



মালেক সিদ্দিকী ওয়ালী, চার্টার্ড একাউন্টেন্টস

৯-জি, মতিঝিল বাণিজ্যিক এলাকা, ঢাকা-১০০০

Malek Siddiqui Wali

CHARTERED ACCOUNTANTS

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Independent Auditor's Report

To The Trustee of IDLC Asset Management Shariah Fund

Report on the Audit of the Financial Statements

Opinion:

We have audited the financial statements of IDLC Asset Management Shariah Fund, which comprise the Statement of Financial Position as at June 30, 2020, the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows 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 present fairly, in all material respects, the financial position of the fund as at June 30, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), Bangladesh Securities and Exchange Commission Mutual Fund Bidhimala (Rules), 2001 and other applicable laws and regulations.

Basis for Opinion:

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 both the Fund and Asset Management Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls:

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, Bangladesh Securities and Exchange Commission Mutual Fund Bidhimala (Rules), 2001 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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 management either intends to liquidate the Fund or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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, we exercise professional judgement and maintain professional scepticism 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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.

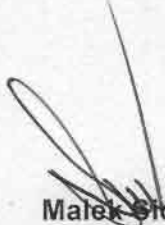
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other Legal and Regulatory Requirements:

In accordance with the Bangladesh Securities and Exchange Commission Mutual Fund Bidhimala (Rules), 2001, we also report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) In our opinion, proper books of accounts, records and other statutory books as required by law have been kept by the Fund so far as it appeared from our examinations of those books;
- c) The Statement of Financial Position and Statement of profit and loss and other comprehensive Income of the Fund dealt with by the report are in agreement with the books of account and returns; and
- d) The investment was made both as per Rule 56 and Fifth (5th) Schedule of Bangladesh Securities and Exchange Commission Mutual Fund Bidhimala (Rules), 2001.
- e) As per Shariah Investment Guidelines, in our opinion to the best of our knowledge and belief in according to the information and explanation given to us, the Fund has followed the Shariah based screening policies and guidelines for investment.

Dated, Dhaka
July 16, 2020




Malek Siddiqui Wali
Chartered Accountants

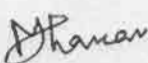
IDLC Asset Management Shariah Fund
Statement of Financial Position
As at June 30, 2020

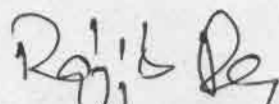
Particulars	Notes	June 30, 2020
		Taka
ASSETS		
Non-Current Asset		
Preliminary and issue expenses	5.00	6,035,901
DSE Shariah Index		508,290
		<u>6,544,190</u>
Current Asset		
Investment in securities at market price	6.00	26,954,800
Dividend receivables	7.00	306,976
Accrued income	8.00	1,449,861
Advance and Prepayments	9.00	192,356
Cash and cash equivalents	10.00	163,388,481
		<u>192,292,474</u>
Total Assets		<u><u>198,836,664</u></u>
OWNERS' EQUITY		
Capital Fund	11.00	201,782,710
Investor's Balances		21
Retained earnings	12.00	(4,221,380)
Total Equity		<u>197,561,351</u>
LIABILITIES		
Non-Current Liabilities		
		-
Current Liabilities		
Accounts payable	13.00	1,275,313
		<u>1,275,313</u>
Total Equity and Liabilities		<u><u>198,836,664</u></u>
Net asset value (NAV) per unit:		
At cost	14.00	9.95
At market price	15.00	9.79

The annexed notes from 1 to 24 form an integral part of these Financial Statements.

The financial statements were approved by the Board of trustees on July 16, 2020 and were signed on its behalf by:



Chairman, Trustee
Investment Corporation of
Bangladesh


Member, Trustee
Investment Corporation of
Bangladesh


Asset Manager
IDLC Asset Management
Limited

Signed in terms of our separate report the annexed date even.

Dated, Dhaka
July 16, 2020



Malek Siddiqui Wali
Chartered Accountants


IDLC Asset Management Shariah Fund
Statement of Profit or Loss and Other Comprehensive Income
For the period from November 22, 2019 to June 30, 2020

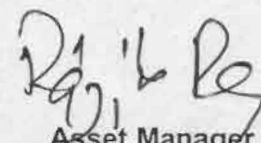
Particulars	Notes	November 22, 2019 - June 30, 2020
		Taka
INCOME		
Profit earned on mudaraba deposits		1,449,861
Net gain on sale of securities	16.00	1,457,525
Dividend income	17.00	306,976
Total Income		3,214,362
EXPENDITURE		
Management fee		2,560,588
Amortization of preliminary and issue expenses	5.00	574,355
Trustee fee		207,736
Publication and other expenses		194,021
Brokerage Commission		180,059
BSEC annual fee		120,963
Amortization of DSE Shariah Index Fee		111,710
Provision for TDS on Profit of Mudaraba Term Deposits		72,493
CDBL Annual and registration fees		52,899
Audit fee		34,500
Custodian fee		33,917
Sales Agent Commission		32,106
CDBL - Settlement and Demat charges		11,254
BO Account Renewal fees		3,600
Bank charges and excise duty		180
Total Expenditure		4,190,380
Income before provision for the period		(976,018)
Provision for diminution in value of investments	18.00	(3,207,575)
Distributable profit/(loss) for the period		(4,183,593)
Number of outstanding units		20,178,271
Earnings per unit during the period	19.00	(0.21)

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Investment Corporation of
Bangladesh


Member, Trustee
Investment Corporation of
Bangladesh


Asset Manager
IDLC Asset Management
Limited

Signed in terms of our separate report the annexed date even.

Dated, Dhaka
July 16, 2020


Malek Siddiqui Wali
Chartered Accountants


IDLC Asset Management Shariah Fund
Statement of Changes in Equity
For the period from November 22, 2019 to June 30, 2020

Particulars	Amount in Taka			
	Capital Fund	Investor's Balances	Retained Earnings	Total Equity
Opening Balance	-	-	-	-
Fund Collected/ (redeemed) during the period, net	201,782,710	21	(37,786)	201,744,945
Net income/(loss) during the period	-	-	(4,183,593)	(4,183,593)
Balance as at June 30, 2020	201,782,710	21	(4,221,380)	197,561,352

The annexed notes from 1 to 24 form an integral part of these Financial Statements.

The financial statements were approved by the Board of trustees on July 16, 2020 and were signed on its behalf by:



Chairman, Trustee
Investment Corporation
of Bangladesh


Member, Trustee
Investment Corporation
of Bangladesh


Asset Manager
IDLC Asset
Management Limited

Signed in terms of our separate report the annexed date even.

Dated, Dhaka
July 16, 2020


Malek Siddiqui Wali
Chartered Accountants

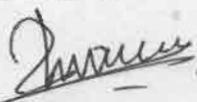
IDLC Asset Management Shariah Fund
Statement of Cash Flows

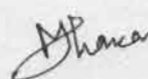
For the period from November 22, 2019 to June 30, 2020

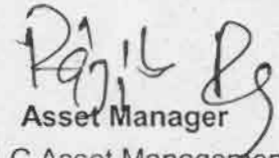
		November 22, 2019 - June 30, 2020
Particulars	Notes	Taka
A. Cash flows from/(used in) operating activities		
Investment in marketable securities		(54,367,223)
Investment in IPO shares		(10,000,000)
Proceeds from sell of marketable securities		35,662,373
Advance and Prepayments		(192,356)
Payment made for expenses (Including Preliminary and issue expenses)		(9,459,258)
Net cash used in operating activities		<u><u>(38,356,464)</u></u>
B Cash Flows from investing activities		<u><u>-</u></u>
C. Cash flows from financing activities		
Issuance of Unit Capital, net		201,744,924
Investor's Fund		21
Net cash flow from financing activities		<u><u>201,744,945</u></u>
D. Net cash flows (A+B+C)		<u><u>163,388,481</u></u>
E. Cash and cash equivalents at the beginning of the period		<u><u>-</u></u>
F. Cash & cash equivalents at the end of the period		<u><u>163,388,481</u></u>
Net Operating Cash flow per unit for the period	20.00	<u><u>(1.90)</u></u>

The annexed notes from 1 to 24 form an integral part of these Financial Statements.

The financial statements were approved by the Board of trustees on July 16, 2020 and were signed on its behalf by:



Chairman, Trustee
Investment Corporation of
Bangladesh


Member, Trustee
Investment Corporation of
Bangladesh


Asset Manager
IDLC Asset Management
Limited

Signed in terms of our separate report the annexed date even.

July 16, 2020
Dated, Dhaka


Malek Siddiqui Wali
Chartered Accountants

IDLC Asset Management Shariah Fund Notes to the Financial Statements As at and for the period ended on June 30, 2020

1. Introduction of the Fund and its activities

IDLC Asset Management Shariah Fund (here-in-after referred to as "the Fund"), a Trust property, was established on April 13, 2019 under the Trust Act, 1882 and registered under the Registration Act, 1908 and subsequently on May 23, 2019 registered as a Mutual Fund from the Bangladesh Securities and Exchange Commission with an initial target of paid-up capital of Tk. 500 million divided into 50 million units of Tk. 10.00 each under the Securities and Exchange Commission (Mutual Fund), Rules, 2001 as an Open end Mutual Fund vide registration no. BSEC/MUTUAL FUND/2019/101.

After initial public subscription of the fund, the paid-up capital of the fund was BDT 20.10 crore.

Key partners of the Fund are as Follows:

Sponsor & Asset Manager:	IDLC Asset Management Limited
Registered Address:	Symphony (Level – 04), Plot # SE (F): 9, Road # 142, Gulshan Avenue, Bir Uttam Mir Shawkat Sarak, Dhaka
Trustee:	Investment Corporation of Bangladesh (ICB)
Registered Address:	BDBL Bhaban, 8, RAJUK Avenue, Dhaka 1000, Bangladesh
Custodian::	BRAC Bank Limited
Registered Address:	Anik Tower, 220/B, Tejgaon Gulshan Link Road, Tejgaon, Dhaka 1208

1.2 Principal activities and nature of operation

IDLC Asset Management Shariah Fund is an Open end Mutual Fund which is a professionally managed portfolio of shariah complied equity stocks and fixed income instruments. Investors buy units of the Fund by paying an amount equivalent to the purchase price and the Asset Manager makes investments on their behalf. An unit represents a portion of the fund's holdings.

The target group of investors comprises both Institution and Individual. Units of the Fund may be bought / surrendered through IDLC Asset Management Limited and authorized selling agents appointed by the Asset Manager from time to time and any other procedure as prescribed by the Asset Manager. Surrender of units is allowed only through IDLC AML or the selling agents from which the units are originally purchased.

2 Objectives

The objective of the Fund is to generate profit by investing in a portfolio of Shariah compliant securities as per Shariah Investment Guideline. The fund intends to deliver the profit among the investors in the form of dividend as well as capital appreciation. The Fund will also exercise a rigorous compliance factor called "**Purification**" to remove any impure part from the final profit of the portfolio and dispose this through donation to charitable organizations. This will be a key differentiator of the Fund from other Shariah investment vehicles currently available in Bangladesh.

3. Basis of preparation

3.1 Statement of compliance

These financial statements have been prepared in conformity with International Accounting Standards (IASs), International Financial Reporting Standards (IFRSs), Bangladesh Securities and Exchange Rules 1987, Bangladesh Securities and Exchange Commission (Mutual Fund), Rules, 2001 and other applicable laws and regulations.

3.2 Basis of measurement

These financial statements have been prepared on a going concern basis under historical cost convention in accordance with generally accepted accounting principles.

3.3 Functional currency and presentational currency

These financial statements are presented in Bangladeshi Taka which is also the Fund's functional currency.

3.4 Closure of Accounting year of the Fund

These financial statements are prepared for the period from November 22, 2019 to June 30, 2020.

3.5 Comparative information

The fund was registered with BSEC on May 23, 2019 and started its commercial operation subsequently. So this is the first Financial Statements of the fund hence no comparative information is applicable for the reporting date June 30, 2020.

3.6 Components of financial statements

- Statement of Financial Position
- Statement of Profit or Loss and Other Comprehensive Income
- Statement of Changes in Equity
- Statement of Cash Flows
- Notes to the Financial Statements

4 Significant accounting policies

4.1 Investment policy

To generate profit by investing in a portfolio of Shariah compliant securities as per Shariah Investment Guidelines. The fund intends to deliver the profit among the investors in the form of dividend as well as capital appreciation, strictly adhering to the Shariah principles.

4.2 Investment policy

The Fund shall invest subject to *Bangladesh Securities and Exchange Commission (Mutual Fund), Rules, 2001* and only in those securities, deposits and investments approved by the Bangladesh Securities and Exchange Commission and/or the Bangladesh Bank and/or the Insurance Development and Regulatory Authority (IDRA) of Bangladesh or any other competent authority in this regards.

The Fund shall not invest:

- (i) less than 60% (sixty percent) of the total assets in capital market instruments out of which at least 50% (fifty percent) shall be invested in listed securities.
- (ii) more than 25% (twenty five percent) of the total assets in shares, debentures or other securities in any one industry.
- (iii) more than 20% (twenty percent) of the total assets in shares, debentures or other securities of a single company or group.

- (iv) more than 15% (fifteen percent) of the total asset in Pre-IPOs at one time.
- (v) more than 15% (fifteen percent) of any company's total paid up capital.
- (vi) more than 10% (ten percent) of the total asset in any one particular company.

4.3 Shariah Screening Policies and Guidelines

Apart from following the regulatory guideline for investment, the Fund will strictly follow the Shariah based screening policies and guidelines as described below:

(a) **Business Activities Based Screening**

The basic business of the investee company should be in consistence with the Shariah Law. Although no universal consensus exists among contemporary Shariah scholars on the prohibition of companies, most Shariah Boards have advised against investment in companies involved in the activities of:

- Advertising and Media (newspapers are allowed, sub-industries are analyzed individually)
- Alcohol
- Embryonic or stem cell research and cloning
- Financials (Conventional Banks, Insurance and Leasing/Finance Companies)
- Gambling
- Pork
- Pornography
- Tobacco
- Trading of gold and silver as cash on deferred basis

(b) **Accounting-Based Screens**

After removing companies with non-compliant business activities, the rest of the companies are examined for compliance in financial ratios, as certain ratios may violate compliance measurements. Three areas of focus are leverage, cash, and the share of revenues derived from non-compliant activities. All of these are subject to evaluation on an ongoing basis.

(c) **Other Shariah Compliant Instruments**

The Fund may also invest in other Shariah Compliant instruments as and when they are available for investment, specifically:

1. In particular Term Certificates, Mudaraba Certificates, Musharika, Murabaha, Term Finance Certificates and all other asset backed securities;
2. In contracts, securities or instruments of companies, organizations and establishments issued on the principles of Bai' Mu'ajjal, Bai' Salam, Istisna'a, Mudaraba, Murabaha and Musharika;
3. In the form of Riba-free cash deposits with Islamic Banks or financial institutions with the object of maintaining sufficient liquidity to meet the day-to-day requirement and to take advantage of suitable investment opportunities as and when they arise;
4. In other instruments that may be allowed and confirmed as Shariah Compliant by the Fund's Shariah Advisory Board from time to time;

4.4 Valuation policy

As per Rule 58 of Bangladesh Securities and Exchange Commission (Mutual Fund), Rules, 2001, the fund shall fix the valuation method for the Scheme subject to the prior approval of the Commission. The investment valuation policy of the Fund will be as follows:

4.4.1 Listed Securities

The listed securities are valued at the closing quoted market price only on the Dhaka Stock Exchange on the date of valuation i.e. on June 30, 2020.

4.4.2 Non-Listed Securities

The Fund shall follow the method approved by the Commission for valuation of the non-listed investment, if any, and the Asset Management Company and the Trustee shall periodically review the non-listed investment, if any. The auditors shall comment on such investment in the annual report of the Scheme of the Fund.

The Asset Management Company and the Trustee will value the non-listed securities at least once in every three months.

Once non-listed securities are valued, the valued amount will be considered for purpose of valuing the Fund's assets in any interval of time until the securities are further revalued by the Asset Management Company

4.4.3 Others

For securitized debts, debentures, margin or fixed deposits, the accrued interest on such instruments on the date of valuation shall be taken into account in any calculation of Net Asset Value of such securities in the portfolio of the Fund

In case of deferred expenses, accrued expenses for the period will be taken into account for determining total liabilities.

4.5 Net asset value (NAV) calculation

The Fund intends to determine its NAV per unit on the last business day of each week by dividing the value of the net asset of the Fund (the value of total assets less total liabilities as per Rule 60 of the Bangladesh Securities and Exchange Commission (Mutual Fund) Rules, 2001) by the total number of outstanding units. The Fund will use the following formula to derive the NAV per unit:

Total NAV = VA - LT

NAV per unit = Total NAV / No. of units outstanding.

VA: Value of all securities in vault + Value of all securities placed in lien + Cash in hand and at bank + Value of all securities receivables + Receivables of proceeds of sale of investments + Dividend receivables net of tax + Interest receivables net of tax + Issue expenses amortized as on date + Printing, publication and stationery expenses amortized as on date

LT: Value of all securities payable + Payable against purchase of investments + Payable as brokerage and custodial charges + Payable as Trustee fees + All other payable related to printing, publication and stationery + Accrued deferred expenses with regard to management fee, annual fee, audit fee and safe keeping fee

4.6 Revenue recognition

Capital gains

Capital gains/losses are recognized on being realized based on Average Costing method.

Dividend income

Dividend income is recognized on being declared by the investee-company based on the record date as the cut off date.

Profit earned on mudaraba deposits

As per agreement between the Fund and the Shariah Bank in line with Mudaraba Principle, the profit is accrued on the Mudaraba Deposit accounts at provisional rate on yearly basis considering overall projected growth, performance and profitability of the Bank during the year. Final Rates of profit of any accounting year are declared by the Bank after finalization of Shari'ah Inspection report and certifying the Investment Income of the Bank by the statutory auditors.

4.7 Preliminary and issue expenses

Preliminary and issue expenses represent expenditures incurred prior to the commencement of operations and establishment of the Fund. As per Rule 65 (3) of *Bangladesh Securities & Exchange Commission (Mutual Fund) Rules, 2001*, the expenses are being written off over a period of 7 (seven) years straight line basis.

4.8 Management fee

As per *Bangladesh Securities and Exchange Commission (Mutual Fund) Regulation, 2001*, the Asset Management Company shall be entitled to charge the Fund a management fee for Investment Management at the following rate:

- (i) @ 2.5% per annum of weekly average Net Asset Value (NAV) of the Fund up-to Tk. 50,000,000 (Taka five crore);
- (ii) @ 2.0% per annum for additional amount of the weekly average NAV of the Fund over Tk. 50,000,000 (Taka five crore) but up to Tk. 250,000,000 (Taka twenty five crore);
- (iii) @ 1.5% per annum for additional amount of the weekly average NAV of the Fund over Tk. 250,000,000 (Taka twenty five crore) but up to Tk. 500,000,000 (Taka fifty crore);
- (iv) @ 1.0% per annum for additional amount of the weekly average NAV of the Fund over Tk. 500,000,000 (Taka fifty crore).

The management fee is calculated on every closing day of the week based on the NAV of the Fund and paid at the end of each quarter.

4.9 Trustee fee

The Trustee shall be paid an annual Trusteeship fee of @ 0.15% of the Net Asset Value (NAV) of the Fund on semi-annual in advance basis during the life of the Fund or as may be agreed upon between the parties.

4.10 Custodian Fee

The Fee for Custodian Services will be 0.08% p.a. of balance securities held by the fund, calculated on average market value per month. Besides this, the fund will bear all other expenses viz (a) transaction fee of BDT 200.00 per transaction, (b) local duties and fees like stamp duty on transactions, stamp duty on transfer deed, (c) levies, brokerage, registrar's fees' local counsel / representation, external auditors at the client's request, depository fees, etc. However, a fee cap of 0.09% p.a. on balance securities held by the fund, calculated on the average market value per month will be applicable if the total expenses (including custodian fees, transaction fees and other expenses, mentioned above) per annum go higher than the mentioned fee cap amount. The fee for Custodian Services will be realized semi-annually at the end of the period.

4.11 Commission Payable to Selling Agent(s)

The Fund shall pay commission to the authorized selling agent(s) to be appointed by the Asset Manager at the rate of 0.45% - 1.00% on the total sale amount of unit sales, accruable on collection basis and payable at the end of the quarter. The Selling Agent Commission will be applicable for sales of unit; not on surrender of units. If individuals are appointed as selling agents by the Asset Manager, the commission payable to them will vary and fixed as per Bangladesh Securities and Exchange Commission (Mutual Fund) Regulation, 2001. The selling agent commission may change in future with prior approval from the Bord of Trustee.

4.12 Taxation

The income of the Fund is exempted from Income Tax as per SRO No. 333-Act/Income Tax/2011 dated 10 November 2011, under Section 44(4) clause (b) of Income Tax Ordinance, 1984; hence no provision for tax is required.

In Finance Act, 2016, 5% Income tax at source was applied to any Mutual Fund from the interest accrued on savings deposits or fixed deposits or any term deposit maintained with any Schedule Bank including a co-operative Bank or any bank run on Islamic principles or non-banking financial institutions or any leasing company or any housing finance company.

4.13 BSEC Registration Fees and Annual Fees

The Fund has paid Tk. 10,00,000 (Taka Ten lac) only to the Bangladesh Securities and Exchange Commission (BSEC) as Registration Fee as per Rule - 10 of *Bangladesh Securities & Exchange Commission (Mutual Fund) Rules, 2001*. In addition to that, the Fund will have to pay 0.10% of the NAV of the Fund or BDT 50,000 (Taka Fifty Thousand Only), whichever is higher, as annual fee as per Rule - 11 of *Bangladesh Securities & Exchange Commission (Mutual Fund) Rules, 2001*.

4.14 DSE Shariah Index

The fund has recognised the DSEX Shariah Index initial Subscription Fee as an asset and ammortize over the seven years Straight line basis.

4.15 Purification Policy

Purification is the cleansing process which removes any impure returns that is not permissible under Shariah Law and dispose of the non-permissible portion through donation to charitable organizations.

The Fund shall separate the impure earnings from the Capital Gains and / or dividends and / or income and distribute the rest to the investors. Impure earnings from Investments are to be purified through donation to charitable organizations and will be adjusted with the next published NAV immediately after the approval of the Shariah Advisory Board

4.16 Dividend policy

- (i) The Fund shall distribute minimum 70%, or as may be determined by the *Bangladesh Securities & Exchange Commission (Mutual Fund) Rules, 2001* from time to time, of the annual net profit of the Fund as dividend at the end of each accounting year after making provision for bad and doubtful investments.
- (ii) The Fund may create a dividend equalization reserve by suitable appropriation from the income of the Scheme to ensure consistency in dividend disbursement for each year.

- (iii) Before declaration of dividend, the Asset Management Company shall make a provision in consultation with the Auditor if market value of investments goes below the acquisition cost and the method of calculation of this provision will be incorporated in the notes of accounts.
- (iv) Surpluses arising simply from the valuation of investments shall not be available for dividend.
- (v) The Asset Management Company will dispatch the Dividend warrants, at the expense of the Fund, within 45 days from the declaration of such dividend and submit a statement within next 7 (seven) days to the Commission, Trustee and the Custodian.
- (vi) Before registration for transfer of ownership, a transferee shall not possess the right to any dividend declared.
- (vii) There will be a Cumulative Investment Plan (CIP) scheme in this Unit Fund. Under this scheme a unit holder instead of receiving dividend may reinvest such dividend income accrued for purchasing Unit at a rate determined by IDLC Asset Management Ltd. The unit holders may change their dividend preference in future as per their need.

4.17 Provisions

A provision is recognized if, as a result of a past event, the Fund has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provision is ordinarily measured at the best estimate of the expenditure required to settle the present obligation at the reporting period according to IAS -37.

4.18 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits when it has a short maturity of three months or less from the date of acquisition.

4.19 Unit premium reserves

The general investors invest in IDLC Asset Management Shariah Fund by purchasing Fund's units through the Asset Manager or its approved selling agents. Investors buy or sale units of the Fund at the purchase price or surrender price, NAV/unit, published weekly at daily newspaper and Asset Manager's website. If the purchase price is greater than the face value, i.e. Tk. 10/unit, the investors are buying the units at premium and the Fund creates unit premium reserves from selling the units more than the face value. Similarly when investors redeem or sale their units at surrender rate which is more than the face value, they realized a portion of unit premium reserves and Fund's performance as well. The Unit premium arisen on the surrender/ acquisition of unit by investor is recognized directly with the Retained Earnings through the Statement of Changes in Equity.

4.20 Departure from IFRS and IAS

a. The Fund has written off Preliminary and issue expenses over a period of 07 (seven) years on a straight-line method according to Rule-65(3) Ka of *Bangladesh Securities & Exchange Commission (Mutual Fund) Rules, 2001* which contradicts with Paragraph 69(a) of IAS 38 'Intangible Assets', as it states that "no intangible or other asset is recognized when expenditure on start-up activities (i.e. Start-up costs) is incurred to provide future economic benefits".

b. The Fund has subscribed to Dhaka Stock Exchange's Shariah Index (DSES) for collecting the investment universe of DSES as part of its Shariah Advisory Guidelines. In this regards, it paid one-time subscription fees which the Fund will amortize over 07 (seven) years and annual subscription fees (renewable) which the Fund will amortize over twelve (12) months.

4.21 Statement of cash flows

Cash flows from operating activities have been presented under direct method according to IAS-7.

4.22 Earnings per unit

Earnings per unit has been calculated in accordance with IAS-33 "Earnings per Share" and shown on the face of Profit or Loss & Other Comprehensive Income.

4.23 Per unit key financial ratio

Key financial ratios on per unit basis are disclosed in Annexure - C under Rule - 69 of Bangladesh Securities & Exchange Commission (Mutual Fund) Rules, 2001.

4.24 General

Figures appearing in these financial statements have been rounded off to nearest Taka.

4.25 Application of International Accounting Standards (IASs):

The Financial Statements have been prepared in compliance with requirement of IASs and IFRSs as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB) and applicable in Bangladesh. IDLC Asset Management Shariah Fund applied following IAS and IFRS:

Name of the IAS	IAS/IFRS No.	Status
Presentation of Financial Statements	1	Applied
Statements of Cash Flow	7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	8	Not applied
Events after the Balance Sheet Period	10	Applied
Income Taxes	12	Applied
Property, Plant and Equipment	16	N/A
Employee Benefits	19	N/A
Borrowing Costs	23	N/A
Related Party Disclosures	24	Applied
Financial Instruments: Presentation	32	Applied
Provisions, Contingent Liabilities and Contingent Assets	37	Applied
Intangible Assets	38	Not applied
Investment Property	40	N/A
Agriculture	41	N/A
Financial Instruments: Recognition and Measurement	IFRS-9	Applied

As at June 30, 2020

Taka

5.00 Preliminary and issue expenses

Opening Balance	(Note: 5.1)	6,610,256
Less: Amortized during the period		(574,355)
		<u><u>6,035,901</u></u>

5.01 Preliminary and issue expenses

Formation Fees		2,010,600
Pre-formation Management Fees		2,171,193
Application & Registration Fees paid to BSEC		1,010,000
CDBL Fees		37,558
Trust Deed Registration Fees		127,779
Printing and Publication		764,538
Other Expenses		488,587
		<u><u>6,610,256</u></u>

6.00 Investment in securities at Market price

Investment in listed securities at cost	(Note: 6.1)	20,162,375
Investment in Initial Public Offering (IPO)	(Note: 6.2)	10,000,000
Investment at cost value		30,162,375
Add: Provision against Unrealized loss in portfolio	Annexure A	(3,207,575)
Investment at Market value		<u><u>26,954,800</u></u>

6.01 Investment in listed securities at cost

Telecommunication		20,162,375
<i>Details are mentioned in Annexure A</i>		<u><u>20,162,375</u></u>

6.02 Investment in Initial Public Offering (IPO)

Walton Hi-Tech Industries Limited		10,000,000
		<u><u>10,000,000</u></u>

**This is application money for IPO investment under Mutual Fund quota.*

7.00 Dividend receivables

GlaxoSmithKline(GSK) Bangladesh Ltd.		306,976
		<u><u>306,976</u></u>

8.00 Accrued income

Accrued income on Mudaraba Term Deposits		1,449,861
		<u><u>1,449,861</u></u>

9.00 Advance and Prepayments

Annual fee - BSEC		189,161
Trustee fee		3,195
		<u><u>192,356</u></u>

As at June 30, 2020

Taka

10.00 Cash and cash equivalents

Cash at bank	(Note: 9.1)	33,388,481
Mudaraba Term deposits (MTD)	(Note: 9.2)	130,000,000
		<u>163,388,481</u>

10.01 Cash at bank

Name of Bank	Account Name	Account No.	Type	Balance
Shahjalal Islami Bank Limited	IDLC Asset Management Shariah Fund	11100000323	Current Account	1,332,039
	IDLC Asset Management Shariah Fund - Operations	11100000417	Current Account	44,309
	IDLC Asset Management Shariah Fund - Portfolio	11100000418	Current Account	-
Standard Chartered Bank	IDLC Asset Management Shariah Fund	01-1309915-01	Current Account	32,012,133
				<u>33,388,481</u>

10.02 Mudaraba Term deposits (MTD)

Name of Institution	Account No.	Term	
Islami Bank Bangladesh Limited	2095584	3 Months	45,000,000
	2095585	3 Months	45,000,000
	2095586	3 Months	40,000,000
			<u>130,000,000</u>

11.00 Capital Fund

Opening Balance	-
Sponsor's Subscription	50,000,000
Units subscribed by the General investors during the period	151,782,710
	<u>201,782,710</u>

12.00 Retained earnings

Opening balance	-
Add: Profit/(Loss) during the period	(4,183,593)
	<u>(4,183,593)</u>
Less: Units redeemed with realization of Fund's performance, net	(37,786)
	<u>(4,221,380)</u>

As at June 30, 2020

Taka

13.00 Accounts payable

Management fee	1,038,495
Tax payable for the profit on Mudaraba Term Deposits	72,493
Custodian fee	33,917
Audit fee	34,500
BO Account Renewal Fees	-
CDBL fee	1,973
Payable to Investor	9,889
Sales Agent Commission	10,026
Publication & Other Operational Expense	74,020
	<u>1,275,313</u>

14.00 Net asset value (NAV) per unit at cost

Total Asset at Market Price	198,836,664
Less: Unrealized gain/(loss) in portfolio	<u>(3,207,575)</u>
Total net asset value at cost	202,044,239
Less: Accounts payable	<u>(1,275,313)</u>
Total net asset value at cost	<u>200,768,927</u>
Number of units	<u>20,178,271</u>
NAV per unit at cost	<u><u>9.95</u></u>

15.00 Net asset value (NAV) per unit at market price

Total Asset at Market Price	198,836,664
Less: Accounts payable	<u>(1,275,313)</u>
Total net asset value at market price	<u>197,561,352</u>
Number of units	<u>20,178,271</u>
NAV per unit at market price	<u><u>9.79</u></u>

November 22, 2019 -
June 30, 2020

	Taka
16.00 Gain / (Loss) from Listed Securities	
Beximco Pharmaceuticals Limited	352,821
GlaxoSmithKline Bangladesh Limited	939,019
Grameenphone Limited	165,685
	<u>1,457,525</u>
17.00 Dividend income	
GlaxoSmithKline(GSK) Bangladesh Ltd.	306,976
	<u>306,976</u>
18.00 Provision/(Write back of provision) for diminution in value of investments	
Opening Balance	-
Add: Provision during the period (listed securities)	3,207,575
Required provision against diminution in value of investments at the end of the period	<u>3,207,575</u>
19.00 Earnings per unit	
Net income for the period (A)	(4,183,593)
Outstanding number of units (B)	20,178,271
Earnings per unit (A÷B)	<u>(0.21)</u>
20.00 Net Operating Cash flow per share	
Net Operating cash flow for the period (A)	(38,356,464)
Outstanding number of units (B)	20,178,271
Net Operating Cash flow per unit (A÷B)	<u>(1.90)</u>
21.00 Reconciliation between net profit to operating cash flow	
Net Profit after wrote back of provision/(provision)	(4,183,593)
Amortization charged of preliminary expenses	574,355
Amortization charged of DSE Shariah Index fee	111,710
Operating cash flow before changes in working capital	<u>(3,497,528)</u>
Changes in Working capital:	
Decrease/(Increase) of investment	(26,954,800)
Decrease/(Increase) of prepayments	(192,356)
Decrease/(Increase) of dividend receivables	(306,976)
Decrease/(Increase) of Accrued income	(1,449,861)
Increase of account payables	1,275,313
Payment made for Preliminary expenses	(6,610,256)
Payment made for DSE Shariah Index	(620,000)
	<u>(34,858,936)</u>
Net operating cash flows	<u>(38,356,464)</u>

22.00 Purification Process

In reference to the policy Note - 4.14, following purification will require in the distributable income (if any) of the Fund during the period ended on June 30, 2020:

Name of the Stock	Type of Income	Income Earned (Tk)	Dividend Purification Ratio*	Required purification Amount (Tk)
		(A)	(B)	(C = A x B)
GlaxoSmithKline(GSK) Bangladesh Ltd.	Dividend	306,976	0.0149	4,573.94

* The Dividend Purification (DP) ratio is taken from Dhaka Stock Exchange Shariah Index published on February, 2020

According to the Shariah Advisory Guidelines of the Fund, the Shariah Advisory Board will decide the donation process for the required purification amount (BDT 4,753.94) from the income of the Fund.

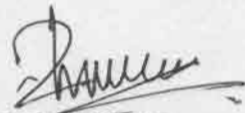
23.00 Events after the reporting period

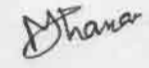
The Board of Trustees of the Fund has approved no dividend for the period ended on June 30, 2020 at the meeting held on July 16, 2020.

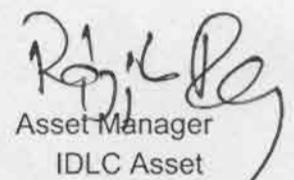
24.00 Date of authorisation

The Trustee Board has authorised these financial statements for issue on July 16, 2020.

Dated, Dhaka
July 16, 2020


Chairman, Trustee
Investment Corporation of
Bangladesh


Member, Trustee
Investment Corporation
of Bangladesh


Asset Manager
IDLC Asset
Management Limited

IDLC Asset Management Shariah Fund
Details of investment in Listed Securities
As at June 30, 2020

(Amount in Taka)

Sl.	Sector	Name of the Company	No. of Share	Avg. Cost	Total Cost	Market Value	Total Market Value	% of Total Assets	Unrealized Gain/ (Loss)
1	Telecom	Grameenphone Ltd.	71,000	283.98	20,162,375	238.80	16,954,800	8.53%	(3,207,575)
Grand Total					<u>20,162,375</u>		<u>16,954,800</u>	<u>8.53%</u>	<u>(3,207,575)</u>

Annexure B

IDLC Asset Management Shariah Fund

Disclosure under Rule - 69 of Bangladesh Securities and Exchange Commission (Mutual Fund) Rules, 2001

Particular	June 30, 2020
(a) Net Asset Value per unit at Cost	9.95
(b) Net Asset Value per unit at Market	9.79
(c) Per unit income other than investment	0.072
(d) Per unit income from Capital gain/(loss) & Dividend Income	0.087
(e) Per Unit Expense	0.208
(f) Per unit provision for diminution value of Investment	0.159
(g) Per unit net income / (loss)	(0.207)
(h) Highest Purchase / Surrender Price per unit during the year	9.99
(i) Lowest Purchase / Surrender Price per unit during the year	9.79