

ABRIDGED PROSPECTUS

IDLC ASSET MANAGEMENT SHARIAH FUND

(AN OPEN-END MUTUAL FUND SCHEME)

Initial Size of Issue BDT 50,00,00,000.00 (Fifty Crore Taka)	Number of Units 5,00,00,000 (Five Crore) units	Initial Offer Price BDT 10.00 (Ten Taka) per unit	Sponsor's Contribution BDT 5,00,00,000.00 (Five Crore Taka)	Initial Public Offering BDT 45,00,00,000.00 (Forty Five Crore Taka)	Initial Subscription Opens 25 / 08 / 2019
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Sponsor & Asset Manager:



Registered Office: Symphony Tower (4th Floor),
Plot No. SE (F) 09, Road No. 142, Gulshan Avenue, Dhaka-1212, Bangladesh

Trustee:

Investment Corporation of Bangladesh

Registered Office: BDBL Bhaban (Level 14-17), 8, Rajuk Avenue, Dhaka-1000, Bangladesh

Custodian:



আম্রা অফিস

Registered Office: Anik Tower, 220/B, Tejaagon Gulshan Link Road, Tejaagon, Dhaka-1208

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 Asset Management Shariah 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 (সিউজিএফ) বিধিমালা, ২০০৯, as amended till date and filed with Bangladesh Securities and Exchange Commission.

The investors are advised, in their own interest, to carefully read the contents of the Prospectus, in particular the risk factors before making any investment decision
“সুবিচারামের বিবিস্যন স্কুপিং। জেনে ও বুঝে বিবিস্যন কব্বেন।”

Fund Highlights

Name of the Fund	IDLC Asset Management Shariah Fund
Type	Open-End Mutual Fund
Life and Size of the Fund	Perpetual life and unlimited size
Investment Objective	To generate profit by investing in a portfolio of Shariah compliant securities, vetted by the Shariah Advisory Board. The fund intends to deliver the profit among the investors in the form of dividend as well as capital appreciation, strictly adhering to the Shariah principles.
Sponsor	IDLC Asset Management Limited (IDLC AML)
Asset Manager	IDLC Asset Management Limited (IDLC AML)
Trustee	Investment Corporation of Bangladesh (ICB)
Custodian	BRAC Bank Limited (BBL)
Shariah Advisory Board	A Shariah Advisory Board has been formed to ensure that the fund is managed according to the Shariah law.
Initial Size of the Fund	BDT 50,00,00,000.00 (Fifty Crore Taka) divided into 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
Loads	In addition, individual and institutional investors can invest any fixed amount in regular monthly basis for a fixed tenure which is known as SIP investment. Entry Load: NIL (purchase price is 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 or as approved by the Commission 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 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 (Cash & CIP) 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)	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.
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 Manager
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 (সিউজিএফ) বিধিমালা, ২০০৯ made there under and also received consent for issuing prospectus for public offering. A complete copy of the prospectus of the public offering is available for public inspection at Symphony Tower (4th Floor), Plot No. SE (F) 09, Road No. 142, Gulshan Avenue, Dhaka-1212, (Corporate Office of IDLC Asset Management Limited) – the asset manager of the IDLC AML Shariah Fund, hereinafter referred to as the Fund.

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 (সিউজিএফ) বিধিমালা, ২০০৯. 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 ITS 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

- I. 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 and Exchange Commission (www.secd.org) & IDLC Asset Management Limited (www.aml.idlc.com);
- II. 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

- I. The Fund shall not account for any upward revaluation of its assets creating reserve without clearance from Bangladesh Securities and Exchange Commission;
- II. The Fund shall not be involved in option trading, short selling or carry forward transaction;
- III. 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 (during IPO);
- IV. Money receipt / acknowledgement slip issued at the time of sale of units will be treated as allotment letter, which shall not be redeemable / transferable;
- V. 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;
- VI. An annual report and details of investment and savings of the Fund shall be submitted to the Commission, Trustee and Custodian of the Fund within 90 days from the closure of the accounts;
- VII. Half-yearly accounts / financial statements of the Fund will be published in at least one English and another Bangla national daily newspapers within 30 (thirty) days from end of the period;
- VIII. Dividend shall be paid within 45 (forty five) days of its declaration, and a report shall be submitted to the BSEC, Trustee and Custodian within 7 (seven) days of dividend distribution;
- IX. Net Asset Value (NAV) of the Fund shall be calculated and disclosed publicly at least once a week or as prescribed by the Commission from time to time;
- X. The detail portfolio statement consisting of capital market and other than capital market holdings of the fund will be disclosed in the website on the Asset Management Company on quarterly basis within 30 (thirty) days of each quarter-end or as prescribed by the Commission from time to time;
- XI. After initial public subscription, sale and repurchase/surrender price of Units will be determined by the Asset Management Company. NAV at market price calculated on a date shall form the sale price of Units by rounding up the amount and shall be effective up to next calculation of NAV of the Fund. Difference between sale and repurchase price 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;
- XII. BSEC may appoint auditors for special audit/investigation on the affairs of the Fund, if it so desires;
- XIII. The Fund shall maintain separate bank account(s) to keep the sale proceeds of Units and to meet up day-to-day transactions including payment against repurchase of units. All transactions of the account shall be made through banking channel and shall be properly documented;
- XIV. 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 national daily newspapers (Bengali and English) and one online newspaper;
- XV. 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;
- XVI. If the Fund manager fails to collect the minimum 40% of the initial target amount under বিধি ৪০ of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (সিউজিএফ) বিধিমালা, ২০০৯, 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;
- XVII. The AMC should ensure compliance of বিধি ৪০ of সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (সিউজিএফ) বিধিমালা, ২০০৯; On achievement of 40% of the initial target amount, the Fund is allowed to commence investment activities of the Fund with permission of the Trustee;
- XIX. 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;
- XX. Confirmation of Unit Allocation of the sponsor's contribution amounting to BDT 50,00,00,000.00 (Five Crore Taka only) shall be subject to a lock-in for a period of one year from the date of formation of the Fund and 1/10th of the Sponsor's contribution amounting to BDT 5,00,00,000 (Fifty Lac Taka only) shall be subject to a lock-in period till the wind up of the Fund. 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.
- XXI. A Confirmation of Unit Allocation amounting BDT 50,00,00,000.00 (10% 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.
- XXII. Annual fee of the fund shall be submitted to the Commission on the fund size (i.e. year-end NAV at market price of the fund) on advance basis as per rule and may adjust the fee in next year, if necessary.

Please ensure that the following are adhered to:

- a. As per provisions contained in the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (সিউজিএফ) বিধিমালা, ২০০৯, 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;
- b. 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;
- c. The Asset Management Company shall submit 10 (ten) copies of printed prospectus to the Commission for official record;

- d. 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.
- e. 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;
- f. The AMC shall submit to the Commission a diskette containing the vetted prospectus and its abridged version;
- g. 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.
- h. After due approval by the Trustee regarding issue and formation expenses, the AMC shall submit in details 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 expense in the initial financial statements of the fund;
- i. 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 receipt of the Consent Letter. The investment policy and guideline shall include among other issues, the investment delegation power of Chief Executive Officer and the Committee separately and also the meeting resolution presentation process.
- j. 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 days of issuing the consent letter.

1.6 General Information

- I. 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.
- II. 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.
- III. 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 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 BRAC Bank Limited, custodian of IDLC AML Shariah Fund for creation and redemption of units namely “IDLC AML Shariah Fund - Sale of units” and “IDLC AML Shariah Fund – Repurchase of units”.

For sale of units, IDLC AML will issue a certificate for the units sold and send it to BRAC Bank Ltd. for setting up of demat request. After the acceptance of demat setup by BRAC Bank Ltd. from its terminal, units will be credited to the BO Account of “IDLC AML Shariah Fund - Sale of units”. Then BRAC Bank Ltd. will transfer the units from “IDLC AML Shariah 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 AML Shariah Fund – Repurchase of units”. BRAC Bank Ltd. will remit the units from the “IDLC AML Shariah Fund – Repurchase of units” BO account as per instruction of IDLC AML. Simultaneously, the payment will be made to the investor's Bank Account through Cheque / BEFTN as per the request of the investor.

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 / bi-monthly / quarterly). 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 2 (two) years, 1% discount from the “Investor's sale / surrender price” may be applicable on total accumulated investment 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 as has:

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 i.e. BDT 3,000 / BDT 4,000 / BDT 5,000 or multiple of additional BDT 1,000. 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 or as decided by the Asset Manager. 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 for SIP investors, units will be credited to investor's BO account. However, any fraction 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:** If any entry load is applicable for non-SIP investors, then SIP investors may buy units at a discount from Weekly “Investor's Buy Price” offered to the non-SIP investors. In addition to that, if any exit load is applicable for non-SIP investors, then SIP investors may surrender at a premium of “investor's sale price” offered to the non-SIP investors at maturity as mentioned in the 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

1.9 Declarations

DECLARATIONS ABOUT THE RESPONSIBILITY OF THE SPONSOR

We, as the Sponsor of the “IDLC AML Shariah 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, who has taken all reasonable care to ensure that all the conditions and requirements 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/-

Rajib Kumar Dey
Managing Director
IDLC Asset Management Limited

DECLARATIONS ABOUT THE RESPONSIBILITY OF THE TRUSTEE

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

- a) be the guardian of the Fund, held in trust for the benefit of the unit holders in accordance with the Rules & the Trust Deed;
- b) always act in the interest of the unit holders;
- c) 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;
- d) make sure that there is no contradiction between the prospectus, trust deed and সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (সিউজিএফ) বিধিমালা, ২০০৯;
- e) 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
- f) 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/-

Md. Amzad Hossain Kibria
Deputy General Manager
Investment Corporation of Bangladesh

Declarations about the Responsibility of the Custodian

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

- a) 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 (সিউজিএফ) বিধিমালা, ২০০৯ and shall provide the highest security for the assets of the Fund;
- b) 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;
- c) abide by the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (সিউজিএফ) বিধিমালা, ২০০৯ and conditions imposed by the Commission as regards of the fund; and
- d) act to our best for the benefit and sole interests of the unit-holders of the fund.

Sd/-

Tareq Refat Ullah Khan
Head of Corporate Banking

DECLARATION ABOUT THE RESPONSIBILITY OF THE ASSET MANAGER

We, as the Asset Manager of IDLC AML Shariah 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 and Exchange Commission (Public Issue) Rules, 2015, the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (সিউজিএফ) বিধিমালা, ২০০৯, রিস্কফ্যাক্টর অ্যান্ড, ১৯৯৯ 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:

- i. The prospectus is in conformity with the documents, materials and papers related to the public offer;
- ii. All the legal requirements of the public offer have been duly fulfilled; and
- iii. 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 high 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
চতুর্থ অফিস- (১) এর (১) বিধি ৪০ (১) প্রকৃতি

To

The Honourable Chairman
Bangladesh Securities & Exchange Commission
Subject: IDLC AML Shariah Fund

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

1. 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
2. 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:

- a) All information in the prospectus forwarded to the Commission is authentic and accurate;
- b) 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;
- c) 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
- d) We shall act to our best for the benefit and interests of the unit-holders of the mutual fund.

For the Sponsor,

Sd/-

Rajib Kumar Dey
Managing Director
IDLC Asset Management Ltd.

Due Diligence Certificate by the Trustee
চতুর্থ অফিস- (১) এর (১) বিধি ৪০ (১) প্রকৃতি

To

The Honourable Chairman
Bangladesh Securities & Exchange Commission
Subject: IDLC AML Shariah Fund

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

1. 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
2. We warrant that we shall comply with the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (সিউজিএফ) বিধিমালা, ২০০৯, Bangladesh Securities and 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:

- a) 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;
- b) We have also collected and examined all other documents relating to the fund;
- c) While examining the above documents, we find that all the requirements of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (সিউজিএফ) বিধিমালা, ২০০৯ have been complied with;
- d) 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;
- e) We shall also abide by the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (সিউজিএফ) বিধিমালা, ২০০৯ and conditions imposed by the Commission as regards of the fund; and
- f) We shall act to our best for the benefit and sole interests of the unit holders of the fund;

For Trustee

Sd/-

Md. Amzad Hossain Kibria
Deputy General Manager
Investment Corporation of Bangladesh

Due Diligence Certificate by the Custodian
চতুর্থ অফিস- (১) এর (১) বিধি ৪০ (১) প্রকৃতি

To

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

1. We, while act as custodian to the above mentioned fund on behalf of the investors, shall comply with the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (সিউজিএফ) বিধিমালা, ২০০৯, 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:

- a) we will keep all the securities (both listed and unlisted) and Assets of the “IDLC AML Shariah Fund” including FDR receipts in safe and separate custody as per wew 41 of সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (সিউজিএফ) বিধিমালা, ২০০৯ and will provide highest security for the assets of the Fund;
 - b) we shall 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;
 - c) we shall also abide by the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (সিউজিএফ) বিধিমালা, ২০০৯ and conditions imposed by the Commission as regards of the fund; and
 - d) we shall act to our best for the benefit and sole interests of the unit holders of the fund;
- For Custodian
- Sd/-
- Tareq Refat Ullah Khan
Head of Corporate Banking

Due Diligence Certificate by the Asset Manager
চতুর্থ অফিস- (১) এর (১) বিধি ৪০ (১) প্রকৃতি

To

The Honourable Chairman
Bangladesh Securities & Exchange Commission
Subject: IDLC AML Shariah Fund

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

1. 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;
2. We further certify that we shall inform the Bangladesh Securities & Commission immediately of any change in the information of the fund; and
3. 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:

- a) The prospectus forwarded to the Commission is in conformity with the documents, materials and papers relevant to the mutual fund;
- b) All the legal requirements connected with the said mutual fund have been duly complied with; and
- c) The disclosures made in the prospectus are true, fair and adequate to enable the investors to make a well-informed decision for the investment in the mutual fund.

For the Asset Manager,

Sd/-

Rajib Kumar Dey
Managing Director
IDLC Asset Management Ltd.

CHAPTER 2: BACKGROUND

2.1 Preamble to the formation of IDLC AML Shariah Fund

Mutual Fund is an investment tool that collects pool of fund from individual and institutional investors with a view to investing the fund in securities like stocks, bonds, money market instruments and other securities. Mutual funds are the most cost effective way to diversify the investment portfolio across different asset categories. Moreover, mutual funds offer professional money management expertise at a reasonable cost. Especially in a developing country like Bangladesh where mass people are ignorant about investment management strategies, importance of such professional management services are

Government policy and tax laws may change, affecting the return on investments of the fund, which may eventually affect the NAV and return of the Units.

- 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 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.

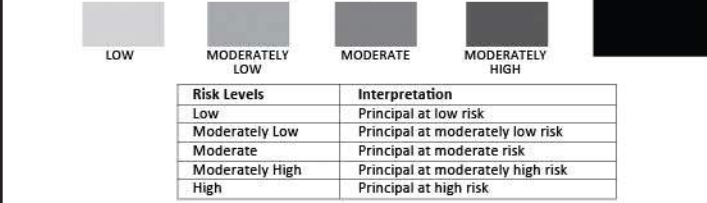
Risk factors associated with investing in equities and equity related instruments:

- I. As the major portion of the fund will be allotted to growth assets, the risk is also high in this case. Generally, the future growth prospect of a company depends on multiple factors, some of which are beyond the level of management capacity. So, if one or some of these factors go unfavorable, it is possible that the company may not be able to deliver the expected growth.
- II. Equity shares and equity related instruments are volatile and prone to price fluctuations on a daily basis.
- III. 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.
- IV. 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.
- V. 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.

5.2 Risk Scale:

IDLC AML introduces "Risk Scale" which is a graphical representation of the riskiness of the scheme. "Risk Scale" will indicate how much risk an investor needs to assume when investing in the product. There are five scales of risk on "Risk Scale", ranging from low to high. IDLC AML has categorized "IDLC AML Shariah Fund" as high on the "Risk Scale" primarily due to:

- The Fund will invest 60% of the Net Assets within ±20% band in Shariah compliant growth assets which will be equities predominantly with higher growth prospect in future. In cases, 80% of the Net Assets can be invested in Shariah compliant growth assets depending on the market situation.
- As per Shariah law, the Fund cannot invest in fixed income securities like FDR, conventional bonds etc. Accordingly, the investments of the Fund will be inherently more risky.



5.3 Risk Control Mechanism

As the objective of IDLC AML Shariah Fund is to generate greater risk adjusted return through investment in the most Shariah compliant way, the Fund will be managed strictly following the Shariah Law. Guaranteed return schemes are prohibited in Islam. As per Shariah, investors have to accept both profit and loss against their investment. As a result, the investors of Shariah fund will have to assume the risk of making loss as well. Accordingly, majority of the investment would be made in Equities which is risky in nature. Moreover, IDLC Shariah Fund will have more exposure in growth assets, it also has to assume higher risk associated with growth assets. To understand all those risks requires a great deal of analysis. 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 those 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 credit risk and liquidity risk.

- IDLC AML's internal investment philosophy, which prioritizes good governance and adequate management capacity in case of investment decision, will immunize 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.
- Liquidity risk will be addressed by properly assessing the ease of convertibility of the asset into cash.

5.4 Who To Invest

- I. Individuals seeking for Shariah compliant avenue of investment should consider investing in the Fund.
- II. Individuals should attain proper knowledge about the functioning of capital markets before applying for the units of the Fund.
- III. 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.
- IV. An individual may also consider investing in the Fund if s/he can accept variability of returns, have a high tolerance for risk and is planning to invest in the Fund over the long term.
- V. 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.
- VI. 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 and Asset Manager of the Fund

6.1.1 The Company

IDLC Asset Management Limited (IDLC AML) will act as the Asset Manager of IDLC AML Shariah 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 to 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 products 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.

6.1.2 Board of Directors of IDLC AML

Matul Islam Nowshad, CMgr, Chartered Fellow, FCMI 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 working as Senior Director, Operations and Strategic Initiatives in BRAC. Earlier he worked as 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 (CO), a divisional head or a Board Director. His contributions to the profession has 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 consecutively four times as "Best People Management Company" from 2012 to 2015 and his personal contribution duly recognized with milestone awards at the Annual Asia 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 Surmah Valley Tea PLC in its elite covenanted staff cadre as a management trainee. He has a 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 (Director)

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. He is a CFA charter holder and 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 25 years of experience, out of which around 15 years with IDLC and has experience for brief periods with institutions like BAT, Beximco 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 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.

Akhteruddin Mahmood (Shareholding Director)

Mr. Akhteruddin Mahmood is the Shareholding Director of IDLC Asset Management Ltd. Mr. Mahmood joined IDLC Finance Ltd. as Group Head of Human Resources in January 2017.

He has over 29 years of experience in diverse sectors. Prior to joining IDLC, he served as Head of Learning & Training - South Asia Region for Nestlé. Mr. Mahmood started his career in Bangladesh Air Force (BAF) in 1987. He took an early retirement from BAF as a Squadron Leader and went on to join British American Tobacco Bangladesh (BATB) in the Human Resources Function in 1998. He was placed in various roles in his career with BATB including Reward, Training, Learning & Leadership and Organizational Development. He served as Organizational Development & Change Manager of BAT South Asian Area based in Islamabad, Pakistan. He moved to Nestlé Bangladesh as Director Human Resources Director in 2008 and took over the role of Head of Learning & Training of Nestlé South Asia based in its Regional Head Office in Gurgaon, India. Mr. Mahmood also worked as Director, Human Resources of local conglomerate STS Holdings Ltd. for a short period of time prior to joining IDLC.

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 six years and outperformed the market consistently across five years, three years and one year horizon. He has managed fund to the tune of BDT 470.00 cr. (Four Hundred and Seventy crore Taka).

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.

6.1.3 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 six years and outperformed the market consistently across five years, three years and one year horizon. He has managed fund to the tune of BDT 470.00 cr. (Four Hundred and Seventy crore Taka).

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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.

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. 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.

Md Ittrat Hossain, CFA (Investment Analyst)

Mr. Md. Ittrat 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. He completed Bachelor of Business Administration (BBA) program from Department of Finance, University of Dhaka and is also a CFA Charter holder.

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 II of CFA Program in 2018. She received her Masters of Business Administration (MBA) and Bachelor of Business Administration (BBA) from Department of Finance, University of Dhaka.

6.2 Trustee of the Fund

Investment Corporation of Bangladesh (ICB) will act as the Trustee of IDLC Asset Management Shariah 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 Trading Company Limited. ICB provides a broad number of services including lease financing, 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 6976.76 million respectively - subscribed by the Sponsor / Director (69.81%), Government of Bangladesh (27%), Institutions (1.66%) and General Public (1.53%).

6.3 Custodian of the Fund

BRAC Bank Limited will act as the Custodian of IDLC Asset Management Shariah Fund. BRAC Bank Limited started its journey in 2001 with an increased focus on the Small and Medium Enterprise (SME) financing. Over the years, the bank has turned into the market leader in SME business in the country. It is the sole member of Global Alliance for Banking Values (GABV) from Bangladesh. BRAC Bank is now one of the leading banks in Bangladesh with 181 branches, 14 premium banking lounges, 469 ATMs, 81 CDMs and 448 SME unit offices as of Dec, 2016. The bank is listed with both Dhaka and Chittagong stock exchanges.

6.4 Shariah Advisory Board

"Shariah Advisory Board" means an institution or a body, having knowledge of Islamic Law to supervise and monitor the activities of the Fund and to certify that all its activities comply with Shariah law. The duties and responsibilities of Shariah Advisory Board are as follows:

- Advising the Asset Manager on matters relating to preparation of guidelines for selecting/screening of acceptable companies/instruments as per Shariah Law;
- Recommending general investment guidelines consistent with the Shariah Law;
- Approving the criteria of identifying the impure income or Haram income and recommending distribution of those income to the charitable institutions;
- Issuing certificates to the effect that the investment has been made as per Shariah Law at the end of each accounting year;
- The decision given by the Shariah Advisory Board on the matters relating to Shariah Law should be acceptable to the Sponsor, Trustee, Asset Manager, Custodian, the unit holders and other related parties.

IDLC AML Shariah Fund has a dynamic Shariah Advisory Board constituted by members of diverse background such as Islamic scholar, academical and corporate professional, with enriched experience in their respective fields. The Board includes the following members:

Name	Profession
Dr. Syed Muhammed Emdad Uddin	Senior Imam & Khatib of Central Mosque, University of Dhaka
Prof. Mamtaz Uddin Ahmed, FCMA	Director, MPA Program and EMBA Program. Department of Accounting & Information Systems, Faculty of Business Studies (FBS), University of Dhaka
Mr. Abdul Khalek	Director, Finance & Company Secretary, Berger Paints Bangladesh Limited
Dr. M. Mahabub Hossain	Faculty Member, Bangladesh Institute of Bank Management (BI&M)

6.5 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.

6.6 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 commission and fees due to the BSEC. The Fund will also bear 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 (including the commission for the sales agents), which will not exceed 4% 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:

6.6.1 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 amortized within 7 (seven) years on a straight-line method. Assuming the initial collected amount as BDT 50,00,00,000 (Fifty crore Taka only), the estimated expenses for the issue and formation of the Fund are presented below:

Issue and Formation Expenses					
Sl	Type of Expenses	Percentage of Total Target Fund	Total Amount (BDT)	Sub Total/ Details	Description
1	Formation Fee Payable to AMC	1.00%	5,000,000.00	Set-fee	Formation fee to AMC on collected fund of the fund size
2	Management Fee for Pre-scheme formation period	1.00%	5,000,000.00	On Scheme	Management fee of the Asset Manager for pre-scheme formation period (Approximate) as per BSEC 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		
				10,000.00	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 & Distribution	0.58%	2,900,000.00		
				300,000.00	Printing of Prospectus
				600,000.00	Abridged version of Prospectus publication & IPO notification in the Daily Newspapers
				2,000,000.00	Road Show for Public Subscription
5	Other / Miscellaneous expenses	0.01%	50,000.00		
	Total	2.82%	14,100,000.00		One Crore Forty One 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

6.6.2 Annual Expenses

Management Fee

As per the নিবন্ধিত ৩ একক বিনিয়োগ (নিবন্ধিত ফান্ড) বিধিমালা, ২০০৯, the Fund shall pay a management fee to the Asset Management Company –

@ 2.50 percent per annum of the weekly average NAV up to BDT 5.00 crore (Five crore Taka) and @ 2.00 percent per annum for additional amount of the weekly average NAV up to 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 up to 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% p. a. of the Net Asset Value (NAV) of the Fund on semi-annual in advance basis, from the Trust Deed registration date during the life of the Fund or as may be agreed upon between the parties.

Custodian Fee

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

CDBL Fee

The Fixed CDBL Annual Fee will be BDT 40,000.00 (Forty Thousand Taka) and 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 নিবন্ধিত ৩ একক বিনিয়োগ (নিবন্ধিত ফান্ড) বিধিমালা, ২০০৯.

Commission Payable to Selling Agent(s)

The Fund shall pay commission to the authorized selling agent(s) to be appointed by the Asset Manager at the rate of 0.45% - 1.00% on the total sale amount of unit sales, accruable on collection basis and payable at the end of the quarter. The Selling Agent Commission will be applicable for sales of unit; not on surrender of units. If individuals are appointed as selling agents by the Asset Manager, the commission payable to them will vary and fixed as per নিবন্ধিত ৩ একক বিনিয়োগ (নিবন্ধিত ফান্ড) বিধিমালা, ২০০৯. 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 such 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 500,000,000.00 (Fifty Crore Taka only) divided into 50,000,000 (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 Asset Management Ltd.)	5,000,000	10.00	50,000,000.00	Subscribed
General investors	45,000,000	10.00	450,000,000.00	To be subscribed
Total	50,000,000	10.00	500,000,000.00	

7.2 Sponsor's Subscription

IDLC Asset Management Limited, the Sponsor, has already subscribed BDT 50,000,000.00 (Five Crore Taka only) for 5,000,000 (Five million) units of 10.00 (ten) each at par on April 23, 2019, the effective date as per বিধিমালা.

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'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 6th Schedule (Part A) under Income Tax Ordinance, 1984.
- 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 (One Crore & Fifty Lac Taka only), whichever is lower.

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 নিবন্ধিত ৩ একক বিনিয়োগ (নিবন্ধিত ফান্ড) বিধিমালা, ২০০৯. In case of show of hands, every unit holder present in person or/and 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