

# PROSPECTUS (ABRIDGED VERSION)

## IDLC BALANCED FUND

### AN OPEN-END MUTUAL FUND SCHEME

Registered Office of Asset Manager: South Avenue Tower (5<sup>th</sup> Floor), Unit No. 502, House No. 50, Road No. 03, 7 Gulshan Avenue, Dhaka-1212, Bangladesh

Initial Size of Issue BDT 50,00,00,000.00 (Fifty Crore Taka)	Number of Units 5,00,00,000 units (Five Crore Units)	Initial Offer Price BDT 10.00 (Ten Taka) per unit	Sponsor's Contribution BDT 10,00,00,000.00 (Ten Crore Taka)	Initial Public Offering BDT 40,00,00,000.00 (Forty Crore Taka)	Initial Subscription Opens May 30, 2017
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Sponsor:  
**IDLC Finance Limited**  
*financing happiness*

Trustee & Custodian:  
**Investment Corporation of Bangladesh**



Asset Management Company:  
**IDLC Asset Management Limited**

**IDLC**  
Asset Management Limited  
*financing happiness*

This Offer Document sets forth concisely the information about the Fund that a prospective investor ought to know before investing. This Offer Document should be read before making an application for the Units and should be retained for future reference.

Investing in the IDLC Balanced Fund (hereinafter the Fund) bears certain risks that investors should carefully consider before investing in the Fund. Investment in the capital market and in the Fund bears certain risks that are normally associated with making investments in securities including loss of principal amount invested. There can be no assurance that the Fund will achieve its investment objectives. The Fund value can be volatile and no assurance can be given that investors will receive the amount originally invested. When investing in the Fund, investors should carefully consider the risk factors outlined in the document.

The Sponsor, Asset Management Company or the Fund is not Guaranteeing any Returns.

The particulars of the Fund have been prepared in accordance with সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (সিউজিএল সফট) বিধিমালা, ২০০১, as amended till date and filed with Bangladesh Securities and Exchange Commission.

#### FUND HIGHLIGHTS

Name of the Fund	IDLC Balanced Fund
Type	Open-End Mutual Fund
Life and Size of the Fund	Perpetual life and unlimited size
Investment Objective	To generate capital appreciation along with current income from a combined portfolio of equity, debt and money market instruments
Sponsor	IDLC Finance Limited (IDLC FL)
Asset Manager	IDLC Asset Management Limited (IDLC AML)
Trustee	Investment Corporation of Bangladesh (ICB)
Custodian	Investment Corporation of Bangladesh (ICB)
Initial Size of the Fund	BDT 50,00,00,000.00 (Fifty Crore Taka) divided in to 5,00,00,000 (Five Crore) Units of BDT 10.00 (Ten Taka) each
Face Value	BDT 10.00 (Ten Taka) per unit
Minimum Application Amount	500 units equivalent to BDT 5,000 (during public subscription) for individuals 5,000 units equivalent to BDT 50,000 (during public subscription) for institutions (Not applicable for SIP investors)
Loads	Entry Load: NIL (purchase price at NAV at market price), Exit Load: Maximum 2% discount from NAV at Market Price. The Loads may vary as per the decision by the Board of the Asset Management Company.
Transparency / NAV Disclosure	NAV, Sales Price and Repurchase Price will be disclosed on weekly basis and will be published on website, notice board of the AMC and one national daily newspaper as per prescribed rule.
Target Group	Individuals – both resident and non-resident, institutions – both local and foreign, mutual funds and collective investment schemes (CIP) are eligible to subscribe the units of the Fund
Dividend	Minimum 70% (seventy percent) of realized profit of the Fund will be distributed as dividend in Bangladeshi Taka or CIP (if requested by the investor) only in each accounting year
Dividend Distribution	The dividend warrant will be distributed within 45 (forty five) days from the date of declaration
Transferability	The Units of the Fund are transferable by way of inheritance / gift and / or by specific operation of the law
Liquidity	The Unit holders can surrender and encash their units to the Asset Manager and through the selling agents appointed by the Asset Manager during the business hours as specified by the Asset Management Company
Systematic Investment Plan (SIP) facility	Systematic Investment Plan or SIP allows investor to invest a certain pre-determined amount at a regular interval (monthly, quarterly, yearly etc.). A SIP is a planned approach towards investments and helps to inculcate the habit of saving and building wealth for the future. Investor can start SIP with a very small amount i.e. minimum BDT 1,000 or any multiple of BDT 1,000.
Reports and Accounts	Every Unit holder is entitled to receive annual report along with the quarterly, half-yearly, annual financial statements and portfolio statements as and when published from the official website of the Asset Management Company
Tax Benefit	Income from the Mutual Fund up to BDT 25,000.00 is exempted from tax according to the 6th Schedule, Part A under Income Tax Ordinance, 1984
Allowable / Eligible Investment	Investment in the Mutual Fund will qualify for investment tax credit according to the Section 44(2) under Income Tax Ordinance, 1984

#### CHAPTER 1: PRELIMINARY

##### 1.1 Publication of Prospectus for Public Offering

IDLC Asset Management Limited (IDLC AML) has received the Asset Management License from the Bangladesh Securities & Exchange Commission under Bangladesh Securities & Exchange Commission Act, 1993 and সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (সিউজিএল সফট) বিধিমালা, ২০০১. It MUST BE DISTINCTLY UNDERSTOOD THAT IN GIVING THIS APPROVAL, THE COMMISSION DOES NOT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL SOUNDNESS OF THE FUND, ANY OF ITS SCHEMES OR THE ISSUE PRICE OF THE UNITS OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINION EXPRESSED WITH REGARD TO THEM. SUCH RESPONSIBILITY LIES WITH THE ASSET MANAGER, TRUSTEE, SPONSOR AND/OR CUSTODIAN.

##### 1.2 Consent of the Bangladesh Securities and Exchange Commission

"APPROVAL OF THE BANGLADESH SECURITIES AND EXCHANGE COMMISSION HAS BEEN OBTAINED TO THE ISSUE/OFFER OF THE FUND UNDER THE SECURITIES AND EXCHANGE ORDINANCE, 1969 AND THE সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (সিউজিএল সফট) বিধিমালা, ২০০১. IT MUST BE DISTINCTLY UNDERSTOOD THAT IN GIVING THIS APPROVAL, THE COMMISSION DOES NOT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL SOUNDNESS OF THE FUND, ANY OF ITS SCHEMES OR THE ISSUE PRICE OF THE UNITS OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINION EXPRESSED WITH REGARD TO THEM. SUCH RESPONSIBILITY LIES WITH THE ASSET MANAGER, TRUSTEE, SPONSOR AND/OR CUSTODIAN."

##### 1.3 Listing of the Fund

The Fund, being an open-end one, will not be listed with any stock exchange of the country. Hence the units of the Fund will not be traded in the stock exchanges unless otherwise BSEC and Stock Exchanges make arrangement in future. In that case, public communication will be made as per BSEC's approval.

The securities will be kept in dematerialized form in Central Depository Bangladesh Limited (CDBL) to facilitate the holding and transfer of the units of the Fund. Units will always be available for sale and surrender/repurchase except on the last working day of every week and during book closure period / record date of the Fund at the corporate office of IDLC AML and the authorized selling agents. IDLC AML shall disclose selling price and surrender value/repurchase price of units at the beginning of business operation on the first working day of every week as per বিধিমালা.

##### 1.4 Availability of Documents for Inspection

- Copy of this prospectus will be available at the registered office of the Asset Manager and offices of the authorized selling agents of the Fund. This prospectus will also be available at the website of Bangladesh Securities & Exchange Commission ([www.bsecbd.org](http://www.bsecbd.org)), IDLC Asset Management Limited ([www.idlc.com](http://www.idlc.com)) and IDLC Finance Limited ([www.idlcfl.com](http://www.idlcfl.com)).
- Copy of the Trust Deed will be available for public inspection during business hours at the office of the asset manager of the Fund; the document may also be viewed on the website of IDLC Asset Management Ltd. One will be able to purchase a copy of the trust deed by paying the price as determined by the Asset Manager.

##### 1.5 Conditions under Section 2CC of the Securities & Exchange Ordinance, 1969

- The Fund shall not account for any upward revaluation of its assets creating reserve without clearance from the Bangladesh Securities and Exchange Commission;
- The Fund shall not be involved in option trading, short selling or carry forward transactions;
- A Confirmation of Unit Allocation shall be issued at the cost of the Fund at par value of BDT 10.00 (Ten Taka) each within 90 (ninety) days from the date of sale of such Units;
- Money receipt / acknowledgement slip issued at the time of sale of units will be treated as allotment letter, which shall not be redeemable / transferable;
- The annual report of the Fund / or its abridged version will be published within 45 (forty five) days of the closure of each accounting year of the Fund;
- An annual report and details of split-wise investment and savings of the Fund shall be submitted to the Commission, Trustee and Custodian of the Fund within 90 (ninety) days from the closure of the accounts;
- Half-yearly accounts/financial results of the Fund will be published in at least one English and another Bangla National daily newspapers within 30 (thirty) days from the end of the period;
- Dividend shall be paid within 45 (forty five) days of its declaration, and a report shall be submitted to BSEC, Trustee and Custodian within 7 (seven) days of dividend distribution;
- Net Asset Value (NAV) of the Fund shall be calculated and disclosed publicly at least once a week;
- The split-wise detail portfolio statement consisting of capital market and other than capital market holdings of the fund will be disclosed in the website of the Asset Management Company on quarterly basis within 30 (thirty) days of each quarter-end;
- After initial public subscription, the sale and repurchase/surrender price of Units will be determined by the Asset Management Company. NAV at market price per unit calculated on a date shall form the highest sale price of Units by rounding up the amount and shall be effective per unit up to next calculation of NAV of the Fund. Difference between sale and repurchase price per unit shall not be over 5% of the sale price of the unit. The Asset Manager may reduce the above difference for Systematic Investment Plan (SIP) or any other ground with the approval of the trustee.
- BSEC may appoint auditors for special audit/investigation on the affairs of the Fund, if it so desires;
- The Fund shall maintain separate bank accounts to keep the sale proceeds of Units and to meet up day-to-day transaction including payment against repurchase of units. All transactions of the account shall be made through banking channel and shall be properly documented;
- The prospectus/abridged version of the prospectus shall be published in one widely circulated Bengali national daily newspaper provided that information relating to publication of prospectus be published in 2 (two) national daily newspapers (Bengali and English) and one online newspaper;
- If abridged version of the prospectus is published in the newspaper, complete prospectus shall be made available to the applicants publishing it in their own website;
- If the Fund manager fails to collect the minimum 40% of the initial target amount under বিধি ৪৩ of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (সিউজিএল সফট) বিধিমালা, ২০০১, it will refund the subscription money within 30 days without any deduction. In case of failure, the Fund manager will refund the same with an interest @ 18% per annum from its own account within the next month;
- The AMC should ensure compliance of বিধি ৪৩ of সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (সিউজিএল সফট) বিধিমালা, ২০০১;
- On achievement of 40% of the initial target amount as per rules, the Fund is allowed to commence investment activities of the Fund with permission of the Trustee;
- The size of the Fund will be increased from time to time by the AMC subject to approval of the Trustee and with intimation to the Commission;
- Confirmation of Unit Allocation of the sponsor's contribution amounting to BDT 10,00,00,000.00 (Ten Crore Taka only) shall be subject to a lock-in for a period of minimum three years from the date of formation of the Fund and after that period entire holding may be transferred to any eligible institution who has the qualification to be a sponsor of a mutual fund with prior permission of BSEC.
- A Confirmation of Unit Allocation amounting BDT 10,00,00,000.00 (20% of the Fund) will be issued in favor of the sponsor. The said confirmation letter shall be in the custody of Trustee. No splitting of the Unit of the Sponsor shall be made without prior approval of the Commission.
- Annual fee of the fund shall be submitted to the Commission on the fund size i.e. year-end Net Asset Value at market price of the fund on advance basis as per rule and may adjust the fee in the next year, if necessary.

##### Please ensure that the following are adhered to:

- As per provisions contained in the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (সিউজিএল সফট) বিধিমালা, ২০০১, regarding limitation of time on closure of subscription, the initial public subscription will remain open for 45 (forty five) days or for a period up to achievement of the initial target amount, whichever is earlier;
- The paper cutting of the published prospectus and all other published documents/notices regarding the Unit Fund shall be submitted to the Commission within 24 hours of publication thereof;
- The Asset Management Company shall submit 10 (ten) copies of printed prospectus to the Commission for official record;
- The Asset Management Company shall ensure in writing to the Commission that the prospectus/abridged version is published correctly in the newspaper and own website and is a verbatim copy of the prospectus/abridged version vetted by the Commission;
- The AMC shall apply the spot buying rate (TT clean) of Sonali Bank prevalent on the date of opening of subscription for conversion of foreign currencies;
- The AMC shall submit to the Commission a diskette containing the vetted prospectus and its abridged version;
- All conditions imposed under Section 2CC of the Securities and Exchange Ordinance, 1969 must be complied with and be incorporated in the body of the Prospectus and in its abridged version.

- After due approval by the Trustee regarding issue and formation expenses, the AMC shall submit in details along with supporting documents to the Commission regarding issue and formation expenses within 15 days of fund operation. The Auditor of the fund shall also put opinion about the above expenses in the initial financial statements of the fund;
  - The Investment Policy and Guideline and information on constituents of Investment Committee of the Fund approved by the Board shall be submitted to the Commission within 30 (thirty) days from the received of the Consent Letter. The Investment Policy and Guideline shall include among other issues, the investment delegation power of the Chief Executive Officer and the Committee separately and also the meeting resolution presentation process.
  - After due approval of the Trustee, the asset manager shall submit the systematic investment plan (SIP) brochure to the Commission complying the Rules within 30 (thirty) days of issuing the consent letter.
- #### 1.6 General Information
- This prospectus has been prepared by IDLC Asset Management Limited based on the Trust Deed executed between the Trustee and the Sponsor of the Fund, which is approved by the Commission and available publicly. The information contained herein is true and correct in all material aspects and there are no other material facts, the commission of which would make any statement herein misleading.
  - No person is authorized to give any information to make any representation not contained in this prospectus and if so given or made, such information or representation must not be relied upon as having been authorized by IDLC Asset Management Limited.
  - The issue as contemplated in this document is made in Bangladesh is subject to the exclusive jurisdiction of the court of Bangladesh. Forwarding this prospectus to any person residing outside Bangladesh in no way implies that the issue is made in accordance with the laws of that country or it is subject to the jurisdiction of the laws of that country.

##### 1.7 Sale and Repurchase of Units

IDLC AML will maintain two separate BO Accounts with Investment Corporation of Bangladesh, custodian of IDLC Balanced Fund for creation and redemption of units namely "IDLC Balanced Fund - Sale of units" and "IDLC Balanced Fund - Repurchase of units".

For sale of units, IDLC AML will issue a certificate for the units sold and send it to ICB for setting up of demat request. After the acceptance of demat setup by IDLC AML from its terminal, units will be credited to the BO Account of "IDLC Balanced Fund - Sale of units". Then ICB will transfer the units from "IDLC Balanced Fund - Sale of units" to the unit holders' BO Accounts as per instruction of IDLC AML.

In the case of redemption / repurchase by the Asset Manager, the unit holder will transfer his / her / the Institutional holder's units to the "IDLC Balanced Fund - Repurchase of units". ICB will debit the units from the investor's BO Accounts and transfer it to the "IDLC Balanced Fund - Repurchase of units". Simultaneously, the payment will be made through A/C payee Cheque or funds will be transferred to investor's Bank Account through BFTN as per the request of the client.

##### 1.8 Systematic Investment Plan (SIP)

A Systematic Investment Plan or SIP is a smart and hassle free mode for investing money in mutual funds. SIP allows an investor to invest a certain pre-determined amount at a regular interval (monthly, quarterly, yearly etc.). A SIP is a planned approach towards investments and helps to inculcate the habit of saving and building wealth for the future.

##### Buy and Surrender in SIP Process:

An investor can invest through SIP either by auto debit system provided against investor's Bank Account or by providing monthly pre-determined cheques via selling agents at a regular interval (monthly, quarterly, yearly etc.). Investor must have a BO Account; he / she will get the SIP units in his / her BO Account and may get a discount from ongoing Weekly "Investor's Buy Price" of the mutual fund.

It is advisable to continue SIP investments with a long-term perspective, there is no compulsion. Investors can discontinue the plan at any time. If an investor wants to terminate the SIP before two (2) years, 1% discount from the "Investor's sale / surrender price" may be applicable on total accumulated invested amount on the date of cancellation of the scheme. After maturity of SIP, the investor can easily surrender his / her total units through the AMC or the Selling Agents.

##### Benefits may be offered for Investors such as:

SIP encourages a disciplined investment; while invested through SIP, investor commits himself / herself to save regularly. Different benefits may be offered as follows:

- Flexibility:** Investor can start SIP with a very small amount that is 1,000/2,000/3,000/4,000/5,000 or multiple of 500 / 1000. One can also increase/decrease the amount being to be invested in regular fashion.
- Flexible SIP Tenor:** The SIP will be offered for at least 2 years or any other higher period set by the AMC. However, investor can set SIP scheme for 3 years / 5 years / 7 years / 10 years. After this period, the individual scheme will be matured and may surrender or continue after maturity. If surrendered, no fees (charges) may be charged on surrender and may also offer highest premium over the declared surrendered price at that time.
- No Minimum lot size:** There will be no minimum lot size under the SIP as like normal investors. Based on "Investor's Buy Price" per unit available, SIP investors, units will be credited to investor's BO account. However, any fractional amount remaining will be converted when it sums up to one unit. The fractional amount will be kept as liability of the fund in a separate account head.
- Buy at discount and Surrender at premium:** SIP investor may buy units at a discount from Weekly "Investor's Buy Price" offered to the normal investors. In addition to that, SIP investor may surrender at a premium of repurchase price offered to normal unit holders at the end of each SIP brochure.
- CIP option for the SIP investors:** SIP investors can choose either option of cash dividend or cumulative investment plan (CIP). If a SIP investor chooses CIP (i.e. Dividend reinvestment process) instead of cash dividend, they may also enjoy CIP units at a discount of prevailing "Investor's Buy Price" used for CIP conversion. After CIP conversion, they will get dividend on total number of units in the next year.

Detailed of SIP Scheme, Scheme information will be provided in the Scheme Brochure in future
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#### 1.9 Declarations

##### Declarations About the Responsibility of the Sponsor

We, as the Sponsor of the "IDLC Balanced Fund", accepts full responsibility for the authenticity and accuracy of the information contained in this Prospectus and other documents regarding the mutual fund. To the best of the knowledge and belief of the Sponsor, all the information is true and correct in all material aspects and there are no other material facts concerning this public offer and all information contained in this document, drawn up by virtue of the Trust Deed of the Fund by the entrusted Asset Management Company, have been met and there is no other information or documents, the omission of which may make any information or statements therein misleading.

We also confirm that full and fair disclosures have been made in this Prospectus to enable the investors to make an informed decision for investment.

Sd/-

**Arif Khan**

CEO & Managing Director

IDLC Finance Limited

##### Declarations About the Responsibility of the Trustee

We, as the Trustee of the IDLC BALANCED FUND, accept the responsibility and confirm that we shall:

- be the guardian of the Fund, held in trust for the benefit of the unit holders in accordance with the Rules & the Trust Deed;
- always act in the interest of the unit holders;
- take all reasonable care to ensure that the Fund floated and managed by the Asset Management Company are in accordance with the Trust Deed and the Rules;
- make sure that there is no contradiction between the prospectus, trust deed and সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (সিউজিএল সফট) বিধিমালা, ২০০১;
- make such disclosures by the Asset Management Company to the investors as are essential in order to keep them informed about any information, which may have any bearing on their investments; and
- take such remedial steps as are necessary to rectify the situation where we have reason to believe that the conduct of business of the Fund is not in conformity with the relevant Rules.

Sd/-

**Munira Rahman**

Deputy General Manager

Investment Corporation of Bangladesh

##### Declarations About the Responsibility of the Custodian

We, as the Custodian of the IDLC BALANCED FUND accept the responsibility and confirm that we shall:

- keep all the securities (both listed and non-listed) of the Fund including FDR receipts in safe and separate custody as per সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (সিউজিএল সফট) বিধিমালা, ২০০১ and shall provide the highest security for the assets of the Fund;
- preserve necessary documents and record so as to ascertain movement of assets of the Fund as per rules
- act as custodian of the Fund as mentioned above as per provisions of the custodian agreement executed with the asset management company and shall assume the duties and responsibilities as described in the trust deed of the mentioned fund and other constitutive documents;
- abide by the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (সিউজিএল সফট) বিধিমালা, ২০০১ and conditions imposed by the Commission as regards of the fund; and
- act to our best for the benefit and sole interests of the unit-holders of the fund.

Sd/-

**Munira Rahman**

Deputy General Manager

Investment Corporation of Bangladesh

##### Declaration About the Responsibility of the Asset Manager

We, as the Asset Manager of IDLC Balanced Fund, accept the responsibility and confirm that:

This Prospectus has been prepared by us based on the Trust Deed, the Investment Management Agreement, the Bangladesh Securities & Exchange Commission (Public Issue) Rules, 2015, the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (সিউজিএল সফট) বিধিমালা, ২০০১, and other related agreements and examination of other documents as relevant for adequate disclosure of the Fund's objectives and investment strategies to the investors.

We also confirm that:

- The prospectus is in conformity with the documents, materials and papers related to the public offer;
  - All the legal requirements of the public offer have been duly fulfilled; and
  - The disclosures made are true, fair and adequate for investment decision.
- Investors should be aware that the value of investments in the mutual fund could be volatile and such no guarantee can be made about the returns from the investments that the Fund will make. Like any other equity investment, only investors who are willing to accept a moderate degree of risk, should invest in the mutual fund. Investors are requested to pay careful attention to the "Risk Factors" section of the Prospectus and to take proper cognizance of the risks associated with any investment in the mutual fund.

Sd/-

**Rajib Kumar Dey**

Managing Director

IDLC Asset Management Limited

#### 1.10 Due Diligence

##### Due Diligence Certificate by the Sponsor

তথ্য স্বাক্ষর: (১) এর (৩) বিধি ৪০ (৫) প্রকৃতি

To

The Honourable Chairman

Bangladesh Securities & Exchange Commission

##### Subject: IDLC Balanced Fund

We, the Sponsor of the above-mentioned forthcoming mutual fund, state as follows:

- We, as the Sponsor of the above-mentioned mutual fund, have examined the prospectus and other documents and materials as relevant to our decision; and
- We warrant that we shall comply with the Bangladesh Securities & Exchange Commission (Mutual Fund) Rules, 2001, Bangladesh Securities & Exchange Commission (Public Issue) Rules, 2015, Trust Deed of the mutual fund and the rules, orders, guidelines, directives, notifications and circulars that may be issued by the Bangladesh Securities & Exchange Commission from time to time in this respect.

##### WE CONFIRM THAT:

- All information in the prospectus forwarded to the Commission is authentic and accurate;
- We, as sponsor of the mutual fund as mentioned above, will act as per clauses of the trust deed executed with the trustee and shall assume the duties and responsibilities as described in the trust deed and other constitutive documents;

- We shall also abide by the Bangladesh Securities & Exchange Commission (Mutual Fund) Rules, 2001 and conditions imposed by the Commission as regards of the mutual fund; and
- We shall act to our best for the benefit and interests of the unit-holders of the mutual fund.

For the Sponsor,

Sd/-

**Arif Khan**

CEO & Managing Director

IDLC Finance Limited

##### Due Diligence Certificate by the Trustee

তথ্য স্বাক্ষর: (১) এর (৩) বিধি ৪০ (৫) প্রকৃতি

To

The Honourable Chairman

Bangladesh Securities & Exchange Commission

##### Subject: IDLC Balanced Fund

We, the under-noted trustee to the above-mentioned forthcoming mutual fund, state as follows:

- We, while act as trustee to the above mentioned fund on behalf of the investors, have examined the draft prospectus and other documents and materials as relevant to our decision; and
- We warrant that we shall comply with the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (সিউজিএল সফট) বিধিমালা, ২০০১, Bangladesh Securities & Exchange Commission (Public Issue) Rules, 2015, Dhaka Stock Exchange (Listing) Regulations, 2015, Chittagong Stock Exchange (Listing) Regulations, 2015, Trust Deed of the Fund and the rules, guidelines, circulars, orders and directions that may be issued by the Bangladesh Securities and Exchange Commission from time to time in this respect.

##### WE CONFIRM THAT:

- All information and documents as are relevant to the issue have been received and examined by us and the draft prospectus forwarded to the Commission have been approved by us;
- We have also collected and examined all other documents relating to the fund;
- While examining the above documents, we find that all the requirements of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (সিউজিএল সফট) বিধিমালা, ২০০১ have been complied with;
- We shall act as trustee of the fund as mentioned above as per provisions of the trust deed executed with the sponsor and shall assume the duties and responsibilities as described in the trust deed and other constitutive documents;
- We shall also abide by the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (সিউজিএল সফট) বিধিমালা, ২০০১ and conditions imposed by the Commission as regards of the fund; and
- We shall act to our best for the benefit and sole interests of the unit holders of the fund;

For Trustee

Sd/-

**Munira Rahman**

Deputy General Manager

Investment Corporation of Bangladesh

##### Due Diligence Certificate by the Custodian

তথ্য স্বাক্ষর: (১) এর (৩) বিধি ৪০ (৫) প্রকৃতি

We, the under-noted custodian to the above-mentioned forthcoming mutual fund, state as follows:

- We, while act as custodian to the above mentioned fund on behalf of the investors, shall comply with the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (সিউজিএল সফট) বিধিমালা, ২০০১, Depository Act, 1999, Depository Regulation, 2000, Depository (User) Regulation, 2003, Trust Deed of the Fund and the Rules, guidelines, circulars, orders and directions that may be issued by the Bangladesh Securities and Exchange Commission from time to time in this respect.

##### WE CONFIRM THAT:

- We will keep all the securities (both listed and unlisted) and Assets of the "IDLC Balanced Fund" including FDR receipts in safe and separate custody as per বিধি ১১ of সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (সিউজিএল সফট) বিধিমালা, ২০০১ and will provide highest security for the assets of the Fund;
- We shall act as custodian to the issue as mentioned above as per provisions of the custodian agreement executed with the asset management company and shall assume the duties and responsibilities as described in the trust deed of the mentioned fund and other constitutive documents;
- We shall also abide by the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (সিউজিএল সফট) বিধিমালা, ২০০১ and conditions imposed by the Commission as regards of the fund; and
- We shall act to our best for the benefit and sole interests of the unit holders of the fund;

For Custodian

Sd/-

**Munira Rahman**

Deputy General Manager

Investment Corporation of Bangladesh

##### Due Diligence Certificate by the Asset Manager

তথ্য স্বাক্ষর: (১) এর (৩) বিধি ৪০ (৫) প্রকৃতি

To

The Honourable Chairman

Bangladesh Securities & Exchange Commission

##### Subject: IDLC Balanced Fund

We, the Asset Manager of the above-mentioned forthcoming mutual fund, state as follows:

- We, as the Asset Manager of the above-mentioned mutual fund, declare and certify that the information provided in the prospectus, is complete and true in all aspects;
- We further certify that we shall inform the Bangladesh Securities & Commission immediately of any change in the information of the fund; and
- We warrant that we shall comply with the Securities and Exchange Ordinance, 1969, Bangladesh Securities & Exchange Commission (Mutual Fund) Rules, 2001, Bangladesh Securities & Exchange Commission (Public Issue) Rules, 2015, Trust Deed of the mutual fund, Dhaka Stock Exchange (Listing) Regulations, 2015, Chittagong Stock Exchange Commission (Listing) Regulations, 2015 and the rules, orders, guidelines, circulars, directives, notifications and circulars that may be issued by the Bangladesh Securities & Exchange Commission from time to time in this respect.

##### WE CONFIRM THAT:

- The prospectus forwarded to the Commission is in conformity with the documents, materials and papers relevant to the mutual fund;
- All the legal requirements connected with the said mutual fund have been duly complied with; and
- The disclosures made in the prospectus are true, fair and adequate to enable the investors to make



- VIII. Dividend income from this Fund will be tax free up to BDT 25,000.00 (Twenty Five Thousand Taka) as permitted by the Finance Act.
- IX. As open-end fund is not traded in the secondary market, its price will not be subjected to the interaction of demand and supply. As sales and repurchase price will be calculated based on Net Asset Value (NAV) as prescribed in নির্দেশিকা ৬ এ প্রদত্ত কনসেন (নিউট্রাল ফান্ড) বিধান, ২০০১, the price of the fund will be more stable than that of other securities traded in secondary market.

#### 2.4 Tax Advantages

Investment in this Fund by individual investors will enjoy tax exemption benefit under Section 44(2) of the Income Tax Ordinance, 1984. Country's Finance Act and Government's tax policies will always determine the tax benefits from investment in mutual funds. However, investors in mutual funds are entitled to the following tax benefits under the current tax policies:

- Tax advantage on Income:**  
Income from a mutual fund or a unit fund up to BDT 25,000.00 (Twenty Five Thousand Taka only) is exempted from tax as per clause 22A of 6<sup>th</sup> Schedule (Part A) under Income Tax Ordinance, 1984.
- Investment Tax Credit:**  
According to the Section 44(2)(c) under Income Tax Ordinance, 1984, the amount of allowable investment is actual investment or 25% of total taxable income or BDT 1,50,00,000.00 (Taka One crore & Fifty Lac only), whichever is lower.

According to the Section 44(2)(b) under Income Tax Ordinance, 1984, the tax rebate rate is from 15% to 10% as per following schedule:

Total Taxable Income	Rate of Tax Rebate
Up to BDT 10,00,000.00	15% of eligible amount
From BDT 10,00,001.00 to BDT 30,00,000.00	i. BDT 2,50,000.00 of eligible amount at the rate of 15% ii. Remaining of the eligible amount at 12%
Above BDT 30,00,000.00	i. BDT 2,50,000.00 of eligible amount at the rate of 15% ii. Next BDT 5,00,000.00 of eligible amount at the rate of 12% iii. Remaining of the eligible amount at 10%

#### Example:

An individual's total taxable income is BDT 32,00,000.00 (Taka Thirty Two Lac only) in a year and actual investment is BDT 20,00,000.00 (Taka Twenty Lac only). His eligible investment for tax rebate will be the lowest amount of the following figures:

i.	Actual Investment:	BDT 20,00,000.00
ii.	25% of total taxable income:	BDT 8,00,000.00 (25% x BDT 32,00,000.00)
iii.	Maximum eligible investment:	BDT 1,50,00,000.00

Considering the above three figures, the eligible investment will be BDT 8,00,000.00 (Taka Eight Lac only).

As his total taxable income is above BDT 30,00,000.00, so the total tax rebate for the individual will be calculated as follows:

First BDT 2,50,000.00 of eligible amount at the rate of 15%	= BDT 37,500.00 (15% x BDT 2,50,000.00)
Next BDT 5,00,000.00 of eligible amount at the rate of 12%	= BDT 60,000.00 (12% x BDT 5,00,000.00)
Remaining of the eligible amount (BDT 50,000.00) at the rate of 10%	= BDT 5,000 (10% x BDT 50,000.00)
Total Rebate	BDT 1,02,500.00

The investor can reduce his tax liability of BDT 1,02,500.00 (Taka One Lac Two Thousand & Five Hundred only) by investing in the mutual fund.

THIS IS A SIMPLE ILLUSTRATION. THE AMOUNT CAN VARY AND WILL DEPEND ON INDIVIDUAL CIRCUMSTANCES. ALSO, PLEASE NOTE THAT THE TAX REBATES MAY CHANGE AS PER GOVERNMENT'S DECISION IN ANY YEAR. INVESTORS ARE ADVISED TO CONSULT WITH THE TAX ADVISOR, IF REQUIRED.	
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### CHAPTER 3: IDLC BALANCED FUND

#### 3.1 Formation of the Fund

The Trust Deed of the Fund was registered on February 05, 2017 under the Trust Act, 1882 and Registration Act, 1908 through a Trust Deed entered into between IDLC Finance Ltd. and Investment Corporation of Bangladesh (ICB). The Fund was registered by the BSEC on March 07, 2017 under the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (নিউট্রাল ফান্ড) বিধান, ২০০১.

#### 3.2 Life of the Fund

The Fund will be an open-end mutual fund with a perpetual life established to broaden the base of investment and develop the capital market, institutional (local and foreign) and individual investors (resident and non-resident) are eligible to invest in this Fund.

#### 3.3 Size, Face Value and Denomination

The initial target size of the Fund will be BDT 50,00,00,000.00 (Fifty Crore Taka only) divided into 5,00,00,000 (Five Crore) units of BDT 10.00 (Ten Taka only) each. Size of the Fund will be increased from time to time by the Asset Manager subject to approval of the Trustee and with due intimation to the BSEC.

Face value of each Unit will be BDT 10.00 (Ten Taka only).

Initially, unit holders of the Fund shall be issued with a Confirmation of Unit Allocation letter by the Asset Manager at the cost of the Fund in any denomination but not less than 500 (five hundred) units for individuals and 5,000 (five thousand) units for institutions.

#### 3.4 Investment Objective

The objective of the IDLC Balanced Fund is to generate capital appreciation along with current income in the form of dividend from a combined portfolio of equity, debt and money market instruments.

#### 3.5 Some important policies regarding investment and operation of the Fund

<b>Investment Discipline</b>	The Fund shall invest subject to the বিধান 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.
<b>Investment Exposure</b>	<b>The Fund shall not invest:</b> <ul style="list-style-type: none"><li>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.</li><li>more than 25% (twenty five percent) of the total assets in shares, debentures or other securities in any one industry.</li><li>more than 20% (twenty percent) of the total assets in shares, debentures or other securities of a single company or group.</li><li>more than 15% (fifteen percent) of the total asset in Pre-IPOs at one time.</li><li>more than 15% (fifteen percent) of any company's total paid up capital.</li><li>more than 10% (ten percent) of the total asset in any one particular company.</li></ul>
<b>Investment Liquidity</b>	All money collected under the Fund shall be invested only in encashable / transferable instruments, securities whether in money market or capital market or privately placed Pre-IPO equity shares, preference shares, debentures or securitized debts. The Mutual Fund shall get the securities purchased or transferred in the name of the Fund.
<b>Investment Restriction</b>	<ul style="list-style-type: none"><li>The Fund shall not invest in or lend to another Scheme under the same Asset Management Company</li><li>The Fund shall not acquire any Asset out of Trust property, which involves the assumption of any liability that is unlimited or shall result in encumbrance of the Trust Property in any way.</li><li>The Fund or the Asset Management Company on behalf of the Fund shall not give or guarantee term loans for any purpose or take up any activity in contravention of the বিধান.</li><li>The Fund can transfer investment from one scheme to another if</li><li>&gt; the transfer of listed securities is made in current market price through spot market,</li><li>&gt; the investment objective of the scheme (which receives the securities) matches with the transferred securities.</li><li>The Fund shall buy and sell securities on the basis of deliveries and shall, in all cases of purchases, take delivery of securities and in all cases of sale, deliver the securities on the respective settlement dates as per the custom and practice of the stock exchanges and shall in no case put itself in a position whereby it has to make short sale or carry forward transaction.</li><li>The Fund shall not involve in option trading, short selling or carry forward transaction.</li><li>The Fund shall not take any loan for investment purpose.</li><li>The Fund shall not buy its own unit.</li></ul>
<b>Investment Decision</b>	Only the Asset Management Company will make the investment decisions and place orders for securities to be purchased or sold for the Scheme's portfolio.

#### 3.6 Valuation policy

As per section 58 of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (নিউট্রাল ফান্ড) বিধান, ২০০১, 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:

<b>Listed Securities</b>	<ul style="list-style-type: none"><li>For listed securities, the average quoted closing price on the stock exchanges on the date of valuation shall form the basis of any calculation of Net Asset Value of such securities in the portfolio of the Fund.</li><li>For Listed Securities not traded in the Stock Exchanges on the particular valuing date, immediate previous average quoted closing price, which one is nearer but no longer than one month, to the valuing date will be taken into account.</li><li>For Listed Securities not traded within previous one month will be made based on their reasonable value by the Asset Management Company and approved by the Trustee and commented upon by the Auditor in the Annual Report of the Scheme of the Mutual Fund but shall not be more than the intrinsic value of the securities.</li></ul>
<b>Non-listed Securities</b>	<ul style="list-style-type: none"><li>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.</li><li>The Asset Management Company and the Trustee will value the non-listed securities at least once in every three months.</li><li>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.</li></ul>
<b>Others</b>	<ul style="list-style-type: none"><li>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 the calculation of Net Asset Value of such securities in the portfolio of the Fund.</li><li>In case of deferred expenses, accrued expenses for the period will be taken into account for determining total liabilities of the fund.</li></ul>

#### 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 সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (নিউট্রাল ফান্ড) বিধান, ২০০১) 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 outstanding units

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

#### 3.7 Limitation of Expenses

- All expenses should be clearly identified and appropriated to the Fund.
- The Asset Management Company may charge Fund for Investment Management and Advisory fees as per the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (নিউট্রাল ফান্ড) বিধান, ২০০১.
- The Asset Management Company may amortize the initial issue costs of the Fund over a period of 7 (seven) years on a straight line method provided that initial issue expenses / Initial Public Offering (IPO) costs shall not exceed 5% of the collected amount raised under the Fund.
- In addition to the fees mentioned hereinabove, the Asset Management Company may charge the Scheme of the Fund with the following recurring expenses, namely:
  - Marketing and selling expenses including commissions of the selling agents, if any;
  - Brokerage and Transaction costs;
  - Cost of registrar services for transfer of securities sold or redeemed;
  - Trusteeship fees;
  - Custodian fees;
  - Dematerialization fees and others (if any);
  - Re-registration fees (if any);
  - Relevant expenditure for calling meeting by the trustee committee; and
  - Other expenses applicable to the Mutual Fund.
- The expenses referred to hereabove and any other fees payable or reimbursable to the Asset Management Company or the Trustee shall be charged to the open-end Mutual Fund.

#### 3.8 Price Fixation Policy

After completion of initial subscription, the Fund will be made open to the investors for regular buy-sale of Units. The date of re-opening shall be declared by the asset manager upon approval of the Trustee and with due intimation to the BSEC.

The asset manager shall calculate the Net Asset Value (NAV) per unit on the last working day of every week as per formula prescribed in the বিধান and shall disclose sales price and repurchase / surrender price per unit determined on the basis of NAV before commencing operation of the first working day of the following week to the Commission and to the investors through at least one national daily, the website of the asset management company and the authorized selling agents of the Fund. In case of holidays, the Asset Management Company shall notify the same on the next working day.

The difference between sales price and repurchase price will be decided by the Board of Directors of the Asset Management Company and shall not be more than 5.0% of the sales price per unit. The unit holders may surrender their units during the business hour as specified by the Asset Management Company. The Fund shall be liable to repurchase the units at the repurchase price determined by the Asset Management Company. Sale and repurchase of units by the Asset Management Company shall remain closed during the book closure period of the fund unless the Commission decides otherwise.

#### 3.9 Sale & Repurchase Procedure

- The Units of IDLC Balanced 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.
- Minimum purchase amount during public subscription is –
  - For individual investors: BDT 5,000.00 (Five Thousand Taka) against 500 units
  - For institutional investors: BDT 50,000.00 (Fifty Thousand Taka) against 5000 unitsThe minimum subscription amount for the individual or institution may change in the future upon due approval from the trustee.
- Application for purchase of units should be accompanied by an account payee cheque / pay order / bank draft in favor of IDLC Balanced Fund for the total value of units.
- After clearance / encashment of the cheque / pay order / bank draft, the applicant will be issued with a "Confirmation of Unit Allocation" against every purchase of units he / she / the institutional investor applies for; the units will also be delivered to the Unit holder's respective BO A/C.
- After receiving the surrender application form at the AMC's office, the client will be paid within 5 (five) working days through account payee cheque / B/EFTN upon client's request.
- Partial surrender (fraction of total units held under a Unit Allocation Confirmation) is allowed without any additional cost subject to minimum surrender quantity is 500 (Five Hundred) units for individuals and 5,000 (Five Thousand) units for institutions. Upon partial surrender, the unit-holder will be issued with a new "Confirmation of Unit Allocation" representing the balance of his / her / its unit holding.
- All payments / receipts in connection with or arising out of transactions in the Units shall be in Bangladeshi Taka.
- The redemption shall be made on first come first serve basis. If the redemption request on a particular day exceeds 5% of the outstanding unit, the Asset Manager may differ, if required, the redemption request over 1% for a maximum period of 7 (seven) working days. The Asset Manager shall proceed to sell adequate assets and / or arrange loan as it deems fit to pay the surrender money within the stipulated time in the best interest of the unit-holders.

#### 3.10 Winding up Policy

##### 3.10.1 Procedure of Winding Up

- If the total number of outstanding units held by the unit holders after repurchase at any point of time falls below 25% of the actual units issued, the Fund will be subject to wound up.
- The Fund may be wound up on the happening of any event, which, in the opinion of the Trustee with approval from the Commission, requires the Scheme to be wound up.
- The Scheme may also be wound up if the Commission so directs in the interest of the unit holders.
- Where a Scheme is to be wound up in pursuance to the above, the Trustee and the Asset Management Company shall give simultaneously separate notice of the circumstances leading to the winding up of the Scheme to the Commission. If the winding up is permitted by the Commission, the Trustee and Asset Management Company shall publish the notice of winding up in two national daily newspapers including a Bangla newspaper having circulation all over Bangladesh.

##### 3.10.2 Manner of Winding Up

- The Trustee shall call a meeting within 30 days from the notice date of the unit holders of the Scheme to consider and pass necessary resolutions by three-fourth majority of the unit holders present and voting at the meeting for authorizing the trustee to take steps for winding up of the Scheme. Voting rights shall be the same as clause 7.4.1 of the prospectus. If it fails to have three-fourth majority mandate, the Commission shall have the power to supersede the mandate, if situation demands such.
- The Trustee shall dispose of the assets of the Scheme of the Fund in the best interest of the unit holders provided that the proceeds of sale made in pursuance of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (নিউট্রাল ফান্ড) বিধান, ২০০১, shall in the first instance be utilized towards discharge of such liabilities as are properly due under the Scheme and after making appropriate provision for meeting the expenses connected with such winding up, the balance shall be paid to the unit holders in proportion to their respective interest in the assets of the Scheme as on the date when the decision for winding up was taken.
- Within 30 (thirty) days from the completion of the winding up, the Trustee shall forward to the Commission and the unit holders a report on the winding up containing particulars, such as circumstances leading to the winding up, the steps taken for winding up of the Scheme before winding up, expenses of the Fund for winding up, net assets available for distribution to the unit holders and a certificate from the auditors of the Scheme of the Fund.

##### 3.10.3 Effect of Winding Up

On and from the date of the notice of the winding up of the Fund, the Trustee or the Asset Management Company, as the case may be, shall –

- Cease to carry on any business activities of the open-end fund;
- Cease to create and cancel units of the open-end fund;
- Cease to issue and redeem units of the open-end fund.

#### 3.11 Dividend Policy

- The accounting year of the Fund shall be July 01 to June 30 or as determined by the Commission.
- The Fund shall distribute minimum 70%, or as may be determined by the বিধান 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.
- 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.
- 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.
- Surpluses arising simply from the valuation of investments shall not be available for dividend.
- 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.
- Before registration for transfer of ownership, a transferee shall not possess the right to any dividend declared.
- 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 accrued dividend income 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.

### CHAPTER 4: INVESTMENT MANAGEMENT PROCESS

IDLC AML aims to generate return for investors through capital appreciation along with current income from a combined portfolio of equity, debt and money market instruments. In order to fulfill the investment objective, the asset manager will adjust the portfolio on a continuous basis by identifying the investment opportunities and risks through rigorous economic, market, sector and scrip level analysis.

#### 4.1 Asset Allocation

As the objective of the fund is to maintain a balance between current income and growth in the form of capital appreciation, IDLC AML aims to allocate the fund between two broad categories of assets i.e. income generating assets and growth assets or assets with the potential of capital appreciation.

Income generating assets: Fixed income securities and high dividend yielding stocks that are expected to generate income on regular basis.

Growth assets: Stocks, predominantly and fixed income securities that are expected to generate capital gain through price appreciation.

The asset allocation (% of Net Assets) of the portfolio of IDLC Balanced Fund will be as follows:

Type of Assets	Normal Allocation (% of Net Assets)	Normal Deviation (% of Net Assets)
Income Generating Assets	40.0%	±20.0%
Growth Assets	60.0%	±20.0%

In response to changing economic and market dynamics IDLC AML may adjust the portfolio, within the maximum band of 20%, in order to achieve greater risk adjusted return within the regulations set by the regulatory authority.

#### 4.2 Types of Assets

IDLC AML will invest in equity and equity related instruments and fixed income securities maintaining a proper balance in order to achieve the objective of the fund. Following is a summary of the types of assets available in Bangladesh for investment:

- Equity:** A stock or any other security representing an ownership interest is called equity. Equity investments available in Bangladesh are as follows:
  - Listed Equities:** Listed equities are companies whose shares are traded on stock exchanges.
  - Pre-IPO Placement & IPO:** A fixed quota of 10% of each IPO is allotted to Mutual Funds. In addition to the investment in IPO, Fund can make investment in Pre-IPO placements which generally has a lock-in period as per BSEC guidelines.
- Fixed Income Securities:** A security that provides a return in the form of fixed periodic payments and eventual return of principal at maturity. Fixed Income Securities in Bangladesh are as follows:
  - Term Deposits:** Investment can be made in the form of term deposits in Banks and NBFI.
  - Bonds and Debentures:** The debt market of Bangladesh is very thin. Currently, there are only two listed bonds in Bangladesh - Subordinate 25% Convertible Bonds of BRAC Bank and IBBL Mudaraba Perpetual Bond. Besides, privately issued bonds and debentures can be accessed by the Fund under institutional arrangement.
  - Government Securities:** Government securities includes Treasury Bills and Treasury Bonds. There are number of treasury bills available in Bangladesh for different maturities ranging from 14 days to 364 days. Treasury bonds are also available for different maturities e.g. 2-years, 5-years, 10-years, 15-years and 20-years. Government securities are risk free in nature as it is backed by government.
  - Commercial Papers:** Reputed organizations often issue commercial paper at discount for a stated time period generally less than a year which are then redeemed at face value at maturity.

#### 4.3 Asset Selection Process

Balanced Fund is positioned as a lower risk alternative to a pure equities scheme, while retaining some of the upside potential from equities exposure. The scheme provides the asset manager with the flexibility to shift allocations in the event of a change of view regarding asset classes. Investment selection process would be driven by IDLC AML's investment philosophy, with each alternative passing intense scrutiny considering all internal and external factors affecting the return potential.

**Investment Philosophy:** IDLC AML strongly believes that good corporate governance and adequate management capacity are the preconditions for any good investment. This is the investment philosophy that IDLC AML would adhere to before making any kind of investment decision.

IDLC AML will follow their internal investment philosophy while analyzing different asset classes for identifying investment opportunities.

Corporate governance is the system of rules, practices and processes by which a company is directed and controlled. It instills policies and rules for maintaining the cohesiveness of an organization. Good corporate governance ensures transparency, accountability and compliance within the organization.

Capacity of management refers to the ability of management to run a business successfully. IDLC AML believes that the management of the company should have the required strategic and technical abilities to help the company achieve its goals.

**Equity Investment Analysis:** While selecting an equity for investment, a thorough analysis will be conducted including the economic factors, industry specific factors, and business specific factors. The analysis can be a "top-down" approach which will start from addressing the current economic conditions, identifying the industries with future growth potential and finally selecting the appropriate company within the industry for investment based on company specific factors. The alternative approach can be "bottom-up" which will start identifying a specific company with positive business specific attributes and then looking for favorable industry specific and economic factors for further investment decision support. IDLC AML will nurture the following investment selection process for equities:

- Economic Analysis:** Economic indicators like GDP growth, per capita income, per capita consumption etc. helps to understand the dynamics of an economy and growth potential of businesses.
- Industry Analysis:** Industry analysis helps to understand the market share of companies, the degree of concentration and competition within the industry and growth prospects of the industry.
- Company Analysis:** Business dynamics like product demand, revenue growth, margins, net profit, dividend, debt burden, asset quality, corporate governance, management capacity etc. will be considered for a detailed analysis of a company.

Accumulating all the information and using subjective judgment based on own knowledge, analysts will forecast future earnings of a company.

Finally the most suitable valuation method will be used to find out the intrinsic value of a company which will ultimately indicate the return potential from that investment within a specified time period.

**Fixed Income Securities Investment Analysis:** While selecting from fixed income securities, IDLC AML will consider the following factors:

- Interest rate outlook:** Fixed income securities are mostly vulnerable to changes in interest rates. Prices of fixed income securities are inversely related to the interest rates i.e. price falls when interest rate increases, while the reverse happens when interest rate falls. Therefore, interest rate scenario of the country will be monitored on continuous basis.
- Credit Rating:** Credit rating indicates the ability of an organization to fulfill its financial commitments. Credit rating agencies assign ratings to companies and financial instruments depending on its capacity to meet its debt obligations. IDLC AML would invest in investment grade securities which refer to high credit rating.
- Liquidity:** Fixed income securities are available with different tenors. The longer is the maturity term, the lower is the liquidity. When investing in such securities liquidity is an important factor to consider.

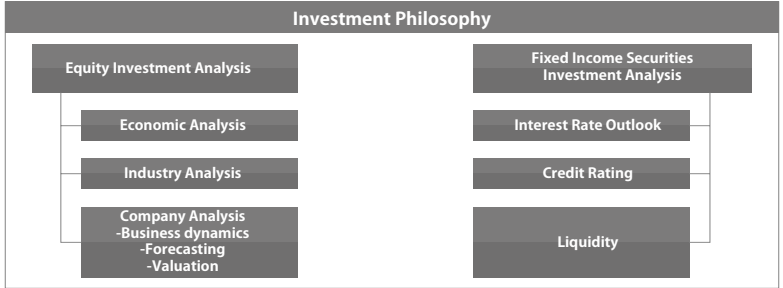


Figure 02: Asset Selection Process

#### 4.4 Investment Scenario Analysis

Asset allocation between income generating assets and growth assets is a critical function for a balanced fund. It is proposed to continuously monitor the potential for both fixed income securities and equities to arrive at a dynamic allocation between the asset classes. The portfolio of income generating and growth assets would be managed as per the changing conditions of market scenario and interest rate. Under normal scenario with stable index and interest rate, the normal allocation between growth assets and income generating assets of IDLC Balanced Fund will be 60% and 40% respectively. However, the allocation may vary within ±20% band depending on the changing market and interest rate conditions. Below is a simplified depiction of the changes in portfolio composition for illustration purpose. In reality, the changes are much more dynamic and complex.

##### ■ Volatile market scenario with stable interest rate:

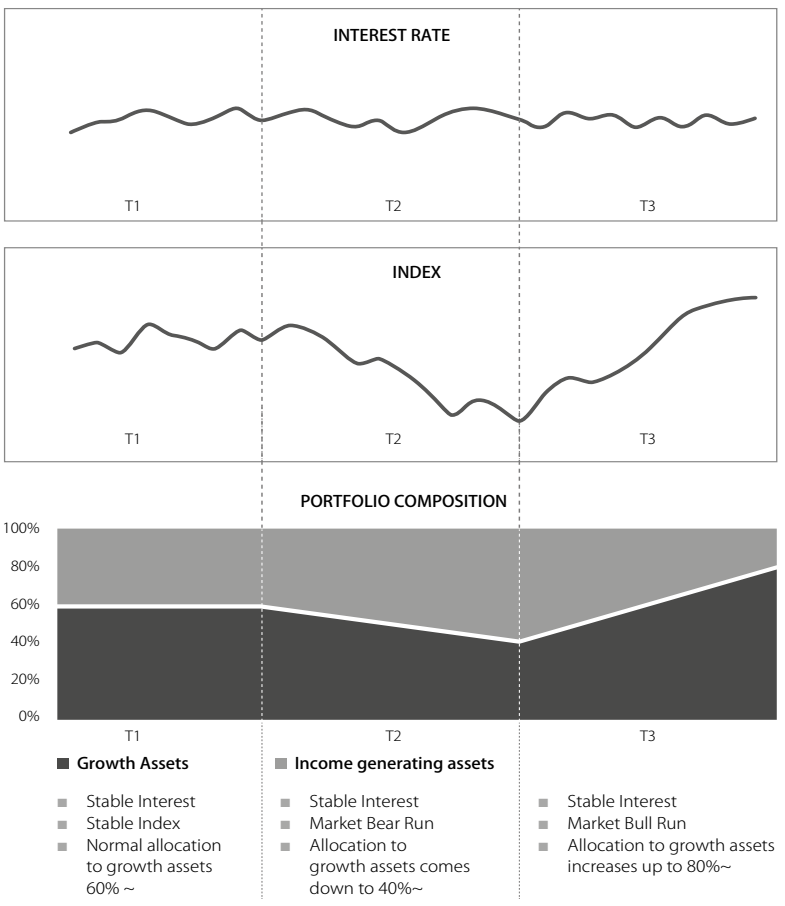
Assuming that interest rate will remain stable, the portfolio composition of the fund will change relative to the changing conditions of the market. The market can be stable or there can be Bull Run or Bear Run in the market.

A bull market is a period of several months or years during which asset prices consistently rise. One common measure is that a bull market exists when at least 80% of all stock prices rise over an extended period. Another measure is that a bull market exists if market indices rise at least 15%.

During Bull Run, prices go up resulting in capital gain. Therefore, IDLC AML would reshuffle the portfolio composition giving greater weight to the assets with capital appreciation potential.

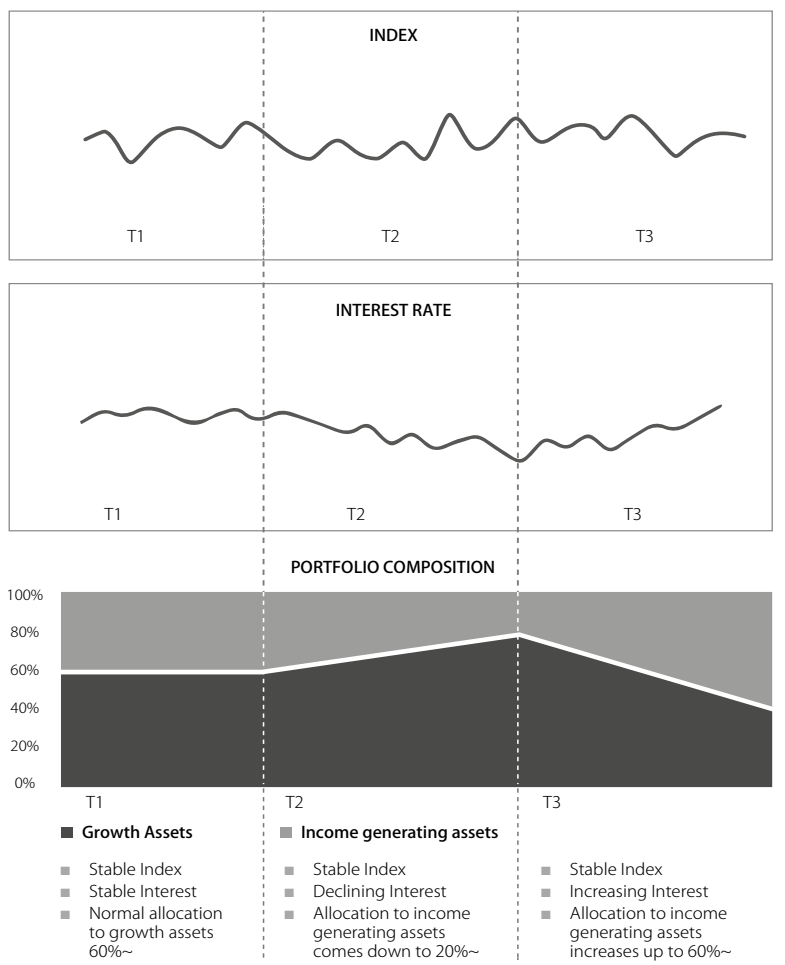
A bear market is a condition in which securities prices fall and widespread pessimism causes the stock market's downward spiral to be self-sustaining. Investors anticipate losses as pessimism and selling increases. Although figures vary, a downturn of 20% or more from a peak in multiple broad market indexes, over a two-month period is considered an entry into a bear market.

During Bear Run, securities face price correction and thus limiting the return opportunities through capital appreciation. In that case fixed income securities would become more attractive investment choice and IDLC AML would reshuffle the portfolio accordingly.



##### ■ Volatile interest rate scenario with stable market:

Assuming that market index will remain stable, the portfolio composition of the fund will change depending on the interest rate movement. Generally, interest rates move due to couple of reasons including central bank's policies, inflation, demand and supply of money etc. During rising phase of interest rate, the allocation to the income generating assets may rise by investing in fixed income securities which promise higher fixed income. On the other hand, the reverse may happen during the declining interest rate scenario.



#### 4.5 Investment Execution Strategy

After thorough investment analysis there are a number of factors that IDLC AML would consider for the execution of investment decision.

- Momentum:** Momentum is the rate of acceleration of price or volumes. While investing in listed security, momentum of that particular security is an important issue to consider for executing investment decision.
  - Market Sensitivity:** Some securities are highly sensitive to the market movement reflecting a higher beta and vice versa. Such relationship with market needs to be identified for higher risk adjusted return.
  - Margin of Safety:** Margin of safety is a principle of investing in which a security is purchased when the market price is significantly below its intrinsic value. This difference allows an investment to be made with minimal downside risk. For example, if an investor pays BDT 9.00 for a security that s/he believes to be worth BDT 10.00 her/his margin of safety is  $(1-9/10)=10.00\%$ . The more is the margin of safety, the less is the downside risk.
  - Liquidity:** When investing in a comparatively illiquid security, proper caution will be taken so that price of the security does not move abruptly to evaporate the return potential. For example, if the average volume of a security traded is 1000 shares per day and the fund aims to buy or sell around 100,000 shares of that security, it would be very difficult to execute the trade and price of that security will move sharply hampering the targeted return from that investment.
  - Change in Fundamentals:** Once the fund invested in a particular security, that security will be continuously monitored for any change in the fundamentals on which the investment decision was made at the first instance and act accordingly.
  - Portfolio Rebalancing:** IDLC AML will be flexible and vigilant enough to look for other investment alternatives with higher return potential and reshuffle the portfolio accordingly.
- 4.6 Procedure followed for Investment Decision**
- IDLC AML has qualified team of investment analysts who will conduct thorough macro level and scrip level analysis to identify investment opportunities with attractive risk adjusted return potential.
  - IDLC AML has engaged sector specific fund managers who will further evaluate the investment opportunities recommended by investment analysts. The investment decisions recommended by fund managers will be subject to the final approval of the Investment Committee (IC).
  - IDLC AML has an Internal Investment Committee comprising of the Managing Director, Portfolio Managers and the Investment Analysts who meet at periodic intervals. The Investment Committee, at its meetings, reviews the performance of the portfolio and general market outlook and formulates broad investment strategy. The IC is responsible for ensuring that the investments are made as per the internal / regulatory guidelines, Scheme investment objectives and in the best interest of the unit holders of the respective scheme.
  - The Managing Director makes a presentation to the Board of IDLC AML at each of its meetings indicating the performance of the schemes. The performance of the schemes is reviewed by the Board with reference to the appropriate benchmarks.
  - At periodic interval, Managing Director presents the performance of the scheme to the trustee.

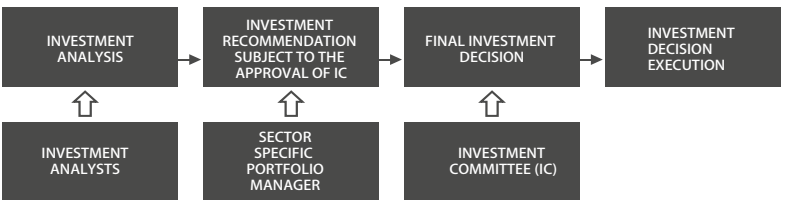


Figure 05: Investment



- III. Large number of redemption requests may lead to an asset-liability mismatch and therefore may require the investment manager to make a quick sale of the securities leading to realignment of the portfolio and consequently resulting in investment in lower yield instruments.
- IV. Delays or other problems in settlement of transactions could result in temporary periods when the assets of the Scheme remain idle and no return is earned thereon. The inability of the Scheme to make intended securities purchases and sales, due to settlement problems, could cause the Scheme to miss certain investment opportunities.

#### Scheme Specific Risk Factors:

Some of the specific risk factors related to the Scheme include, but are not limited to the following:

#### Risk factors associated with investing in equities and equity related instruments:

- Equity shares and equity related instruments are volatile and prone to price fluctuations on a daily basis.
- Securities, which are not listed on the stock exchanges, are illiquid in nature and entails higher liquidity risk, in comparison to securities that are listed on the exchanges.
- While securities that are listed on the stock exchange carry lower liquidity risk, the ability to sell these investments is limited by the overall trading volume on the stock exchanges.
- Despite careful investment selection of companies in the Fund, if the companies fail to provide the expected dividend or fail to disburse the dividends declared in a timely manner, this will impact the income of the Fund and the overall return of the Fund.

#### Risk factors associated with investing in Fixed Income Securities:

- The Net Asset Value (NAV) of the Scheme, to the extent invested in Debt and Money Market instruments, will be affected by changes in the general level of interest rates.
- Money market instruments lack a well-developed secondary market, which may restrict the selling ability of the Scheme and may lead to the Scheme incurring losses till the security is finally sold.
- Investment in debt instruments are subject to credit risk i.e. the risk of an issuer's inability to meet interest or principal payments on its obligations, which may have their credit ratings downgraded. Changes in financial conditions of an issuer or changes in economic and political conditions specific to the issuer are factors that may affect an issuer's credit quality and security value.
- Government securities have price-risk like any other fixed income security. Generally, when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of interest rates. However, Government Securities are unique in the sense that their credit risk generally remains zero. Therefore, their prices are influenced only by movement in interest rates in the financial system.
- As zero coupon securities do not provide periodic interest payments to the holder of the security, these securities are more sensitive to changes in interest rates and are subject to default risk of the issuer. Therefore, the interest rate risk of zero coupon securities is higher.
- Certain fixed income securities give an issuer the right to call back its securities before their maturity date, in periods of declining interest rates. The possibility of such prepayment may force the Scheme to reinvest the proceeds of such investments in securities offering lower yields, resulting in lower interest income for the Scheme.

#### 5.2 Risk Control Mechanism

IDLC Balanced Fund aims to generate better risk adjusted return for the investors through a combination of current income and capital gain. As the Fund will invest in both equity and fixed income securities, it is very important for the fund manager to understand all the associated risks with the investment securities and establish proper control mechanism to minimize these risks. IDLC AML has engaged qualified investment professionals who have thorough knowledge about the downside risks of investment securities and would analyze all the publicly available data to discover the actual risk adjusted return of the securities. Apart from a well-qualified fund management team, there will be policies to check the investment risks.

- IDLC AML's internal investment philosophy, which prioritizes good governance and adequate management capacity in case of investment decision, will immune the fund from investments in poorly governed investment securities.
- To minimize the downside risk of an investment, IDLC AML would maintain proper margin of safety during investment.
- To mitigate the default risk of securities, IDLC AML would evaluate the credit fundamentals of each investment opportunity. The AMC utilizes ratings of recognized rating agencies as an input in the credit evaluation process.
- An interest rate scenario analysis would be performed on an on-going basis based on which the Fund Manager would manage the investment of the Scheme on a dynamic basis to exploit emerging opportunities in the investment universe and manage risks at all points in time.
- Liquidity risk will be addressed by properly assessing the ease of convertibility of the asset into cash.

#### 5.3 Who To Invest

- Individuals should attain proper knowledge about the functioning of capital markets before applying for the units of the Fund.
- Individuals who are looking for long-term capital growth and dividend payment and are comfortable with the risk associated with equity investments should consider investing in the Fund.
- An individual may also consider investing in the Fund if s/he can accept variability of returns, have a moderate to high tolerance for risk and is planning to invest in the Fund over the medium to long term.
- Considering other factors like the investment opportunities available in the market, return expectation, income level & consumption pattern, one may put only a limited portion of his / her investment portfolio into the Fund.
- Individuals are highly recommended to go through the full prospectus to make an informed investment decision.

#### THE MUTUAL FUND IS NOT GUARANTEEING OR ASSURING ANY RETURNS

### CHAPTER 6: FORMATION, MANAGEMENT AND ADMINISTRATION

#### 6.1 Sponsor of the Fund

IDLC Finance Limited is the sponsor of IDLC Balanced Fund. The company was incorporated under Companies Act 1994 vide Certificate of Incorporation No C-14218/1992 of 1984-1985, dated 23<sup>rd</sup> May of 1985. The company was initially established through the support of International Finance Corporation (IFC) of the World Bank, German Investment and Development Company (DEG), Kookmin Bank and Korean Development Leasing Corporation of South Korea, the Aga Khan Fund for Economic Development, the City Bank Limited, IPOC of Bangladesh Limited, and Sadharan Bima Corporation. As the company evolved, initial foreign shareholding of 49% was gradually withdrawn and the last foreign shareholding was bought out by local sponsors in 2009. IDLC Finance Limited is listed in Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) in 1993 and 1996 respectively.

Although IDLC Finance Limited initially started with Lease Financing as the core product, IDLC has grown to become the largest multi-product Non-Bank Financial Institution of Bangladesh, with almost equal focus in Corporate, Retail and SME sectors. Over the years, IDLC has attained a significant presence in the corporate sector of Bangladesh. IDLC also has strong footprint in the capital market of Bangladesh through its wholly owned subsidiaries: IDLC Securities Limited, IDLC Investments Limited and IDLC Asset Management Limited.

IDLC is highly respected by its clients, peers, employees and regulators for its strong corporate governance, statutory compliance, high ethical standards, a progressive and enabling working environment, and strong commitment to environmental and social development. IDLC continues to play a pioneering role in introducing and popularizing a variety of financial instruments suiting ever-changing requirements of its fast-growing clients.

#### 6.2 Trustee and Custodian of the Fund

Investment Corporation of Bangladesh (ICB) will act as the Trustee and Custodian of IDLC Balanced Fund. Investment Corporation of Bangladesh was established on 1st October, 1976 under the Investment Corporation of Bangladesh Ordinance No. XL of 1976 (amended up to July 06, 2000) and at present the corporation is being operated under the Investment Corporation of Bangladesh Act, 2014.

The company was established with the objectives of encouraging and broadening the base of investments, developing the capital market and mobilizing savings. The company has three subsidiaries: ICB Capital Management Limited, ICB Asset Management Company Limited and ICB Securities Company Limited. ICB provides a broad number of services including lease finance, venture capital financing, portfolio management, fund management, merchant banking and trustee & custodian services. It was listed in DSE and CSE in 1977 and 1995 respectively. The authorized capital and paid up capital of the corporation are Tk. 10,000 million and BDT 6328.1 million respectively - subscribed by the Sponsor / Director (69.8%), Government of Bangladesh (27%), Institutions (1.7%) and General Public (1.5%).

#### 6.3 Asset Manager of the Fund

##### 6.3.1 The Company

IDLC Asset Management Limited (IDLC AML) will act as the Asset Manager of IDLC Balanced Fund.

IDLC AML incorporated under the Companies Act 1994 vide Certificate of Incorporation No C-127068/2015 on November 19, 2015 and was awarded with asset management license by Bangladesh Securities and Exchange Commission (BSEC) on June 07, 2016. The Company is a wholly owned subsidiary of IDLC Finance Limited.

The principal objective of the company is to carry out the business of asset management, primarily, through launching and managing mutual funds to cater the diverse needs of investors. Besides, institutional fund management, IDLC AML also aims at creating avenues for alternative investments through private equity and venture capital. IDLC AML aims to provide modern investment solutions with better risk adjusted return through different types of investment product catered to the demands of general investors of the country. Moreover, the company's utmost focus will be to ensure better corporate governance and transparency within the business operation.

##### 6.3.2 Board of Directors of IDLC AML

**Matul Islam Nowshad, CMgr, Chartered Fellow, FCM**  
Chairman

Mr. Matul Islam Nowshad is the Chairman of IDLC Asset Management Ltd. He sits at IDLC AML's board as an independent director and nominated by IDLC Finance Ltd. He is the Chief Corporate and People Officer of Robi Axiata Limited – uniquely responsible for verticals ranging from human resources, regulatory affairs, corporate affairs, legal, corporate communication, corporate social responsibility and facilities management.

Mr. Nowshad is a proven leader in the field of Human Resources and Corporate Management in Bangladesh and South East Asia region. His career spans nearly 3 decades with more than 18 years in strategic leadership positions, either as a Chief Officer (CxO), a divisional head or a Board Director. His contributions to the profession have been recognized by CHRO Asia at the 2014 World HRD Congress as "50 Most Talented Global HR Leaders in Asia". In 2011, he was also awarded with "Best HR Leader" of the year award at the World HRD Congress. His current organization, Robi Axiata Ltd, has been recognized consecutive four times as "Best People Management Company" from 2012 to 2015 and his personal contribution duly recognized with milestone awards at the Annual Axiata Group Awards Program. He has deep understanding and hands on experience in merger and acquisition, especially successfully leading the People and Cultural Integration Stream – both home and abroad.

Prior to joining Robi in February 14, 2010, Nowshad served in Coats Bangladesh Ltd. from December 07, 1992 to February 13, 2010 in different capacities and as the Human Resources Director from 1999 to 2010. Prior to joining Coats Bangladesh, he served in Deundi Tea Company (UK) Ltd. until November 30, 1992 in various roles. Mr. Nowshad started his career with Deundi Tea PLC in its well renowned staff canteen. He has been a member of the Institute of Master's Degree in Business from Victoria University and is a Chartered Manager and Chartered Fellow of the Chartered Management Institute, UK and Chartered Institute of Personnel and Development, UK. He has attended several general management, functional and leadership development programs in renowned business schools.

##### Arif Khan

Vice Chairman

Mr. Arif Khan is the nominated Director of IDLC Asset Management Ltd. from IDLC Finance Limited. He has joined IDLC Finance Limited on March 01, 2016 as CEO & Managing Director.

Mr. Khan completed his Masters in Finance & Banking from University of Dhaka. He also completed his MBA, major in finance, from IBA University. He is also a Fellow member of the Institute of Cost and Management Accountants of Bangladesh (FCMA). He started his career with AB Bank Limited as Probationary Officer in 1991, prior joining IDLC, he was the 'Commissioner' of Bangladesh Securities and Exchange Commission till January 31, 2016. He has around 24 years of experience, out of which around 15 years with IDLC and has experience for brief periods with Institutions like BAT, Beemex Fisheries & Zenith Investments Limited. While leaving IDLC Finance Ltd. in December 2010, Mr. Khan was the Deputy Managing Director of the Company.

##### Mir Tariquzzaman

Director

Mr. Mir Tariquzzaman is the nominated Director of IDLC Asset Management Ltd. from IDLC Finance Limited. He has been in the role of General Manager and Chief Technology Officer of IDLC Finance Ltd. since July 2007.

He joined IDLC Finance Ltd. in April 1995 as a Management Trainee. He was responsible for establishing and managing a dynamic IT Infrastructure of IDLC Group. He has completed Master of Business Administration (MBA) from the Institute of Business Administration (IBA), University of Dhaka.

##### Syed Javed Noor

Shareholding Director

Mr. Syed Javed Noor is the shareholding Director of IDLC Asset Management Ltd. He has joined IDLC Finance Limited as General Manager & Head of Consumer Division on June 23, 2016.

Mr. Javed completed his MBA (Finance) from Institute of Business Administration, University of Dhaka. He started his career at Southeast Bank Limited as Management Trainee in August 2000. Prior to joining IDLC, he was the Head of Global Trade and Receivable Finance in HSBC, Bangladesh. He served at HSBC since August 2006. He has around 16 years of experience in the institutions like Standard Chartered Bank & IDLC Finance Limited, at various capacities.

##### Md. Masud K Majumder, ACA

Director

Mr. Md Masud K Majumder is the nominated Director of IDLC Asset Management Limited from IDLC Finance Limited. He plays the role of Chief Financial Officer of IDLC Finance Ltd.

He joined IDLC Finance Limited on August 30, 2006 as Manager in Accounts and Taxation Department. Prior to that, he worked in KPMG, Rahman Rahman Huq, Chartered Accountants as audit supervisor. Mr. Majumder completed his Bachelor of Commerce (Honours) and Masters in Finance from University of Dhaka. He is an Associate Chartered Accountants (ACA) and member of the Institute of Chartered Accountants of Bangladesh (ICAB).

##### Rajib Kumar Dey, Director

(Ex-officio)

Mr. Rajib Kumar Dey has assumed the responsibility of Managing Director of IDLC Asset Management Ltd. since January 01, 2016. He joined IDLC Finance Ltd. as a Management Trainee on February 10, 2004 and was heading the treasury department before moving to the capital market operation of IDLC Group in July 2010 as Head of Research at IDLC Investments Ltd. From 2012, he was assigned with managing own investments of IDLC Group as Head of Proprietary Desk. Rajib has a very successful track record of fund management during last five years in a bearish market and outperformed the market consistently across five years, three years and one year horizon. He has managed fund to the tune of BDT 150.00 cr. (Taka One Hundred and Fifty crore only).

He completed Master of Business Administration (MBA) with a major in Finance from Institute of Business Administration (IBA) under University of Dhaka after completing his graduation from Finance & Banking Department under University of Dhaka. He is also enrolled under Chartered Financial Analyst (CFA) program of CFA Institute, USA and passed level II.

##### 6.3.3 Senior Management of IDLC AML

**Rajib Kumar Dey**  
Managing Director

Mr. Rajib Kumar Dey has assumed the responsibility of Managing Director of IDLC Asset Management Ltd. since January 01, 2016. He joined IDLC Finance Ltd. as a Management Trainee on February 10, 2004 and was heading the treasury department before moving to the capital market operation of IDLC Group in July 2010 as Head of Research at IDLC Investments Ltd. From 2012, he was assigned with managing own investments of IDLC Group as Head of Proprietary Desk. Rajib has a very successful track record of fund management during last five years in a bearish market and outperformed the market consistently across five years, three years and one year horizon. He has managed fund to the tune of BDT 150.00 cr. (Taka One Hundred and Fifty crore only).

He completed Master of Business Administration (MBA) with a major in Finance from Institute of Business Administration (IBA) under University of Dhaka after completing his graduation from Finance & Banking Department under University of Dhaka. He is also enrolled under Chartered Financial Analyst (CFA) program of CFA Institute, USA and passed level II.

##### Kazi Mashook ul Haq

Chief Operating Officer

Mr. Kazi Mashook ul Haq has joined IDLC Asset Management Ltd. as Chief Operating Officer on November 01, 2016. Previously has been the Head of Operations in LR Global Bangladesh, a leading Asset Management Company in

Bangladesh. He started his career from BRAC Afghanistan as Professional Engineer in 2005 and served various local and foreign companies such as SSD-Tech, ECOM Agro-industrial Corporation Ltd. and LR Global Bangladesh Asset Management Company Ltd. in various capacities.

Mashook received his undergraduate degree from BUET in Civil Engineering and completed his Master of Business Administration (MBA) with a major in Finance from Institute of Business Administration (IBA) under University of Dhaka.

**Ahmed Abdullah-Al-Tamjeed**  
Head of Marketing & Sales

Mr. Ahmed Abdullah-Al-Tamjeed is a passionate value-driver through the product he is marketing. He seeks to explore 'how' the product acts on enriching the lives of people and design the best engagement mode for the target group. With IDLC Asset Management Ltd., Mr. Tamjeed is working to position asset management products for the common people of Bangladesh. His role is to make people aware of the criticality of financial literacy & planning and aid them to materialize the plan through proper investment vehicles.

An MBA from the Institute of Business Administration (IBA), University of Dhaka, Mr. Tamjeed has diverse experience in Brand & Marketing management, Business Acceleration and Business Development in leading corporates of Bangladesh.

##### 6.3.4 Portfolio Management Team

**Shaikh Malik Al – Razi**  
Head of Portfolio Management

Mr. Shaikh Malik Al – Razi is leading the portfolio management team of IDLC Asset Management Limited. He joined the company in July 2016 and brings more than five years of experience in portfolio management, equity research and investment banking. Besides having overall knowledge in listed companies of different sectors, he specializes in Fuel & Power and Pharmaceuticals & Chemicals. He also holds extensive knowledge on Textile & Apparels and Telecommunication sector.

He is pursuing the CFA charter and passed Level II of the CFA Program. He completed Masters of Business Administration (MBA) from Department of Finance, University of Dhaka. Before joining IDLC Asset Management Limited, he headed the research team of IDLC Investments Limited. He also worked in the sell-side research team of BRAC EPL Stock Brokerage Limited and Investment Banking team of NDB Capital Limited.

**Md Itrat Hossain**  
Investment Analyst

Mr. Md. Itrat Hossain is in the portfolio management team of IDLC Asset Management Limited, leading the investment analysis activities of the team to identify potential investment opportunities.

Mr. Hossain has amassed 4 years' worth of experience in conducting sector analysis and equity coverage on scrips listed in Fuel & Power, Pharmaceuticals & Chemicals, Textile, Tannery sectors and the Mutual Funds industry within the designated coverage universe. Mr. Hossain passed Level III of the CFA Program in 2015 and is awaiting charter. He completed Bachelor of Business Administration (BBA) program from Department of Finance, University of Dhaka.

**Md. Arman Chy. Nayan**  
Investment Analyst

Mr. Md. Arman Chy. Nayan is in the portfolio management team of IDLC Asset Management Limited, responsible for the investment analysis activities to identify potential investment opportunities. Mr. Nayan has more than 4 years of experience in conducting sector analysis and equity research. He is specialized in Bank, NBFi, Cement and Engineering sector.

Mr. Nayan is pursuing the CFA charter and passed Level II of the CFA Program in 2015. He completed Bachelor of Business Administration (BBA) program from Department of Finance, University of Dhaka.

**Kazi Umme Sumaiya**  
Investment Analyst

Ms. Kazi Umme Sumaiya is associated with IDLC Asset Management Limited as an Investment Analyst since July, 2016. She actively covers the listed companies under Cement and Engineering sectors. Her research focus also includes listed Oil companies and Telecommunication sector. She started her career with IDLC Investments Limited as a research analyst in 2015.

Ms. Sumaiya is pursuing CFA charter and passed Level I of CFA program in 2016. She received her Masters of Business Administration (MBA) and Bachelor of Business Administration (BBA) from Department of Finance, University of Dhaka.

##### 6.4 Auditor

Malek Siddiqui Wali, Chartered Accountants, has been appointed as the Auditor of the Fund for the first year. They are one of the reputed audit firms of the country and panel member of Auditors nominated by the Commission. Auditors for the subsequent years will be appointed by Trustee throughout the tenure of the Fund.

##### 6.5 Fees and Expenses

The Fund will pay the fees of the Asset Manager, the Trustee and the Custodian together with any other fees, commissions and expenses as may arise from time to time. The Fund will bear its own costs and expenses incurred / accrued in connection with its formation, promotion, registration, public offering, listing fee (if applicable) together with certain other costs and expenses incurred in its operation, including without limitation expenses of legal and consulting service, auditing, other professional fees and expenses, brokerage, share/debenture registration expenses, guarantee or underwriting fees payable by the Fund. The Fund also bears all the other incidental expenses including printing, publication and stationery relating to its smooth and fair operation.

Keeping in mind, the Fund size of BDT 50,00,00,000 (Fifty crore Taka only), IDLC Asset Management Ltd. has estimated the normal annual operating expenses of the Fund, which will not exceed 2% of the average NAV of the Fund. However, there may be variation in the actual operating expenses of the Fund. Major expenses of the Fund are detailed as follows:

##### 6.5.1 Issue and Formation Expenses

Initial Issue and formation expenses are estimated not to be over 5% (five percent) of the collected fund. The issue and formation expenses will be as under:-

SL	Type of Expenses	Percentage of Total Target Fund	Total Amount (BDT)	Sub Totals/ Details	Description
1	Formation Fee Payable to AMC	1.00%	5,000,000.00	Set-fee	Formation fee to AMC on collected fund of approved fund size
2	Management Fee for Pre-scheme formation period	0.45%	2,250,000.00	On Scheme	Management fee of the Asset Manager for pre-scheme formation period (Approximate) as per BSE Directive (No.: SEC/CMRRCD/2009-193/160) dated 28 May 2014
3	Legal & Compliance related Expenses (Application, Registration fees etc.)	0.23%	1,150,000.00		
			10,00,000	BSEC Application Fees	
			1,000,000.00	BSEC Registration Fees (0.20% of the Initial Fund Size)	
			40,000.00	CDBL Fee (Distribution of 5 crore Units x BDT 10.00 x 0.000075) = BDT 37,500.00; CDBL Documentation Fee = BDT 2,500.00;	
			100,000.00	Trust Deed Registration fee	
4	Printing & Publication	0.33%	1,650,000.00		
			400,000.00	Printing of Prospectus	
			1,150,000.00	Abridged version of Prospectus publication & IPO notification in the Daily Newspapers	
			100,000.00	Courier & Distribution Expenses	
5	Other expenses	0.05%	250,000.00		
			200,000.00	Post issue Manual / Data Entry, data processing and other related job	
			50,000.00	Others / Miscellaneous	
	Total	2.06%	10,30,00,000.00	One Core Three Lac Taka only	

\*The above costs are made in best estimates, which may vary in actual. The trustee shall approve the formation expenditure and they will inform BSEC within 15 days of such formation meeting.

##### 6.5.2 Annual Expenses

###### ■ Management Fee

As per the নির্দেশিকা ও প্রকল্পের বর্ণনায় (নিউজপাল ফান্ড) বিবিসি, ২০০১, the Fund shall pay a management fee to the Asset Management Company –

@ 2.50 percent per annum of the weekly average NAV upto BDT 5.00 crore (Five crore Taka) and

@ 2.00 percent per annum for additional amount of the weekly average NAV upto BDT 25.00 crore (Twenty Five crore Taka) over BDT 5.00 crore (Five crore Taka) and

@ 1.50 percent per annum for additional amount of the weekly average NAV upto BDT 50.00 crore (Fifty crore Taka) over BDT 25.00 crore (Twenty Five crore Taka) and

@ 1.00 percent per annum for additional amount of the weekly average NAV over BDT 50.00 crore (Fifty crore Taka), accrued and payable quarterly at the end of the period.

###### ■ 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.

###### ■ Custodian Fee

The Fund shall pay to the Custodian (i.e. ICB) a safe keeping fee @ 0.15% of balance securities (dematerialized and non-dematerialized) held by the Fund calculated on the basis of average month end value per annum. The fee for the Custodian services will be realized in semi-annually basis.

###### ■ CDBL Fee

The Fixed CDBL Annual Fee will be BDT 40,000.00 (Forty Thousand Taka only) & Annual Central Depository System (CDS) Connection Fee will be BDT 6,000.00. The fees may vary as amended by the Commission from time to time.

###### ■ Fund Registration and Annual Fee

The Fund has paid BDT 1,000,000.00 (Ten Lac Taka only, 0.20% of the Initial Fund Size) to the Bangladesh Securities and Exchange Commission as registration fee. In addition, The Fund will have to pay @ 0.10% of the NAV of the Fund or BDT 50,000.00 (Fifty Thousand Taka only), whichever is higher, as annual fee in terms of the নির্দেশিকা ও প্রকল্পের বর্ণনায় (নিউজপাল ফান্ড) বিবিসি, ২০০১.

###### ■ Commission Payable to Selling Agents

The Fund shall pay commission to the authorized selling agents(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 surer/until of unit. If individuals are appointed as selling agents by the Asset Manager, the commission payable to them will vary and fixed as per নির্দেশিকা ও প্রকল্পের বর্ণনায় (নিউজপাল ফান্ড) বিবিসি, ২০০১. The selling agent commission may change in future with prior approval from the Trustee.

###### ■ Audit Fee

The audit fee will be BDT 30,000 (Thirty Thousand Taka only) for the first accounting year and the trustee will fix the audit fees for the subsequent years.

###### ■ Brokerage Fee

The fund will pay commission to the stock broker @ 0.20% - 0.30% of the total transaction amount which may vary in future based on market practice.

###### ■ Amortization of Issue and Formation Expenses

The initial issue expenses in respect of the fund shall not exceed 5% (Five percent) of the collected amount of the fund raised under the scheme and will be amortized within 7 (seven) years on a straight-line method.

###### ■ Operational Expenses

The total expense charged to the fund, except the amortization of initial issue expense, including transaction cost in the form of stock brokerage against buy and sale of securities forming a part of acquisition and disposal cost of securities, transaction fee payable to the custodian against acquisition or disposal of securities, the annual registration fees payable to the Commission, Audit Fees, cost for publication of reports and periodicals, bank charge, etc. shall not exceed 4% (Four percent) of the weekly average net asset value during any accounting year.

### CHAPTER 7: SIZE OF THE FUND, TAX AND RIGHTS OF UNIT HOLDERS

#### 7.1 Size of Issue

The initial size of the Fund shall be BDT 50,00,00,000.00 (Fifty Crore Taka only) divided into 5,00,00,000 (Five Crore) units of BDT 10.00 (Ten Taka) each which may be increased from time to time by the Asset Manager subject to approval of the Trustee with due intimation to the Commission till liquidation of the Fund. The initial distribution of the Fund's unit holding shall be as follows:

Subscribers	No. of Units	Face Value (BDT / Unit)	Amount (BDT)	Remarks
Sponsor (IDLC Finance Ltd.)	1,00,00,000	10.00	10,00,00,000.00	Subscribed
General investors	4,00,00,000	10.00	40,00,00,000.00	Yet to be subscribed
Total	5,00,00,000	10.00	50,00,00,000.00	

#### 7.2 Sponsor's Subscription

IDLC Finance Limited, the Sponsor, has already subscribed BDT 10,00,00,000.00 (Ten Crore Taka only) for 10,00,000 (One Crore) units of 10.00 (ten) each at par on February 05, 2017, the effective date as per নির্দেশিকা.

#### 7.3 Tax

Investment in this Fund by individual investors will enjoy tax exemption benefit under Section 44(2) of the Income tax Ordinance, 1984. Country's Finance Act and Government tax policies will always determine the tax benefits from investment in mutual funds. However, investors in mutual funds are entitled to the following tax benefits under the current tax policies:

##### 1. Tax advantage on Income:

Income from a mutual fund or a unit fund up to BDT 25,000.00 (Twenty Five Thousand Taka only) is exempted from tax per clause 22A of 6th Schedule (Part A) under Income Tax Ordinance, 1984.

##### 2. Investment Tax Credit:

According to the Section 44(2) under Income Tax Ordinance, 1984, amount of allowable investment is actual investment or 25% of total taxable income or BDT 1,50,00,000.00 (Taka One Crore & Fifty Lac only), whichever is lower.

##### 7.4 Rights of the Unit holders

###### 7.4.1 Voting Rights

All the unit holders shall have usual voting rights. Voting right can be exercised in person or by proxy in a meeting held

in connection with any proposal to amend the characteristics of the Fund or any other agenda of meeting called by the Trustee in the circumstances mentioned in the Trust Deed or the নির্দেশিকা ও প্রকল্পের বর্ণনায় (নিউজপাল ফান্ড) বিবিসি, ২০০১. In case of show of hands, every unit holder present in person / or by proxy shall have only one vote. In case of poll, every unit holder present in person and / or by a proxy shall have one vote for every unit of which he / she is the holder.

#### 7.4.2 Transfer of Units

Units of the Fund are transferable by way of inheritance / gift and / or by specific operation of law.

#### 7.4.3 Dividend

All the unit holders have equal but proportionate right in respect of dividend. Dividend will be paid in Bangladeshi Taka only.