flows of the financial instruments will fluctuate as a result of changes in market prices, such as interest rates, equity prices and foreign exchange rates. The objective of market risk management is to manage market risk exposure within acceptable parameters, while optimising the return.

The Management Company manages market risk by monitoring exposure on marketable securities by following the restrictions specified in applicable regulations and directives, if any issued by the Securities and Exchange Commission of Pakistan (SECP).

Market risk comprises of three types of risk: currency risk, other price risk and interest rate risk.



(i) Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund, at present, is not exposed to currency risk as all transactions are carried out in Pak Rupees. Moreover, no transactions were carried out in any foreign currency during the year.

Sensitivity analysis of functional currency at reporting date is not required due to nil foreign currency nominated financial assets and liabilities at the reporting date.

(ii) Other Price Risk

Other price risk is the risk that the fair value of the financial instrument will fluctuate as a result of change in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or factors affecting all instruments traded in the market. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the parameters provided in its Constitutive Document and circulars issued by the Securities and Exchange Commission of Pakistan. As per NBFC Regulations 2008, Shariah Compliant Fund is allowed to invest maximum of 15% of the net assets or issued capital of the investee company in any single security and also restricts sector exposure to a limit of 35% of the net assets of the Fund. As at 30 June 2018, the Fund is expecting minimal price fluctuation on its investment in debt securities for change in factors other than those arising from interest rate or currency risk.

Sensitivity Analysis

A 5% increase/decrease in share prices of respective equity securities at year end would have increased/decreased surplus on re-measurement of investment by Rupees 3.219 million (30 June 2017: Rupees 2.816 million) reported in income statement with corresponding effect on the net assets of the Fund. This represents management best estimate of reasonable possible shift in the respective price of equity instruments.

The composition of the fund's investment portfolio and quoted equity price, is expected to change over time. Accordingly, the sensitivity analysis prepared as of 30 June 2018 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of quoted prices of respective investment at reporting date.

(iii) Interest Rate Risk

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

Cash Flow Interest Rate Risk

The fund's interest rate risk arises from the balance in saving accounts and investment in debt securities. At 30 June 2018, if there had been increase/decrease of 100 basis points in interest rates, with all other variables held constant, net assets of the fund for the year then ended would have been higher/lower by Rupees 0.312 million (30 June 2017: Rupees 0.408 million) mainly as a result of finance income.

Fair Value Interest Rate Risk

Since the fund does not have investment in fixed rate security, therefore, is not exposed to fair value interest rate risk.

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 financial instruments is based on the settlement date.



30 June 2018

Effective Yield/Interest Rate	Exposed to Yield/Interest Rate Risk			Not Exposed to Yield/Interest Rate Risk	Total	
	upto Three Months	More than Three Months and Upto One Year	More than One Year			
.....Rupees.....						
On-Balance Sheet Financial Instruments						
Financial Assets						
Bank Balances	1.73% to 6.5%	13,453,234	-	-	1,152,689	14,605,923
Investment-'At Fair Value Through - Profit or Loss'		-	-	-	64,381,195	64,381,195
- Available for Sale'	Kibor+3%,6 month Kibor+1.1% and 3 months Kibor +1%	10,006,460	2,617,216	5,162,500	-	17,786,176
Dividends and Other Receivable		-	-	-	252,857	252,857
Receivable against Trading in Investments		-	-	-	2,161,517	2,161,517
Deposits		-	-	-	2,500,000	2,500,000
		23,459,694	2,617,216	5,162,500	70,448,258	101,687,668
Financial Liabilities						
Payable to 786 Investments Ltd.- Management Company		-	-	-	325,476	325,476
Payable to Central Depository Company of Pakistan Limited (Cdc)-Trustee		-	-	-	65,005	65,005
Accrued Expenses and Other Liabilities		-	-	-	1,544,934	1,544,934
		-	-	-	1,935,415	1,935,415
On-Balance Sheet Gap		23,459,694	2,617,216	5,162,500	68,512,843	99,752,253
Off-Balance Sheet Financial Instruments		-	-	-	-	-
Off-Balance Sheet Gap		-	-	-	-	-
Total Interest Rate Sensitivity Gap		23,459,694	2,617,216	5,162,500		
Cumulative Interest Rate Sensitivity Gap		23,459,694	26,076,910	31,239,410		

30 June 2017

Effective Yield/Interest Rate	Exposed to yield/Interest rate risk			Not Exposed to Yield/Interest Rate Risk	Total	
	upto Three Months	More than Three Months and Upto One Year	More than One Year			
.....Rupees.....						
On-Balance Sheet Financial Instruments						
Financial Assets						
Bank Balances	4.5% to 5%	32,121,785	-	-	1,486,218	33,608,003
Investment-'At Fair Value Through - Profit or Loss'		-	-	-	56,331,681	56,331,681
- Available for Sale'	6 month Kibor + 1.1% & Kibor+3%	-	3,460,792	5,257,250	-	8,718,042
Dividends and Other Receivable		-	-	-	471,138	471,138
		32,121,785	3,460,792	5,257,250	58,289,037	99,128,864
Financial Liabilities						
Payable against Trading in Investments		-	-	-	972,582	972,582
Payable to 786 Investments Ltd.- Management Company		-	-	-	500,390	500,390
Payable to Central Depository Company of Pakistan Limited (Cdc)-Trustee		-	-	-	109,894	109,894
Accrued Expenses and Other Liabilities		-	-	-	1,255,142	1,255,142
		-	-	-	2,838,008	2,838,008
On-Balance Sheet Gap		32,121,785	3,460,792	5,257,250	55,451,029	96,290,856
Off-Balance Sheet Financial Instruments		-	-	-	-	-
Off-Balance Sheet Gap		-	-	-	-	-
Total Interest Rate Sensitivity Gap		32,121,785	3,460,792	5,257,250		
Cumulative Interest Rate Sensitivity Gap		32,121,785	35,582,577	40,839,827		



18.2 Credit Risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail to perform as contracted.

Credit risk arises from deposits with banks and financial institutions, credit exposure arising as a result of investment debt securities, profit receivables on debt securities, profit receivable on saving account, dividend receivable on equity securities.

The maximum exposure to credit risk at as 30 June 2018 along with comparative is tabulated below:

	2018 Rupees	2017 Rupees
Financial Assets Exposed to Credit Risk		
Bank Balances	14,605,923	33,608,003
Investments	82,167,371	65,049,723
Dividends and Other Receivable	252,857	471,138
Receivable against Trading in Investments	2,161,517	-
Deposits	2,500,000	-
	101,687,668	99,128,864

The Fund does not have any collateral against any of the aforementioned assets. The issuer of the sukuk, however, pledge security to the investment agent in trust for the benefit of sukuk holders.

Due to the Fund's long standing business relationships with these counterparties and after giving due consideration on their strong financial standing, the fund does not expect non-performance by these counter parties on their obligations to the fund except for disclosed in note 5.3.

Credit Rating wise analysis of balance with bank of the Fund are tabulated below:

Banks	Rating			2018	2017
	Short-Term	Long-Term	Agency	Rupees	Rupees
Habib Metropolitan Bank Limit	A1+	AA+	PACRA	1,152,689	1,486,218
Dubai Islamic Bank Limited	A-1	AA-	JCR-VIS	224,099	32,110,249
Al barak Bank Limited	A1	A	PACRA	3,821	11,536
Bank Islami Pakistan Limited	A1+	AA+	PACRA	13,225,314	-
				14,605,923	33,608,003

Credit Rating wise analysis of investment in debt securities of the Fund are tabulated below:

	Rating			2018	2017
	Grade	Agency	Agency	Rupees	Rupees
Fatima Fertilizer Company Limited	AA-	PACRA		2,617,216	3,460,792
TPL Corporation Limited	A+	PACRA		5,162,500	5,257,250
Dawood Hercules Corporation Limited	AA	PACRA		10,006,460	-
				17,786,176	8,718,042

Fund has made investment in SUKUK Certificates of Fatima Fertilizer Company Limited, TPL Corporation Limited and Dawood Hercules having good credit standing. Currently the instruments are rated AA-, A+ and AA hence, Management does not anticipate impairment there against. The Fund had also invested in certain instruments which are subsequently classified as non-performing by MUFAP as disclosed in Note 5.3 to these financial statements. The Fund holds 100% provision against its exposure as more detailed in that note.

Credit risk on debt investments is mitigated by investing primarily in investment grade rated investments and purchase certificate of investments or make placements with financial institutions having sound credit rating. Where the investment is considered doubtful/becomes non-performing as per the criteria specified in applicable Circular for non performing exposure issued by SECP, a provision is recognized as per the criteria specified therein and also in accordance with provisioning policy of the Fund approved by Board of Directors of the Management Company. The management does not take into account the collateral value while considering investment for impairment testing. Hence the collateral held is assumed to have zero financial effect in mitigating credit risk. The management regards the credit worthiness of the borrower more important than the value of collateral and would be used as force majeure in extremely difficult situation where recovery appears to be unlikely from customary measures like restructuring or negotiation.

There are certain deposits which are placed with National Clearing Company of Pakistan Limited (NCCPL) for the purpose of effecting transactions and settlement of listed securities. It is expected that all securities deposited with NCCPL will be clearly identified as being assets of the Fund, hence management believes that the Fund is not materially exposed to a credit risk with respect to such parties.



Credit risk arising on other financial assets is monitored through a regular analysis of financial position of brokers and other parties. Credit risk on dividend receivable is minimal due to statutory protection. Further, all transactions in securities are executed through approved brokers and in case of equity, transactions settled through National Clearing Company of Pakistan (NCCPL), thus the risk of default is considered to be minimal. For debt instrument settlement, Delivery versus Payment (DvP) mechanism applied by Trustee of the Fund minimize the credit risk. In accordance with the risk management policy for the Fund, the Fund manager monitors the credit position on a daily basis which is reviewed by the Board of Directors on a quarterly basis.

Concentration of Credit Risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

None of the financial assets and financial liabilities are offset in the Statement of Assets and Liabilities except where the settlement is done through central clearing system.

Settlement Risk

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of counter party to honour its obligations to deliver cash, securities or other assets as contractually agreed. Credit risk relating to unsettled transactions in securities is considered to be minimal due to the short settlement period and also the Fund uses brokers with high creditworthiness. Further, the transactions in equity securities are settled or paid for only upon delivery using central clearing system of National Clearing Company of Pakistan Limited.

Past Due and Impaired Assets

Detail is provided in note in these financial statements.

18.3 Liquidity Risk

Liquidity risk is the risk that the fund may encounter difficulty in raising funds to meet its obligations and commitments. The Fund's investments are considered to be readily realisable as they are all listed on Pakistan Stock Exchanged Limited. The Fund manages liquidity risk by maintaining maturities of financial assets and financial liabilities and investing a major portion of the Fund's assets in highly liquid financial assets.

In accordance with regulation 58(1)(k) of the NBFC Regulation 2008, the Fund has the ability to borrow funds for meeting the redemption requests, with the approval of the Trustee, for a period not exceeding three months to the extend of fifteen per cent of the net assets which amount to Rupees 15.923 million as on 30 June 2018 (30 June 2017: Rupees 15.455 million). However, no such borrowing has been obtained during the year.

In accordance with the risk management policy of the Fund, the Fund manager monitors the liquidity position on a daily basis, which is reviewed by the Board Directors of the Management Company on a quarterly basis.

The table below analyses the Fund's financial liabilities other than redemption of units obligation into relevant maturity groupings based on the remaining period at the year end to the contractual maturity date.

	30 June 2018			Total
	Up to Three Months	More than Three Months and Up to One Year	More than One Year	
	----- (Rupees) -----			
Payable to Management Company	325,476	-	-	325,476
Payable to Trustee	65,005	-	-	65,005
Accrued Expenses and Other Liabilities	1,544,934	-	-	1,544,934
Total Liabilities	1,935,415	-	-	1,935,415

	30 June 2017			Total
	Up to Three Months	More than Three Months and Up to One Year	More than One Year	
	----- (Rupees) -----			
Payable against Purchase of Investments	972,582	-	-	972,582
Payable to Management Company	500,390	-	-	500,390
Payable to Trustee	109,894	-	-	109,894
Accrued Expenses and Other Liabilities	1,255,142	-	-	1,255,142
	2,838,008	-	-	2,838,008



The table above shows the undiscounted cash flows of the Fund's financial liabilities on the basis of their earliest possible contractual maturity or settlement.

18.4 Unit Holders' Fund Risk Management

The Fund's capital is represented by redeemable units. The Fund is required by the NBFC Regulations, 2008, to maintain minimum fund size to Rs. 100 million to be maintained all the time during the life of the scheme. However, during the year the net assets of Dawood Islamic Fund remained below Rupees 100 million for a total of 132 days. The units issued by the Fund provides an investor with the right to require redemption for cash at a value proportionate to the unit holder's share in the Fund's net assets at the redemption date.

The Fund has no restrictions on the subscription and redemption of units.

The Fund's objective in managing the unit holders' fund is to ensure a stable base to maximise returns to all investors and to manage liquidity risk arising from redemption. 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, such liquidity being augmented by disposal of investments.

19 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value of underlying financial assets are determined based on requirements of Regulation 66 of the NBFC Regulations, 2008 and directives if any, issued by the SECP. The Fund has an established control framework with respect to the measurement of fair values.

The fair value of financial assets that are traded in active market are based on prices obtained directly from an exchange on which the investments are traded. For unlisted debt securities and debt securities listed but not traded regularly on stock exchange valued in the manner specified by SECP.

The Fund measures fair value using the following fair value hierarchy that reflects the significance of the input in making the measurements.

Level 1 - Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities.

Level 2 - Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable).

Level 3 - Valuation techniques (for which the lowest input that is significant to the fair value measurement is unobservable).

The table below analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy to which the fair value is measurement is categorized.

On-Balance Sheet Financial Instruments	30 June 2018					Fair Value			Total
	Carrying amount				Total	Level 1	Level 2	Level 3	
	Held for Trading	Available-for-Sale	Loans and Receivables	Other Financial Liabilities					
	(Rupees)					(Rupees)			
Financial Assets Measured at Fair Value									
Investments									
- Equity Securities - Listed	74,237,456	-	-	-	74,237,456	64,381,195	-	-	64,381,195
- Sukuk Certificates - Listed	-	2,724,792	-	-	2,724,792	-	2,617,216	-	2,617,216
- Sukuk Certificates - Unlisted	-	15,257,250	-	-	15,257,250	-	15,168,960	-	15,168,960
	74,237,456	17,982,042	-	-	92,219,498	64,381,195	17,786,176	-	82,167,371
Financial Assets not Measured at Fair Value									
Balances with Banks	-	-	14,605,923	-	14,605,923				
Dividends and Other Receivable	-	-	252,857	-	252,857				
Receivable against Trading in Investment	-	-	2,161,517	-	2,161,517				
Security Deposit	-	-	2,500,000	-	2,500,000				
	-	-	17,020,297	-	17,020,297				
Financial Liabilities not Measured at Fair Value									
Payable to Management Company	-	-	-	325,476	325,476				
Payable to Trustee	-	-	-	65,005	65,005				
Accrued Expenses and Other Liabilities	-	-	-	1,544,934	1,544,934				
	-	-	-	1,935,415	1,935,415				



30 June 2017

On-Balance Sheet Financial Instruments	Carrying Amount				Fair Value				
	Held for Trading	Available-for-Sale	Loans and Receivables	Other Financial Liabilities	Total	Level 1	Level 2	Level 3	Total
Financial Assets Measured At Fair Value	----- (Rupees) -----				----- (Rupees) -----				
Investments									
- Equity Securities - Listed	62,168,637	-	-	-	62,168,637	56,331,681	-	-	56,331,681
- Sukuk Certificates - Listed	-	3,312,000	-	-	3,312,000	-	3,460,792	-	3,460,792
- Sukuk Certificates - Unlisted	-	5,000,000	-	-	5,000,000	-	5,257,250	-	5,257,250
	<u>62,168,637</u>	<u>8,312,000</u>	<u>-</u>	<u>-</u>	<u>70,480,637</u>	<u>56,331,681</u>	<u>8,718,042</u>	<u>-</u>	<u>61,588,931</u>
Financial Assets not Measured at Fair Value									
Balances with Banks		-	33,608,003	-	33,608,003				
Dividends and Other Receivable		-	471,138	-	471,138				
		<u>-</u>	<u>34,079,141</u>	<u>-</u>	<u>34,079,141</u>				
Financial Liabilities not Measured at Fair Value									
Payable against Trading in Investments		-	-	972,582	972,582				
Payable to Management Company		-	-	500,390	500,390				
Payable to Trustee		-	-	109,894	109,894				
Accrued Expenses and Other Liabilities		-	-	1,255,142	1,255,142				
		<u>-</u>	<u>-</u>	<u>2,838,008</u>	<u>2,838,008</u>				

For financial assets and financial liabilities not measured at fair value through profit or loss management considers that their carrying amounts approximate fair value because of their short-term nature and the high credit quality of counter parties.

The Fund routinely redeems and issues the redeemable units at the amount equal to the proportionate share of net assets of the Fund at the time of issuance and redemption, calculated on a basis consistent with that used in these financial statements. Accordingly, the carrying amount of net assets attributable to holders of redeemable units approximates their fair value.

Reconciliation of Recurring Fair Value Measurements Categorised Within Level 2 of the Fair Value Hierarchy

Unlisted and Listed Sukuk Certificates

Opening Balance

Sukuk Certificate Purchased

Principle Redeemed

Net Unrealised (Diminution)/Appreciation Recognised in Other Comprehensive

Closing Balance

2018
Rupees

2017
Rupees

8,718,042

8,312,000

10,000,000

-

(736,000)

-

(195,866)

406,042

17,786,176

8,718,042

20 SUPPLEMENTARY NON FINANCIAL INFORMATION

The information regarding pattern of unit holding, list of top ten brokers, attendance at the meetings of the Board of Directors of the Management Company and members of the Investment Committee are as follows:

20.1 Pattern of Unit Holding

	As at 30 June 2018			As at 30 June 2017		
	Number Of Unit Holders	Investment Amount Rupees	Percentage Investment %	Number Of Unit Holders	Investment Amount Rupees	Percentage Investment %
Individuals	76	21,121,415	20%	73	3,305,649	3%
Associated Companies, Undertakings and Related Parties	8	84,541,149	80%	11	99,693,306	97%
Directors	1	462,366	0%	-	-	0%
Others	1	28,254	0%	1	32,008	0%
	<u>86</u>	<u>106,153,184</u>	<u>100%</u>	<u>85</u>	<u>103,030,963</u>	<u>100%</u>



20.2 Top Ten Brokers/Dealers by Percentage of Commission Paid

	2018 Percentage
9 Dawood Equities Limited	13.02%
2 Axis Global Limited	12.00%
4 Pearl Securities (Private) Limited	11.92%
1 IGI Finex Securities Limited	11.60%
8 Habib Metropolitan Financial Services Limited	11.42%
6 Alfalah Securities (Private) Limited	10.39%
7 Adam Securities Limited	10.30%
5 Ghani Osman Securities (Private) Limited	9.91%
3 Foundation Securities (Private) Limited	8.23%
10 BIPL Securities Limited	1.21%
	2017 Percentage
1 IGI Finex Securities Limited	13.77%
2 Axis Global Limited	13.42%
3 Foundation Securities (Private) Limited	12.92%
4 Pearl Securities (Private) Limited	12.90%
5 Ghani Osman Securities (Private) Limited	12.32%
6 Alfalah Securities (Private) Limited	10.81%
7 Adam Securities Limited	10.47%
8 Habib Metropolitan Financial Services Limited	9.51%
9 Dawood Equities Limited	3.87%

20.3 Attendance at Meetings of Board of Directors

During the year, four board meetings were held on 18 September 2017, 30 October 2017, 22 February 2018 and 16 April 2018. Information in respect of attendance by Directors in the meetings is given below:

Name of Director	18 September 2017	30 October 2017	22 February 2017	16 April 2018
Ms. Shafqat Sultana	Present	Present	Present	Present
Ms. Tara Uzra Dawood	Present	Present	Present	Present
Ms. Charmaine Hidayatullah *	Present	Present	Absent	Present
Mr. Mohammed Izqar Khan *	Absent	Absent	Absent	Absent
Mr. Ansar Hussain*	Absent	Resign	Resign	Resign
Mr. Tahir Mehmood	Present	Present	Present	Present
Mr. Syed Farhan Abbas	Present	Present	Present	Present

* Leave of absence has been granted to absentees of meetings during the year.

20.4 Particulars of Investment Committee and Fund Manager

Details of members of the Investment Committee of the Fund are as follows:

Name of Member	Designation	Qualification	Experience
Ms. Tara Uzra Dawood	Chief Executive Officer	Doctorate of Juridical Science	14 years
Mr. Tauqir Shamshad*	Chief Operating Officer/Finance Manager	M COM & MBA	25 years
Mr. Talal Ismail Pasha**	Chief Financial Officer and Company Secretary	ACMA, MBA	14 years
Mr. Muhammad Abbas	AVP Finance	MBA Finance	18 years
Mr. Shaheryar Ali ***	Risk Officer	BS Actuarial Science	1 year

* Mr. Tauqir Shamshad was appointed as Chief Operating Officer & Fund Manager on 8 December 2017. He is also a Fund Manager of First Dawood Mutual Fund and Dawood Income Fund.

** Mr. Talal Ismail Pasha was appointed as Chief Financial Officer & Company Secretary on 22 January 2018, after resignation of last Chief Financial Officer on 03 November 2017.

*** Mr. Shaheryar Ali was appointed as Risk Officer on 01 March 2018.

21 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on 4 July 2018 has approved a final distribution of Rupees 0.3834 per unit for the year ended 30 June 2018. The aggregate distribution is Rupees 347,638 to the unit holders. The financial statements of the Fund for the year ended 30 June 2018 do not include the effect of the final distribution which will be accounted for in the financial statements of the Fund for the year ending 30 June 2019.



22 DATE OF AUTHORISATION FOR ISSUE

These financial statements have been approved and authorized for issue in the meeting of the Board of Directors of the Management Company held on 17 September 2018

23 GENERAL

23.1 No significant reclassification or re-arrangement of the corresponding figures has been made in these financial statements except for:

The Fund reclassified provision For Federal Excise Duty on management fee included in ' Payable to 786 Investments Limited" to accrued expenses and other liabilities. Further zakat payable has been included in accrued expenses and other liabilities, previously this was part of dividend payable. These have also been made in the prior year's statement of assets and liabilities for better presentation and disclosure. Details are as follows:

Effects on Statement of Assets and Liabilities	30 June 2017		
	As previously reported	Impact	As stated
Liabilities			
Payable to 786 Investments limited - Management Company	976,113	(475,723)	500,390
Accrued Expenses and Other Liabilities	2,629,685	517,675	3,147,360
Dividend Payable	41,952	(41,952)	-

There are no effects in the Income Statement and Statement of Comprehensive Income and Cash Flow Statement for the aforementioned reclassification.

23.2 Figures have been rounded off to the nearest Rupee, unless otherwise stated.

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

Chief Financial Officer

Chief Executive Officer

Director



PERFORMANCE TABLE / KEY FINANCIAL DATA

	Year					
	2018	2017	2016	2015	2014	2013
Net assets (Rs in million)	106.15	103.03	87.92	64.14	60.32	53.62
Net Asset Value per units (Rs.)	117.07	132.63	124.90	261.61	246.01	218.72
Offer price per unit	118.83	134.62	126.78	265.53	249.70	222.00
Redemption price per unit	117.07	132.63	124.90	261.61	246.01	218.72
Number of units	906,713	776,825	703,869	703,869	245,176	245,176
Net Profit / (loss) for the year (Rs in million)	(11.82)	9.50	34.99	3.82	6.69	43.76
<i>Income Distribution (Rs in million)</i>						
Final	-	4.13	30.58	3.44	6.02	25.59
Interim	-	-	-	-	-	-
<i>Average annual return (%)</i>	-11.73%	10.60%	19.27%	6.10%	12.48%	132.58%



PROXY ISSUED BY THE FUND

The details of summarized proxies voted are as follows:

Nature of Meeting	Meeting Date	Resolutions	Holding	%age Holding	Favour	Against	Abstain
Crescent Steel & Allied Products							
EOGM	25-Jan-18	Election of Directors	2,000	0.00%	✓		

www.jamapunji.pk








 **Jama
Punji**
سرمایہ کاری سمجھداری کے ساتھ










**Be aware, Be alert,
Be safe**

**Learn about investing at
www.jamapunji.pk**

Key features:

-  Licensed Entities Verification
-  Scam meter*
-  Jamapunji games*
-  Tax credit calculator*
-  Company Verification
-  Insurance & Investment Checklist
-  FAQs Answered

-  Stock trading simulator
(based on live feed from KSE)
-  Knowledge center
-  Risk profiler*
-  Financial calculator
-  Subscription to Alerts (event
notifications, corporate and
regulatory actions)
-  Jamapunji application for
mobile device
-  Online Quizzes



Jama Punji is an Investor
Education Initiative of
Securities and Exchange
Commission of Pakistan

 jamapunji.pk

 @jamapunji_pk

*Mobile apps are also available for download for android and ios devices

BOOK POST



If undelivered, please return to:

DAWOOD ISLAMIC FUND

G-3 Ground Floor, B.R.R. Tower, Hassan Ali Street,
Off I.I. Chundrigar Road, Karachi - 74000 Pakistan



**Managed By:
786 Investments Limited**

Trustee: Central Depository Company of Pakistan 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

