



CAPITEC-IBBL SHARIAH UNIT FUND



SPONSOR:
Islami Bank Bangladesh Ltd



TRUSTEE AND CUSTODIAN:
Investment Corporation of Bangladesh (ICB)



ASSET MANAGER:
Capitec Asset Management Limited

PROSPECTUS

CAPITEC-IBBL SHARIAH UNIT FUND

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

Initial Size of Issue	BDT Tk 250,000,000. /- (Taka Twenty-Five Crore)
Total Number of Units	25,000,000 units at par value of Tk10/- each
Initial / Opening Price	BDT 10 (Ten) per Unit



Sponsor:
**Islami Bank Bangladesh
Limited**



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



Asset Manager:
**Capitec Asset
Management Limited**

Initial Subscription Opens, July 1, 2020

Date of Prospectus Publication, June 17, 2020

Investing in the CAPITEC-IBBL Shariah Unit 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 the Fund, investors should carefully consider the risk factors outlined in the document.

THE SPONSOR, ASSET MANAGEMENT COMPANY OR THE FUND IS NOT GURANTEERING ANY RETURNS.

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

Registered Address:



Padma Life Tower ,10th floor (Lift-09), 115, Kazi Nazrul Islam Avenue, Bangla Motor, Dhaka-1000

Tel: +88-02-222226789, +88-01704188508, E-mail: info@capitecbd.com, Web: www.capitecbd.com

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FUND DIRECTORY

Sponsor	Islami Bank Bangladesh Limited Islami Bank Tower, 40 Dilkusha C/A, Dhaka-1000 Phone: PABX (88-02-) 9563040, 9560099, 9567161, 9567162 Mobile: 88-01711-435638-9
Trustee	Investment Corporation of Bangladesh (ICB) BDBL Bhaban,8 Rajuk Avenue Dhaka-1000, Bangladesh Tel: +88 02 9563455
Custodian	Investment Corporation of Bangladesh (ICB) BDBL Bhaban,8 Rajuk Avenue Dhaka-1000, Bangladesh Tel: +88 02 9563455
Asset Manager	Capitec Asset Management Ltd. (CAML) Padma Life Tower 10th floor, (Lift-09) 115, Kazi Nazrul Islam Avenue Banglamotor, Dhaka-1000 Bangladesh, Tel: +88-02-222226789,
Auditor	MABS & J Partners SMC Tower (7th Floor), 33 Banani C/A,Road #17,Dhaka 1213, Bangladesh. Tel: 880-2-9821057-8 Cell No. 88 01948407276
Banker	Islami Bank Bangladesh Limited Padma Life Tower 10th floor, (Lift-09) 115, Kazi Nazrul Islam Avenue Banglamotor, Dhaka-1000 Bangladesh, Phone: 01313084353, Mobile: 01313084353

For prospectus or any other information please contact at following corporate office of the Asset Management Company:

Capitec Asset Management Limited

Padma Life Tower 10th floor (Lift-09), 115, Kazi Nazrul Islam Avenue,
Bangla Motor, Dhaka-1000
Tel: +88-02-222226789, +88-01704188508,
E-mail: info@capitecbd.com, Web: www.capitecbd.com

Any person interested to get a prospectus may obtain from the Asset Management Company.

“If you have any query about this document, you may consult the Asset Management Company”

DEFINITIONS AND ELABORATION OF ABBREVIATED TERMS

Rule / বিধিমালা	সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা ২০০১
Act	সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশন আইন, ১৯৯৩
Asset Manager/Asset Management Company/ Fund Manager/Investment Manager/AMC	The Asset Management Company (AMC) refers to Capitec Asset Management Ltd.
Application Form	An application form meant to be used by an investor to purchase units of the Scheme
Allotment	Letter of Allotment for units
BB	Bangladesh Bank
BEFTN	Bangladesh Electronic Fund Transfer Network
B/O A/C	Beneficial Owner Account
Business Day	A day not being: (1) A weekend; (2) A day on which the stock exchanges are closed; (3) A day on which purchase and repurchase of Units is suspended or a book closure period/ record date announced by the Trustee/ AMC; or (4) A day on which normal business cannot be transacted due to unavoidable circumstances or such other events as the AMC may specify from time to time; (5) A day on which banks are closed.
BDT	Bangladeshi Taka
Book Closer	Sale and repurchase of unit issued by Asset Management Company and Selling Agent shall remain closed during the first two weeks of January unless the Commission decides otherwise
CAML	Capitec Asset Management Limited.
CEO	Chief Executive Officer
CDBL	Central Depository Bangladesh Limited.
CAGR	Compound Annual Growth Rate
Commission/BSEC	Bangladesh Securities and Exchange Commission
Companies Act	কোম্পানি আইন, ১৯৯৪
Confirmation of Unit Allocation	Letter confirming allocation of Units
CSE	Chittagong Stock Exchange Limited.
CIP	Cumulative Investment Plan
CDS	Central Depository System
Custodian	Investment Corporation of Bangladesh (ICB)
Dividend.	Income distributed by the Fund, when / where applicable
DSE	Dhaka Stock Exchange Limited.
Effective Date	The date of registration of the Trust Deed
EPS	Earnings Per Share
FCY Account	Foreign Currency Account
FI	Financial Institution

Government	The Government of the People's Republic of Bangladesh
IBBL	Islami Bank Bangladesh Limited (IBBL)
ICB	Investment Corporation of Bangladesh
ISO	Initial Subscription Offering
IPO	Initial Public Offering
Issue	Public Issue
IDRA	Insurance Development & Regulatory Authority of Bangladesh
MD	Managing Director
MSND A/C	Mudaraba Special Notice Deposit Account
Mutual Fund/ The Fund/ Unit Fund/ Open End Mutual Fund	CAPITEC-IBBL Shariah Unit Fund
Non-Resident Bangladeshi/ NRB	Non-resident Bangladeshi (NRB) means Bangladeshi citizens staying abroad including all those who have dual citizenship provided they have a valid Bangladeshi passport or those, whose foreign passport bear a stamp from the concerned Bangladesh embassy/ High commission to the effect that no visa is required to travel to Bangladesh
NAV	Net Asset Value
NBFI	Non-Banking Financial Institution
NBR	National Board of Revenue
Ongoing Offer Period	Offer of units of the Fund after the closure of the initial offer period.
Offering Price	Price of the Securities of the Fund being offered
Offer Document	This document issued by Capitec-IBBL Shariah Unit Fund, offering units of the Fund for subscription. Any modifications to the offer document will be made by way of an addendum which will be attached to offer document. On issuance of any such addendum, prior approval from BSEC is required and the offer document will be deemed to be updated by the addendum.
Prospectus	The advertisement or other documents (approved by the BSEC), which contain the investment and all other information in respect of the mutual fund, as required by the বিধিমালা and is circulated to invite the public to invest in the mutual fund.
Purchase/ Subscription	Subscription to/ purchase of units of the Fund
Purchase Price	The price, calculated in the manner provided in this offer document, at which the units can be purchased.
Repurchase	Repurchase of units by the Fund from a unit holder
Repurchase Price	Price at which the units can be redeemed/repurchased and calculated in the manner provided in this offer document.
RJSC	Registrar of Joint Stock Companies and Firms
Sponsor	Islami Bank Bangladesh Limited (IBBL)
SCS	Shariah Complaint Securities
Sales Agent/ Selling Agent/Point of Sales	AMC designated official points for accepting transaction/ service requests from investors.
Securities	Units of the Fund
Subscription	Application Money
Trustee	Investment Corporation of Bangladesh (ICB)
The Scheme	CAPITEC-IBBL Shariah Unit Fund
SIP	Systematic Investment Plan
Unit Holder	A person holding units of IBBL Islamic Unit Fund offered under this offer document



Cheque (MICR Code)	All payment instruments (Cheque / Pay Order / Other Cash Instrument) should be Magnetic Ink Character Recognition (MICR) coded as per the Bangladesh Bank Rules.
EPU	Earnings Per Unit
Guardian	The Trustee of the fund
Net Assets	The excess of assets over liabilities of the fund, computed in the manner specified hereunder
Shariah Supervisory Board	The Shariah Supervisory Board responsible for ensuring Shariah compliant investments and operations of the fund
STD A/C	Short Term Deposit Account
Unit Certificate/Certificate	Unit Certificate of the Fund in dematerialized form under CDBL
Unit	One undivided share in the Fund

FUND HIGHLIGHTS

Name	CAPITEC-IBBL Shariah Unit Fund
Nature	Shariah Compliant Open-End Mutual fund
Life and Size of the Fund	Perpetual life and unlimited size
Sponsor	Islami Bank Bangladesh Limited (IBBL)
Trustee	Investment Corporation of Bangladesh (ICB)
Custodian	Investment Corporation of Bangladesh (ICB)
Asset Manager	Capitec Asset Management Ltd. (CAML)
Initial Size of the Fund	Tk./- 250,000,000 (Taka Twenty-Five Crore) Divided into 25,000,000 units at par value of Tk 10/- each
Face Value	Tk.10 (Taka ten) per Unit
Objective	The objective of the CAPITEC-IBBL Shariah Unit Fund is to generate risk adjusted return in the forms of capital appreciation, dividend income and to provide attractive dividend payments to the unit holders by investing the fund in Islamic shariah compliant instruments of capital market and money market.
Minimum Application	Amount Tk.5,000/- per application (500 Units) for individuals, Tk.50,000/- per application (5,000 Units) for institutions.
Transparency	NAV will be calculated on a weekly basis and shall be published on the website of the Fund manager (www.capitecbd.com) and as prescribed in the 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.
Shariah Supervisory Board	The Fund shall be managed under Shariah Law. In this regard, a “CAML Shariah Supervisory Guideline” was framed to ensure the compliance of Shariah Law which was submitted to Trustee and BSEC. Under this Guideline, a Shariah Supervisory board consisting of renowned Islamic Scholars of Bangladesh is formed. This board will work with to ensure compliance of investment management as per Shariah Law.
Dividend	Minimum 70% (seventy percent) of realized income of the Fund will be distributed as dividend in Bangladeshi Taka 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.
Encashment	The Unit holders can surrender their units through the Asset Manager and through the Selling Agents appointed by the Asset Manager. So, investment in the Fund will be easily en-cashable.
Reports and Accounts	Every unit holder is entitled to receive annual report along with the yearly and half-yearly statements of accounts as and when published from the website (www.capitecbd.com). Every unit holder will also get quarterly statements of portfolio in CAML’s official website.
Tax Benefit	Income from a mutual fund or a unit fund up to Tk. 25,000.00 (Twenty five Thousand) is exempted from tax under Income Tax Ordinance 1984. Investment in the Fund would qualify for investment tax credit under section 44(2) of the Income Tax Ordinance, 1984. (The government has raised the limit on tax-free dividend income from the listed companies for the individual taxpayers to Tk 50,000 in the national budget for the next fiscal year of 2019-20.)



ফান্ডের সংক্ষিপ্ত বিবরণী

নাম	ক্যাপিটেক- আইবিবিএল শরীয়াহ ইউনিট ফান্ড
প্রকৃতি	শরীয়াহ আইন মোতাবেক বে-মেয়াদি মিউচুয়াল ফান্ড।
ফান্ডের মেয়াদকাল ও আকার	বে-মেয়াদি ও সীমাহীন আকার।
উদ্যোক্তা	ইসলামী ব্যাংক বাংলাদেশ লিমিটেড (আই বি বি এল)।
ট্রাস্টি	ইনভেস্টমেন্ট কর্পোরেশন অব বাংলাদেশ (আই সি বি)।
হেফাজতকারী	ইনভেস্টমেন্ট কর্পোরেশন অব বাংলাদেশ (আই সি বি)।
সম্পদ ব্যবস্থাপক	ক্যাপিটেক অ্যাসেট ম্যানেজম্যান্ট লিমিটেড।
ফান্ডের প্রাথমিক আকার	টাকা ৮২৫,০০,০০,০০০ (টাকা পঁচিশ কোটি) বিভক্ত ২,৫০,০০,০০০ ইউনিটে যার প্রতিটির অভিহিত মূল্য ১০ টাকা।
অভিহিত মূল্য	টাকা ১০ (দশ) প্রতি ইউনিটের মূল্য।
উদ্দেশ্য	ক্যাপিটেক- আইবিবিএল শরীয়াহ ইউনিট ফান্ডের উদ্দেশ্য হচ্ছে মূলধনী লাভ এবং লভ্যাংশের মাধ্যমে ঝুঁকি সমন্বিত রিটার্ন প্রদান করা। এই ফান্ডের মাধ্যমে লভ্যাংশ বিনিয়োগকারীদের দেয়া হয় পুঁজিবাজার, অর্থবাজার ইত্যাদি শরীয়াহ সম্মত পত্রকোষে বিনিয়োগের মাধ্যমে।
ন্যূনতম বিনিয়োগ	টাকা ৫,০০০ ব্যক্তিগত আবেদনের বিপরীতে। টাকা ৫০,০০০ প্রতিষ্ঠানের আবেদনের বিপরীতে।
স্বচ্ছতা	বিধিমালা অনুযায়ী ফান্ডের NAV প্রতি সপ্তাহে গণনা করা হবে এবং সম্পদ ব্যবস্থাপকের ওয়েবসাইটে প্রকাশ করা হবে। সম্পদ ব্যবস্থাপকের ওয়েবসাইটের ঠিকানা হচ্ছে (www.capitecbd.com)
সম্ভাব্য বিনিয়োগকারী	ব্যক্তি প্রবাসী এবং দেশে বসবাসকারী উভয়ই, প্রতিষ্ঠান-দেশি-বিদেশী উভয়ই, মিউচুয়াল ফান্ড এবং সমষ্টিগত তহবিলের স্কিমসমূহ যে গুলো আইনগতভাবে গঠিত তারা ফান্ডের শেয়ার ক্রয় করার যোগ্যতা রাখে।
শরীয়াহ তদারকী বোর্ড	এই ফান্ড গঠন করা হবে শরীয়াহ আইন মোতাবেক। সি এ এম শরীয়াহ সুপারভাইজারী গাইডলাইন এই মর্মে গঠন করা হয়েছে যা শরীয়াহ আইন দ্বারা পরিচালিত। গাইডলাইনটি ট্রাস্টি এবং বি এস ই সির নিকট পেশ করা হয়েছে। এই গাইডলাইনের অধীনে স্বনামধন্য ইসলামিক চিন্তাবিদদের নিয়ে একটি শরীয়াহ উপদেষ্টা কমিটি গঠন করা হয়েছে। সি এ এম এবং এই উপদেষ্টা মন্ডলী একত্রে বিনিয়োগের সিদ্ধান্ত গ্রহণ করেন শরীয়াহ গাইডলাইন মোতাবেক।
লভ্যাংশ	প্রতিটি হিসাব বছরের শেষে বার্ষিক লাভের ন্যূনতম ৭০ (সত্তর) শতাংশ অর্থ লভ্যাংশ হিসেবে বাংলাদেশী টাকায় বিতরণ করা হবে।
লভ্যাংশ বিতরণ	লভ্যাংশ পত্র (ডিভিডেন্ড ওয়ারেন্ট) লভ্যাংশ ঘোষণার ৪৫ দিনের মধ্যে বিতরণ করা হবে।
হস্তান্তর যোগ্যতা	উত্তরাধিকার/উপহার অথবা আইন দ্বারা অনুমোদিতভাবে এই ফান্ডের ইউনিটসমূহ হস্তান্তর করা যাবে।
নগদায়ন	ইউনিটহোল্ডারগণ তাদের ইউনিট নগদায়ন করতে পারবেন সরাসরি সম্পদ ব্যবস্থাপকের মাধ্যমে অথবা সম্পদ ব্যবস্থাপকের নিয়োগপ্রাপ্ত বিক্রয় প্রতিনিধির মাধ্যমে।
প্রসপেক্টাস, বার্ষিক প্রতিবেদন এবং হিসাবসমূহ	যেকোন বিনিয়োগকারী সম্পদ ব্যবস্থাপকের ওয়েবসাইট (www.capitecbd.com) থেকে এই প্রসপেক্টাসটি দেখতে পারবেন। সম্পদ ব্যবস্থাপকের ওয়েবসাইটে প্রকাশিত বাৎসরিক ও অর্ধ-বাৎসরিক আর্থিক বিবৃতি প্রত্যেক ইউনিট হোল্ডার পাবেন। এছাড়া ইউনিট হোল্ডারগণ সম্পদ ব্যবস্থাপকের ওয়েবসাইটে পোর্টফোলিওর প্রান্তিক প্রতিবেদনও পাবেন।
কর রেয়াতজনিত সুবিধা	Tax ordinance 1984- এ মিউচুয়াল ফান্ড অথবা ইউনিট ফান্ড হতে আয় এর ২৫,০০০ টাকা পর্যন্ত করের আওতামুক্ত থাকবে। ইউনিট ফান্ডে বিনিয়োগ Income Tax Ordinance ১৯৮৪, এর সেকশন ৪৪(২) অনুযায়ী বিনিয়োগ কর সম্মানী (Investment tax credit) সুবিধা পাবেন। (সরকার ২০১৯-২০২০ অর্থবছরের জাতীয় বাজেটে স্বতন্ত্র করদাতাদের জন্য তালিকাভুক্ত সংস্থাগুলির করমুক্ত লভ্যাংশ আয়ের সীমা ৫০,০০০ টাকা বাড়িয়েছে)

RISK FACTORS

Investing in the CAPITEC-IBBL Shariah Unit Fund (hereinafter the Fund) involves certain considerations in addition to the risks normally associated with making investments in securities. The value of the Fund may go down as well as up and there can be no assurance that on redemption, or otherwise, investors will receive the amount originally invested. Accordingly, the Fund is only suitable for investment by investors who understand the risks involved and who are willing and able to withstand the risk of losing of their investments. In particular, prospective investors should consider the following risks:

1. General

There is no assurance that the Fund will be able to meet its investment objective and investors could potentially incur losses, including loss of principal when investing in the Fund. Investment in the Fund is not guaranteed by any government agency, the sponsor or the AMC. Mutual funds and securities investments are subject to market risks and there can be no assurance or guarantee that the Fund's objectives will be achieved. As with any investment in securities, the Net Asset Value of the Fund may go up or down depending on the various factors and forces affecting the capital markets and Money Markets. Past performance of the Sponsors and their affiliates and the AMC do not indicate the future performance of the Fund. Investors should study this Offer Document carefully before making investment.

2. External Risk Factor

Performance of the Fund is substantially dependent on the macro economic situation and capital market as well as money market of Bangladesh. Political and social instability may have an adverse effect on the value of the Fund's assets. Adverse natural calamities may impact the performance of the Fund.

3. Market Risk

The Bangladesh capital market is highly volatile and mutual fund prices and prices of securities can fluctuate significantly. The Fund may lose its value or incur a sizable loss on its investments due to such market volatility. Stock market trends indicate that prices of majority of all the listed securities move in unpredictable direction which may affect the value of the Fund. Furthermore, there is no guarantee that the market prices of the units of the Fund will fully reflect their underlying Net Asset Values.

4. Concentration Risk

Due to a limited number of listed securities in both the DSE and CSE, it may be difficult to invest the Fund's assets in a widely-diversified portfolio as and when required to do so. Due to a very thin secondary bond/money market in Bangladesh, it would be difficult for the Fund Manager to swap between asset classes, if and when required. Limited options in the money market instruments will narrow the opportunity of short term or temporary investments of the Fund which may adversely impact the returns.

5. Dividend Risk

Despite careful investment selection of securities in the Fund, if the issuers 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.

6. Underlying Liquidity Risk

For investing in unlisted equity securities by the Fund, may incur liquidity risk. In addition, market conditions and investment allocation may have an impact on the ability to sell securities during periods of market volatility, bond/money market while somewhat less liquid, lack of a well-developed secondary market, which may restrict the selling ability of the Fund and may lead to the Fund incurring losses till the security is finally sold. While securities that are listed on the stock exchanges carry lower liquidity risk, the ability to sell these investments are limited by the overall trading volume on the stock exchanges and may lead to the Fund incurring losses till the security is finally sold.

7. Investment Strategy Risk

Since the Fund will be an actively managed investment portfolio; the Fund is subject to management of strategic risk. Although the AMC will apply its investment process and risk minimization techniques when making investment decisions for the Fund, there can be no guarantee that such process and techniques will produce the desired outcome.

8. Credit Risk

Since the Fund will seek to invest as per the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১ in both equity and Shariah compliant bonds, the credit risk of the Shariah compliant issuers is also associated with the Fund. Investments in Shariah compliant bonds are subject to the risk of an issuer's inability to meet repayments on its obligations and market perception of the creditworthiness of the issuer.

9. Yield Risk

The Net Asset Value (NAV) of the Fund, to the extent invested in Shariah compliant bonds and Money Market securities will be affected by changes in the general level of yield. The NAV of the Fund is expected to increase from a fall in yield level in the economy while it would be adversely affected by an increase in yield. In addition, zero coupon securities do not provide periodic profit payments to the holder of the security; these securities are more sensitive to changes in yield available in the economy. Therefore, the yield risk of zero-coupon securities is higher. The AMC may choose to invest in Shariah compliant zero-coupon securities that offer attractive yields. This may increase the risk of the portfolio.

10. Issuer Risk

In addition to market and price risk, value of an individual security can, in addition, be subject to factors unique or specific to the issuer, including but not limited to management malfeasance, lack of accounting transparency, management performance, management decision to take financial leverage. Such risk can develop in an unpredictable fashion and can only be partially mitigated, and sometimes not at all, through research or due diligence. To the degree that the Fund is exposed to a security whose value declines due to issuer risk, the Fund's value may be impaired.

CHAPTER 1: PRELIMINARY

1.1 Publication of Prospectus for Public Offering

Capitec Asset Management Limited has received Registration Certificate from the Bangladesh Securities and Exchange Commission (BSEC) under the Securities and Exchange Commission Law, 1993, and the Securities and Exchange Commission (Mutual Fund) Rules, 2001 made there under and also received consent for issuing prospectus of CAPITEC-IBBL Shariah Unit Fund for public offering. A complete copy of the prospectus is available for public inspection at Padma Life Tower 10th floor, (Lift-09) 115, Kazi Nazrul Islam Avenue, Bangla Motor, Dhaka-1000, the registered office of Capitec Asset Management Ltd., the asset manager of CAPITEC-IBBL Shariah Unit Fund, hereinafter referred to as the Fund.

1.2 Consent of the Bangladesh Securities and Exchange Commission (BSEC)

APPROVAL OF THE SECURITIES AND EXCHANGE COMMISSION HAS BEEN OBTAINED TO THE ISSUE/OFFER OF THE FUND UNDER THE SECURITIES AND EXCHANGE ORDINANCE, 1969; THE SECURITIES AND EXCHANGE COMMISSION (MUTUAL FUND) RULES, 2001. 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 Fund

The Fund, being an open-ended one, will not be listed with any stock exchanges of the country; hence the Units of the Fund will not be traded in the stock exchanges unless otherwise BSEC and stock exchange houses make arrangement in future. In that case, public communication will be made as per BSEC’s approval.

Units of the Fund 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 office of the Asset Manager and the office so of authorized selling agents. Asset Manager shall disclose selling price and surrender/repurchase price of Units at the beginning of business operation on the first working day of every week as per the Rule.

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.sec.gov.bd) and Capitec Asset Management Ltd. (www.capitecbd.com).
- II. Copy of the trust deed will be available for public inspection during the business hours at the office of the asset manager of the Fund. Investors 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 Tk. 10.00(Taka ten) each within 90 (ninety) days from the date of sale of such Units;
- 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 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;
- VII. 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 end of the period;
- VIII. 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;
- IX. Net Asset Value (NAV) of the Fund shall be calculated and disclosed publicly at least once a week.
- X. The script wise detail portfolio statement consisting of capital market and other than capital market holdings of the fund shall be disclosed in the website of the AMC on quarterly basis within thirty (30) days of each quarter end;
- XI. 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 shall be not 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 transaction 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 Bangla 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;
- XVI. If the Fund manager fails to collect the minimum 40% of the initial target amount under *বিধি ৪৮* of the *সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১*, 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 percent per annum from its own account within the next month;
- XVII. The AMC should ensure compliance of *বিধি ৪৬* of the *সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১*.
- XVIII. 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. Initial target size of the fund is TK. 25.00 (Twenty-Five) crore. The size of the Fund may 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 Tk. 3,75,00,000/- (BDT Three Crore Seventy-Five Lacs) only shall be subject to a lock-in for a period of 01 (one) year from the date of formation of the fund and then 1/10th of the Sponsor's contribution only shall be subject to a lock-in period of full tenure of the fund until liquidation.
- XXI. A Confirmation of Unit Allocation amounting Tk. 3,75,00,000/- (15% of the Fund) will be issued in favor of the sponsor. The said confirmation letter shall be in the custody of the Trustee. No splitting of the Unit of 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 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:

- a) As per provisions contained in the *সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১* regarding limitation of time on closure of subscription, the initial public subscription will remain open for 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 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 its abridged version;
- h) After due approval by the Trustee regarding issue and formation expenses, the AMC shall submit in detail 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.
- 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 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.
- 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 (Thirty) days of issuance of consent letter.

1.6 General Information

- i. This prospectus has been prepared by Capitec Asset Management Ltd. 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 is no other material fact, 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 Capitec Asset Management Ltd.
- 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

CAML will maintain BO Accounts with Investment Corporation of Bangladesh, custodian of CAPITEC-IBBL Shariah Unit Fund for creation and redemption of units namely "CAPITEC-IBBL Shariah Unit Fund - Sale of units" and "CAPITEC-IBBL Shariah Unit Fund – Repurchase of units".

For sale of units CAML 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 CAML from its terminal, units will be credited to the BO Account "CAPITEC-IBBL Shariah Unit Fund - Sale of units". Then ICB will transfer the units from CAPITEC-IBBL Shariah Unit Fund - Sale of units to the unit holders BO Accounts as per instruction of CAML.

In the case of Redemption/Repurchase by the Asset Manager, the unit holder will transfer his/her/ the institutional holders' units to the CAPITEC-IBBL Shariah Unit Fund – Repurchase of units' account. ICB will debit the unit certificates from the investor's BO Accounts and transfer it to the CAPITEC-IBBL Shariah Unit Fund – Repurchase of units' account. Simultaneously, the payment will be made through A/C payee Cheque or funds will be transferred to investor's Bank Account through BEFTN as per the request of the client.

1.8 Systematic Investment Plan (SIP)

There will be a Systematic Investment Plan (SIP) for the investors after the formation of the fund. 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.). It is a planned approach towards investments and helps to inculcate the habit of saving and building wealth for the future.

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

- 1) **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 basis.
- 2) **Flexible SIP Tenor:** The SIP will be offered for at least 2 years or any other higher period set by the Asset Manager. 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.

- 3) **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.
- 4) **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 maturity as per SIP brochure.
- 5) **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

a) Declaration about the Responsibility of the Sponsor

The Sponsor, whose name appears in this prospectus, accepts full responsibility for the authenticity and accuracy of the information contained in this prospectus and other documents regarding CAPITEC-IBBL Shariah Unit 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 the 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. The Sponsor also confirms that full and fair disclosures have been made in this prospectus to enable the investors to make an informed decision for investment.

Sd/-

Md. Mahbub-ul-Alam
Managing Director & CEO
Islami Bank Bangladesh Limited

b) Declaration about the Responsibility of the Asset Management Company

This Prospectus has been prepared by us based on the Trust Deed, the Investment Management agreement, the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১, and other related agreements and examination of other documents as relevant for adequate disclosure of the Funds 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 Fund could be volatile and as 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 Fund. Investors are requested to pay careful attention to the risk factors as detailed in the Risk Factor section and to take proper cognizance of the risks associated with any investment in the Fund.

Sd/-

M Mahfuzur Rahman
Managing Director
Capitec Asset Management Limited

c) Declaration about the Responsibility of the Trustee

We, as Trustee of the CAPITEC-IBBL Shariah Unit 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 and 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 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
- e) 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 relevant Rules.

Sd/-

Md. Amzad Hossain Kibria

Deputy General Manager
Trustee Department
Investment Corporation of Bangladesh

d) Declaration about the Responsibility of the Custodian

We, as Custodian of the CAPITEC-IBBL Shariah Unit Fund, accept the responsibility and confirm that we shall:

- I. Keep all the securities of the Fund in safe custody and shall provide the highest security for the assets of the Fund; and
- II. Preserve necessary documents and record so as to ascertain movement of assets of the Fund as per Rules.

Sd/-

Md. Amzad Hossain Kibria

Deputy General Manager
Custodian Department
Investment Corporation of Bangladesh

1.10 Due Diligence Certificate

DUE DILIGENCE CERTIFICATE BY SPONSOR

চতুর্থ তফসিল-(১) এর ১(জ) [বিধি ৪৩(৩) দ্রষ্টব্য]

The Honorable Chairman
Bangladesh Securities and Exchange Commission
Securities Commission Bhaban,
E-6/C, Agargaon Sher-e-Bangla Nagar Administrative Area
Dhaka-1207, Bangladesh.

Subject: CAPITEC-IBBL Shariah Unit Fund.

We, the sponsor to the above-mentioned forthcoming mutual fund, state as follows:

1. We, as the sponsor to the above-mentioned fund, 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 (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১, Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015, Trust Deed of the Fund and the Rules, orders, guidelines, directives, notifications and circulars that may be issued by the Bangladesh Securities and Exchange Commission from time to time in this respect.

WE CONFIRM THAT:

- a) All information in the draft prospectus forwarded to the Commission is authentic and accurate;
- b) We as sponsor of the 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 সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১, and conditions imposed by the Commission as regards of the fund; and
- d) We shall act to our best for the benefit and interests of the unit holders of the fund.

For Sponsor

Sd/-

Md. Mahbub-ul-Alam
Managing Director & CEO
Islami Bank Bangladesh Limited

DUE DILIGENCE CERTIFICATE BY TRUSTEE

চতুর্থ তফসিল-(১) এর ১(জ) [বিধি ৪৩(৩) দ্রষ্টব্য]

The Honorable Chairman
Bangladesh Securities and Exchange Commission
Securities Commission Bhaban,
E-6/C, Agargaon Sher-e-Bangla Nagar Administrative Area
Dhaka-1207, Bangladesh.

Subject: CAPITEC-IBBL Shariah Unit 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 Bangladesh Securities and Exchange Commission (Mutual Fund) Rules, 2001, 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 has 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 Bangladesh Securities and Exchange Commission (Mutual Fund) Rules, 2001 have been complied with;
- d) We shall act as trustee to the issue 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 Bangladesh Securities and Exchange Commission (Mutual Fund) Rules, 2001 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,
Trustee Division
Investment Corporation of Bangladesh (ICB)

DUE DILIGENCE CERTIFICATE BY CUSTODIAN

চতুর্থ তফসিল-(১) এর ১(জ) [বিধি ৪৩(৩) দ্রষ্টব্য]

The Honorable Chairman
Bangladesh Securities and Exchange Commission
Securities Commission Bhaban,
E-6/C, Agargaon Sher-e-Bangla Nagar Administrative Area
Dhaka-1207, Bangladesh.

Subject: CAPITEC-IBBL Shariah Unit Fund.

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 Bangladesh Securities and Exchange Commission (Mutual Fund) Rules, 2001, 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 Capitec-IBBL Shariah Unit Fund including FDR receipts in safe and separate custody as per বিধি ৪১ of সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১, and will provide highest security for the assets of the Fund;
- b) 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;
- c) We shall also abide by the Bangladesh Securities and Exchange Commission (Mutual Fund) Rules,2001 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/-

Md. Amzad Hossain Kibria
Deputy General Manager,
Custodian Division
Investment Corporation of Bangladesh (ICB)

DUE DILIGENCE CERTIFICATE BY ASSET MANAGER

চতুর্থ তফসিল-(১) এর ১(জ) [বিধি ৪৩(৩) দ্রষ্টব্য]

The Honorable Chairman
Bangladesh Securities and Exchange Commission
Securities Commission Bhaban,
E-6/C, Agargaon Sher-e-Bangla Nagar Administrative Area
Dhaka-1207, Bangladesh.

Subject: CAPITEC-IBBL Shariah Unit Fund.

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

1. We, while act as asset manager to the above-mentioned mutual fund, declare and certify that the information provided in the prospectus, is complete and true in all respects;
2. We further certify that we shall inform the Bangladesh Securities and Exchange 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, the Bangladesh Securities and Exchange Commission (Mutual Fund) Rules, 2001, Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015, Dhaka Stock Exchange (Listing) Regulations, 2015, Chittagong Stock Exchange (Listing) Regulations, 2015, 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) The draft prospectus forwarded to the Commission is in conformity with the documents, materials and papers relevant to the fund;
- b) All the legal requirements connected with the said fund have been duly complied with; and
- c) The disclosures made in the draft prospectus are true, fair and adequate to enable the investors to make a well-informed decision for investment in the proposed fund.

For the Asset Manager

Sd/-

M Mahfuzur Rahman
Managing Director
Capitec Asset Management Limited

CHAPTER 2: BACKGROUND

2.1 Preamble to Formation of CAPITEC-IBBL Shariah Unit Fund

Open-end unit fund is a collective investment scheme which can issue and redeem units at any time. An investor will generally purchase units in the fund directly from the fund itself rather than from the existing unit holders. By investing in an open-end unit fund, the investors gain access to a thoroughly researched and professionally managed capital market portfolio, thereby increasing their diversity and reducing the overall risk associated with the capital market investments. Such funds allow the small investor to reap the benefits of a large diversified and professionally managed portfolio.

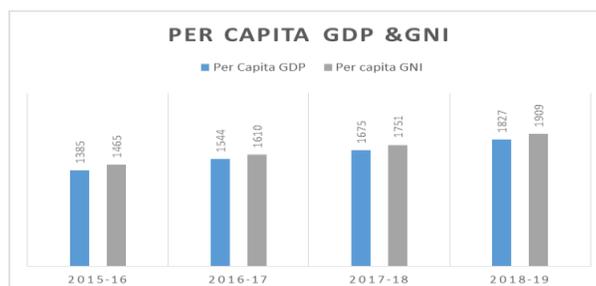
The CAPITEC-IBBL Shariah Unit Fund will provide an investment alternative for the existing retail investors in Bangladesh. It will also encourage new investors to join in and enjoy the returns of the capital market with minimal risks.

There was a time when Bangladesh has been addressed as a bottomless basket. But over the time, Bangladesh, as a country, proved this construal wrong and became one of the fastest-growing economies in the world. According to the provisional estimate of Bangladesh Bureau of Statistics (BBS), GDP growth for FY2018-19 reached 8.13 % expressively higher than the growth of 7.86% in the preceding fiscal year. It was the 4th consecutive year since Bangladesh experiencing seven-plus GDP growth. High growth in the manufacturing, the large industrial sector has played an important role in achieving this progress. Per capita GDP and per capita national income are continuing the upward trend. In the FY2017-2018 per capita GDP of Bangladesh was USD1,675 which grew to USD1,827 in FY2018-19. Likewise, per capita national income increased to USD1,909 in FY2018-19 from USD1,751 in FY2017-18. HSBC global report mentioned Bangladesh’s prospect as the biggest mover in the global GDP ranking in 2030. The report titled “The World in 2030: Our long-term projections for 75 countries” says Bangladesh is becoming the 26th largest economy in the world from the current 42nd position.

Export of Bangladesh is in positive vibes. Countries export earnings increased by 12.57% to USD 30,903 million in July-March of FY2018-19 from USD 27,019 million in July-March of FY2017-18. The significant contribution of ready-made garments and knitwear made for the country's total export earnings continued during FY2018-19. The USA is the main destination of our export. In FY2018-19, USA secured the top position in respect of importing commodities from Bangladesh. The other major destinations of our exports are Germany, UK and France.

Country's total import increased by 5.63% to USD 40,895 million in FY2018-19 (July-February), from the same period of the preceding year. China secured the first position for our import up to February 2019. Another important factor for Bangladesh’s economy is remittance earning which is increased by 10.30% in FY 2018-19. Bangladesh achieved remittances of USD 11,868.97 million during July-March in FY2018-19.

Bangladesh is currently facing difficulties in the stability of the financial sector. The performance of the banking sector and solvency of some financial intermediaries has remained a concern because of limited action to address defaults, improve risk management and strengthen corporate governance. According to the Bangladesh Bank’s data, NPL reached at its peak at Tk. 1162.88 billion and state own commercial banks are responsible for the major portion. Government is taking care of these issues seriously to bring stability in the financial sector very soon.



Source: Bangladesh Bureau of Statistics

The fund is usually invested in stocks, bonds, money market and other financial instruments to generate a superior risk-adjusted return for its investors. An open-end Mutual fund is a kind of mutual fund which is perpetual in nature and size of the fund is unlimited. A shariah based mutual fund invests in the only shariah complied investment instruments.

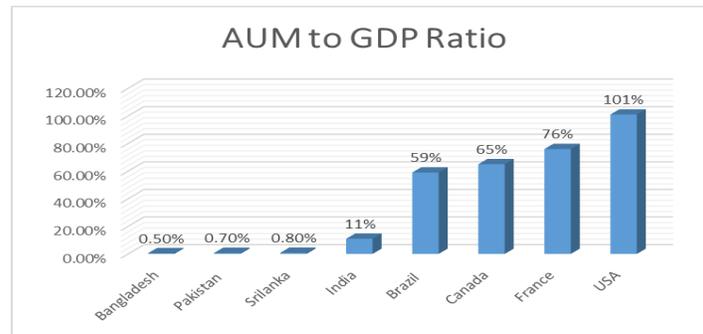
In terms of religious preference, Bangladesh is a Muslim majority country where 90% of its total population is Muslim. Hence, the demand for shariah based investment vehicles are increasing at a greater pace. We can understand the sensations from the development of shariah banking. The share of the total Investment of Islamic banks accounted for 24.02% among all banks at the end of July-September quarter in 2018, which was 23.93% in the previous quarter, according to latest data by Bangladesh Bank (BB). At the same period, the number of branches of Islamic banks, including Islamic branches of conventional commercial banks, stood at 1,200. Islamic banking has become reasonably important in the global financial market, especially in Asia. At the end of 2017, the assets of the Islamic financial industry in Asia stood at USD 528.7 billion which was 26% of the world's Shariah-compliant financial assets. In Asia, the value of Islamic financial assets has been estimated to exceed USD 1 trillion by 2023. According to the International Monetary Fund, the regional output is predicted to grow to 5.6% and 5.5% in 2017 and 2018 respectively.

The demand and supply for the shariah complied instruments for the investors have a mismatch in the financial sector. Introducing more shariah based mutual fund can be a solution to this problem. In this regards, Capitec-IBBL Shariah Unit Fund can be an excellent addition for the investor to invest. We believe that this will helps the investors to explore the growth potential and unveil the global perspective with the experts and professional fund manager.

The parties to the fund are, Islami Bank Bangladesh Limited as Sponsor, Capitec Asset Management Ltd. (CAML) as the Asset Manager, Investment Corporation of Bangladesh (ICB) as the Trustee and the Custodian of the Fund.

2.2 Mutual Fund industry in Bangladesh

Mutual fund industry in Bangladesh still is in a very early stage of development when the economy of the country is racing in excellent pace. Investment Corporation of Bangladesh (ICB), a public sector financial institution, first introduced Mutual Fund in Bangladesh around 1980. Since then, a substantial number of asset management companies got license and forming the mutual fund industry. According to the latest BSEC data, 44 registered Asset management companies in the countries are managing 95 mutual funds in total. Among them, there are 37 close end and 58 open end funds floating in the market with Asset under Management (AUM) of around BDT 110 billion. AUM to GDP ratio of the mutual fund industry is around 0.5% which is far below than the neighboring country.



Source: Financial Express (India)

Bangladesh’s mutual fund industry yet to get the attention of the general investor though it’s been more than three-decade in business. Majority of the investment participated by the intuitional investor. To get the retail market attention, fund managers must show positive performance and build trust among the general people. People in Bangladesh have negative attitude toward the capital market and at the initial stage of mutual fund development, managers failed to gain trust of investors which eventually gives the industry a hard time to grow. Another important fact about the market is, the lack of instruments to invest. A sophisticated bond market is necessary to generate a stable return. The fund managers have very limited securities available as an investment option. Fund managers are the keeper of peoples hard earn money and they should be more responsible when they manage those. General investors in Bangladesh has a lack of financial knowledge and they consider the mutual fund investment tools rather consider this as a long-term investment option. Still, awareness has been creating gradually among the investors and regulatory authorities are implementing different policies which will bring trust to the industry very soon. We believe that, favorable demographics, rising income levels of population, impressive economic growth and strong middle-class base will help to establish a strong mutual fund industry real soon. Capitec-IBBL Shariah Unit fund will be another attempt toward that target.

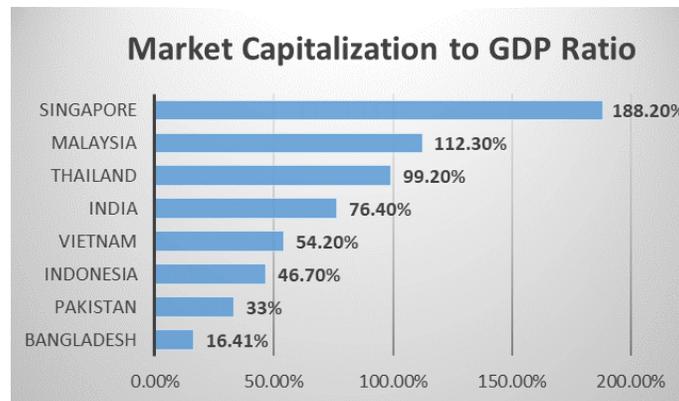
2.3 Capital Market of Bangladesh

Capital market plays a significant role in the growth of an economy. It acts as an intermediary between savers and companies seeking additional financing for business expansion. Bangladesh stock market is consisting of two exchanges namely Dhaka Stock Exchange (DSE) and the Chittagong Stock Exchange (CSE). These two platform are playing an important role in a nation’s economy.

The capital market of Bangladesh is considered to be one of the emerging markets in the context of the global financial system. The market has immense potentials for the country’s industrialization, development of infrastructure in particular and economic growth in general. Extend of volatility in Bangladesh market is also high and it has experienced several bullish and bearish trends in the last decade. The current market capitalization of DSE is 3306.63 billion (as on 7-Jan-2020), and the Market capitalization to GDP ratio is far below than the anticipated. Current market capitalization to GDP ratio of DSE is 16.41 % which is much lower than the neighboring country. For example, according to the World Bank data, the market cap to GDP ratio of India is 76.4%, Pakistan 33%, Indonesia 46.7%, Malaysia 112.3%, Vietnam 54.2%, Thailand 99.2% and Singapore 188.2%. The current Market PE of DSE is 14.95 which is reflecting the market is highly undervalued and holding a good prospect for future development. The number of listed securities (including mutual funds and debenture) of Dhaka Stock Exchange (DSE) has increased from 572 in June 2018 to 580 in February 2019. At the end of February 2019 total issued capital of all listed securities stood at Tk.1, 24,634.53 crores, up by 2.19% from Tk.1, 21,966.50 crores at the end of the previous fiscal year.

The regulators have taken various steps in recent years which promises to bring some semblance of market stability. Largest of these steps was demutualization of the Dhaka and Chittagong stock exchanges. Another reform which promises to bring discipline and transparency is the Financial

Reporting Act which was passed in 2015. Passing the FRA will ensure the control of manipulation of financial statements which is a neglecting practice in the industry by the companies. In FY 2019-20 budget, the dividend income tax exempted limit increased to BDT 50,000 from BDT 25,000. Recently, Bangladesh Bank has abolished the limit of capital market investment for the Bank which will increase the exposure of financial institution in the market. Government and the regulatory authorities have the positive intention to develop a strong bond market as soon as possible which is a important development measure currently Bangladesh require. We believe that in the long horizon, the capital market will align with the excellent economic development of Bangladesh and will place a strong position in the world.



Source-CAML Research

2.4 Advantages of Investing in CAPITEC-IBBL Shariah Unit Fund.

Following are the advantages the investors of CAPITEC-IBBL Shariah Unit Fund will enjoy:

- I. **Professional Management:** The Fund will be managed by qualified professionals, who will take investment decisions based on their continuous research on the economy, market performance and prospects of companies. The research team of Capitec Asset Management Ltd. (CAML) also will select suitable investments to achieve the objectives of the fund and it will be a continuous process that takes time and expertise which will add value to your investment. Here, the Fund manager of the fund is in an active position to manage your investments and earn higher returns.
- II. **Diversification:** There is an old saying: “don’t put all your eggs in one basket” really applies to the concept of intelligent investing. Diversification lowers your risk of loss by spreading your money across various industries and geographic regions. A well-diversified portfolio is to be developed for the Fund to lower investment risk of the investors, who will be capable enough to minimize or even eliminate their individual exposure to company-specific risks.
- III. **Ease of Investment:** Most investors constantly live with a certain amount of anxiety and fear about their investments because they feel they lack one or more of the following essentials: (1) market knowledge, (2) investing experience, (3) self-discipline, (4) a proven game plan, or (5) time. As a result, they often invest on impulse or emotion. Because of their inherent design that taps professional expertise and spreads risk, mutual funds can go a long way toward relieving the anxiety associated with investing. On the other hand, asset managers are the one who specializes in investment management. Asset managers engage themselves in an organized and disciplined way of investment management based on relevant education, years of hands on experience and skills. Allowing the asset manager to take the responsibility of managing investment and dealing with it professionally can release investor from the anxiety of investment.

- IV. **Liquidity:** With this open-end fund, you can redeem all or part of your investment any time you wish and receive the current value of the units. Funds are more liquid than most investments in shares, deposits and bonds.
- V. **Trading at Close to NAV:** Price of the Units of the Fund will not be determined by demand and supply function, rather by Net Asset Value (NAV).
- VI. **Cumulative Investment Plan (CIP):** CAPITEC-IBBL Shariah Unit Fund offers the investors to choose either to receive dividend or to allow the Fund manager, to reinvest their dividend in the market. This flexibility allows investors to choose a plan according to their preference.
- VII. **Transparent Operation & Extensive Disclosures:** Formation, management and operation of CAPITEC-IBBL Shariah Unit Fund adhere to *সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১* and are monitored by the BSEC and the Trustee. The Fund will disclose relevant information to the Trustee, BSEC and the public as prescribed in the *সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১*.
- VIII. **Benefits in Shariah Mode of Investing:** The basis of Shariah based equity investing in derived by considering the established sources of Islamic Law in the following order:

The Holy Qur'an.

The Hadith – the recorded statements and practices of Prophet Muhammad (PBUH).

The consensus of the Islamic Scholars and analogies from the Holy Qur'an and Hadith. Muslims are prohibited from participating in interest-based transactions, gambling, creating or consuming products made from pork, and more. Just this abbreviated list of prohibitions offers an idea of why Muslims can't put their money into conventional banks or purchase conventional investment instruments. However, their need for investment remains unmet. This fund will assist them to channelize their funds into Shariah Complaint Securities. In addition to that, Islamic funds ensure that balance sheets of the companies chosen follow Shariah rules. When companies pass Shariah rules, they are usually found having strong balance sheet. These companies are better able to protect themselves during economic downturn. Ultimately, the Islamic funds perform better in long run. Islamic investments are based on business

contracts that increase transparency and reduce speculation so that all contracting partners know what to expect and what risks are involved. Investors can expect these companies are better governed in the fund.

IX. **Tax Advantage of investing in CAPITEC-IBBL Shariah Unit Fund:**

1. Tax advantage on Income: Income from a mutual fund or a unit fund up to Tk. 25,000.00 (Twenty-Five Thousand) is exempted from tax under Income Tax Ordinance 1984. (The government has raised the limit on tax-free dividend income from the listed companies for the individual taxpayers to Tk 50,000 in the national budget for the next fiscal year of 2019-20)
2. Investment Tax credit: According to the current Income Tax Ordinance (ITO) 1984, section 44(2), amended in 2016, amount of allowable investment is – actual investment or 25% of the total (taxable) income or BDT 15,00,00,000.00 whichever is less.

CHAPTER 3: THE FUND

3.1 Formation

The Trust Deed of "CAPITEC-IBBL Shariah Unit Fund" was registered on 19-November-2019 under the Trust Act, 1882, and Registration Act, 1908. The fund was registered by BSEC on 23-December-2019 under the *সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১*.

3.2 Life of the Fund

The Fund will be an open-end Shariah based mutual fund, with a perpetual life. Institutional, local and foreign, and individual investors, resident and non-resident, are eligible to invest in this Fund. The initial target size of the Fund will be Tk. 25,00,00,000 (Taka Twenty-Five crore) only divided into 2,50,00,000 (Two crore and fifty lac) Units of Tk. 10 (Taka ten) 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.

3.3 Face Value and Denomination

Face value of each Unit will be Tk.10 (Taka Ten) 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

CAPITEC-IBBL Shariah Unit Fund is to generate risk adjusted return in the forms of capital appreciation, dividend income and to provide attractive dividend payments to the unit holders by investing the fund in Islamic shariah compliant instruments of capital market and money market.

3.5 Investment Policies

- a) The Fund shall invest subject to the *বিধিমালা* and only in those securities, deposits and investments approved by Bangladesh Securities and Exchange Commission and/or the Bangladesh Bank and/or the Insurance Development & Regulatory Authority (IDRA) of Bangladesh or any other competent authority in this regard.
- b) The Asset Manager of the Fund shall form a Shariah Supervisory Board with two ex-officio members. The Shariah Supervisory Board will be responsible for monitoring the activities and investments of the Fund.
- c) The fund shall only invest in any shares and securities that are permissible by the Shariah Law and approved by the Shariah Supervisory Board.
- d) The Fund may also invest in other Shariah Compliant instruments as and when they are available for investments, specifically;
 1. In Participation Term Certificates, Mudaraba Term Certificates, Mudaraba deposits and all other asset backed securities;
 2. In contracts, securities or instruments of companies, organizations and establishments issued on the principles of BaiMu'ajjal, Bai' Salam, Istisna'a, Mudaraba, Murabaha and Musharika;
 3. In contracts, securities or instruments of companies, organizations and establishments issued on the principles of BaiMu'ajjal, Bai' Salam, Istisna'a, Mudaraba, Murabaha and Musharika;

4. In other instruments that may be allowed by the বিধিমালা and confirmed as Shariah Compliant by the Shariah Advisory Board of the Asset Manager from time to time;
- e) Not less than 60% of the total assets of the Fund shall be invested in capital market instruments out of which at least 50% will be invested in listed securities.
 - f) Not more than 15% of the total asset of the Fund shall be invested in pre-IPOs at one time.
 - g) All money collected under the Fund shall be invested only in en-cashable/transferable instruments, securities whether in money market or capital market or privately placed pre-IPO equity, preference shares, debentures or securitized debts.
 - h) The Fund shall get the securities purchased/ transferred in the name of the Fund.
 - i) Only the Asset Management Company will make the investment decision and place orders for securities to be purchases or sold for the scheme's portfolio.

3.6 Investment Restrictions

In making investment decisions, the following restrictions should be taken into due consideration:

- a) The Fund shall not invest more than 10% of its total assets in any one particular company.
- b) The Fund shall not invest in more than 15% of any company's paid-up capital.
- c) The Fund shall not invest more than 20% of its Assets in shares, debentures or the other securities of a single company or group.
- d) The Fund shall not invest more than 25% of its total assets in shares, debentures or other securities in any one industry.
- e) The Fund shall not invest in or lend to another Scheme managed by the same Asset Management Company.
- f) The Fund shall not acquire any asset out of the Trust property, which involves the assumption of any unlimited liability or shall result in encumbrance of the Trust property in any way.
- g) 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 বিধিমালা.
- h) The fund shall follow the investment objectives and investment restrictions as per the Rule. However, the AMC shall follow the Shariah guidance suggested by the Shariah Supervisory Board for investment selections within the Rules.
- i) 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 Exchange(s).
- j) The Fund shall not involve in option trading or short selling or carry forward transactions.
- k) The Fund shall not buy its own unit.

3.7 Valuation Policy

- a. For listed securities held in the portfolio of the Fund, the average quoted closing market price at the Stock Exchange(s) on the date of valuation shall be considered for calculation of Net Asset Value (NAV) of the Fund or as specified in বিধিমালা.
- b. For Participation Term Certificates, Mudaraba Term Certificates, Mudaraba deposits, held in the portfolio of the Fund, the accrued profit on such instruments on the date of valuation shall be taken into account for calculation of Net Asset Value (NAV) of the Fund.

- c. For securitized debts, debentures, margin or fixed deposits, held in the portfolio of the Fund, the accrued profit on such instruments on the date of valuation shall be considered for calculation of Net Asset Value (NAV) of the Fund.
- d. The Fund shall fix the valuation method as specified in the *বিধিমালা*.
- e. The Fund shall follow the method approved by the Commission for valuation of the non-traded investments, if any, the Asset Management Company and the Trustee shall at least annually review the non-listed investments, if any, and the Trustee shall at least annually review the value of such investments. The auditors shall comment on such investments in the annual report of the Fund.
- f. The valuation of those Listed Securities not traded within previous one month will be made with their reasonable value but shall not be more than the intrinsic value. Such valuation must be approved by the Trustee and commented upon by the Auditors in the Annual Report of the mutual fund but shall not be more than the intrinsic value of the securities.
- g. The Valuation of non-listed securities will be made by the Asset Management Company with their reasonable value and approved by the Trustee and commented upon by the Auditors in the Annual report of the Fund.
- h. 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.
- i. The Asset Management Company and the Trustee will value the non-listed securities at least once in every three months.
- j. In case of deferred expenses, accrued expenses for the period will be taken into account for determining total liabilities.

3.8 Net Asset Value (NAV) Calculation

Following the valuation criterion as set forth above, the Fund will use the following formula to derive NAV per unit:

Total NAV = VA - LT

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

VA = Value of Total Assets of the Fund as on date

LT = Total liabilities of the Fund as on date

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 + Profit receivables, net of tax + Issue expenses net of amortization 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 payables related to printing, publication and stationery + Accrued deferred expenses about management fee, trustee fee, annual fee, audit fee and safe keeping fee.

3.9 Limitation of Expenses

- i. All expenses should be clearly identified and appropriated to the Fund.
- ii. The Asset Management Company may charge fund for Investment Management and Advisory fees.

- iii. Asset Management Company may amortize the initial issue costs of the Fund over a period as provided for in the *বিধিমালা*; Provided that initial issue expenses/Initial Public Offering (IPO) costs shall not exceed 5% of the collected amount of the Fund raised under the Scheme.
- iv. In addition to the fees mentioned herein above the Asset Management Company may charge the Scheme of the Fund with the following recurring expenses namely;
 - a. Marketing and selling expenses including commissions of the agents, if any;
 - b. Brokerage and Transaction costs;
 - c. Cost of registrar services for transfer of securities sold or redeemed;
 - d. Trusteeship fees;
 - e. Custodian fees;
 - f. Dematerialization fees and others;
 - g. Shariah Supervisory fee;
 - h. Re-registration fees, if any.
 - i. Relevant expenditure for calling meeting by the trustee committee; and
 - j. Other expenses applicable to the Mutual Fund.
- v. The expenses referred to herein above and any other fees payable or reimbursable to the Asset Management Company or the Trustee shall be charged to the Fund.

3.10 Price Fixation Policy, Sale & Repurchase Procedure

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 subject to the consent 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 *বিধিমালা* and shall disclose sales price and repurchase/ surrender price per unit determined on the basis of NAV before commencement of business 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. The difference between sales price and repurchase/ surrender price shall primarily be 3 (three) percent of the face value of the Unit which may be changed in future with a maximum limit of 5 (five) percent of the sale price of the Unit. The Asset Manager may reduce the difference with the approval of the Trustee.

3.10.1 Sale and repurchase procedure are given below:

- i. The Units of CAPITEC-IBBL Shariah Unit Fund, hereinafter referred to as the Fund, may be bought and surrendered through Capitec Asset Management Ltd. and authorized selling agents appointed by CAML from time to time.
- ii. Minimum purchase quantity for individual investors is 500 (five hundred) units and for institutional investors is 5,000 (five thousand) units.
- iii. Application for purchase of units should be accompanied by an account payee cheque/ pay order/ bank draft in favor of "CAPITEC-IBBL Shariah Unit Fund" for the total value of Units.

- iv. After clearance / encashment of cheque/ draft/ pay order the applicant will be issued with one-unit allocation confirmation against every purchase with a denomination of number of units he / she / the Institutional investor applies for. The units will also be delivered to the Unit holder's BO A/C.
- v. 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 both of individuals and institutions. Upon partial surrender, the unit holder will be issued with a new unit allocation confirmation representing the balance of his unit holding.
- vi. All payments/ receipts in connection with or arising out of transactions in the units hereby applied for shall be in Bangladeshi Taka.

3.11 Winding up Policy

3.11.1 Procedure of Winding Up

- i. If the total number of outstanding unit certificates held by the unit holders after repurchasing at any point of time falls below 25% of the actual certificate issued, the Fund will be subject to be wound up.
- ii. 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.
- iii. The Scheme may also be wound up if the Commission so directs in the interest of the unit holders.
- iv. 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 and if winding up is permitted by the Commission, shall publish in two national daily newspapers including a Bangla newspaper having circulation all over Bangladesh.

3.11.2 Manner of Winding Up

- i. The Trustee shall call a meeting within 30 days from the notice date of the unit holders of a 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. If it fails to have three-fourth majority mandate, the Commission shall have the power to supersede the mandate if situation demands such.
- ii. The Trustee shall dispose 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 বিধিমালা, 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.
- iii. Within 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 disposal of assets 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.

3.11.3 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 shall

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

3.12 Investment Management

Capitec Asset Management Ltd shall conduct the day to day management of the fund's portfolio as the Asset Manager subject to the provisions laid down in the *বিধিমালা* and trust deed and / or CAML Shariah Supervisory Guideline or any general directions given by the Trustee, Shariah Supervisory Board and/or the Commission. Moreover, Asset Manager shall have discretionary authority over the Fund's portfolio about investment decisions. For investment decision, an Investment Committee (IC) shall be formed comprising of the following:

Mr. M. Mahfuzur Rahman, Managing Director
Mr. Prosenjit Saha, Head of Operation
Mr. Md.Raju Ahmed, Senior Assistant Manager

Managing Director will be heading the IC and have full authority for investment and exit decision within the frame work of *সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১* and parameters set in the investment policies and approved by the Board of Directors. IC shall review the present and future economic condition from the research report and regular updates from the IC and will take investment decision. IC shall deliberate and resolve the following matters in connection with investment:

- Developing asset allocation strategy and investment guidelines subject to rules
- Short, mid and long tenure investment policies of the fund and amending it from time to time as necessary
- Develop and maintain investment guidelines and performance criteria for each investment along with entrustment of each asset class
- Determine the Fund's risk tolerance and investment horizon and communicate such to the working committee (WC) as risk management policies of the fund
- Evaluate investment performance
- Oversee the working committee
- Monitoring fund cash flow, liquidity and overall net asset value (NAV) of the fund
- Compare portfolio composition with desired composition and entrust portfolio rebalancing if necessary
- Administrative decision including review of fund expenses and accounting control

3.13 Dividend Policy

- The accounting year of the Fund shall be 1st January to 31st December every year;
- All the unit holders have equal but proportionate right in respect of dividend. Dividend will be paid in Bangladeshi Taka.
- The Fund shall distribute minimum 70% or as may be determined by this *বিধিমালা* from time to time, of the annual net income of the Fund as dividend at the end of each accounting period after making provision for Bad and Doubtful Investments. The Fund shall create a Dividend



Equalization Reserve by appropriation from the income of the Fund to ensure consistency in dividend payment.

- Before declaration of dividend, the Asset Management Company shall make a provision in consultation with the auditors 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.
- Dividend warrants will be dispatched within 45 days from dividend declaration and the AMC shall submit a statement in this respect within next 7 days to the Commission, the Trustee and the Custodian.
- Before registration for transfer of ownership, a transferee shall not possess any right to dividend declared.
- There shall be a Cumulative Investment Plan (CIP) scheme in this Fund. Under this Scheme a unit holder instead of receiving dividend may re-invest such dividend income accrued for purchasing Unit at a concession rate.

CHAPTER 4: THE SHARIAH SUPERVISORY BOARD

4.1 Member of Shariah Supervisory Board

“Shariah Supervisory Board” means a body of Shariah experts who certifies the securities/ assets as Shariah compliant.

The First Shariah Supervisory Board will be constituted with the following members:

Hafeez Maulana Prof. Dr. Shahidul Islam Barkati	Chairman
Dr. Hasan Mohd. Moinuddin	Member
Maulana Shah WaliUllah	Member
Maulana Shakhawatul Islam	Member
Moulana Hafej Mufti Mohibullah Baki Annadobi	Member
Md. Delowar Hossain	Member
Mr. M. Mahfuzur Rahman,	Member
Mr. Md Raju Ahmed	Member Secretary

4.2 Role and Responsibilities of Shariah Supervisory Board

“Shariah Supervisory Board” means a body of Shariah experts who certifies the securities/assets as Shariah-compliant. A Shariah Supervisory Board performs the following responsibilities:

- i. Prepares guidelines and methodologies for selecting/screening of companies/ securities/ instruments to be acceptable as per Shariah principles;
- ii. Recommends companies/securities/instruments for investment, consistent with the guidelines and methodologies;
- iii. Certifies/approves the criteria of identifying prohibited incomes and recommending distribution of those prohibited income to any charitable organization;
- iv. Certifies at the end of each accounting year that all investments and incomes accounted for are Shariah compliant;
- v. Any other responsibilities determined by the Commission or specified in the constitutive documents;



CHAPTER 5: INVESTMENT APPROACH AND RISK CONTROL

A top down and bottom up approach may adopt the following investment approaches and risk control measures, namely:

- i. Investments will be pursued in selecting sectors based on the analysis of business cycles, regulatory reforms, competitive advantage, etc.
- ii. Selective stock picking will be done from the selected sectors.
- iii. The Asset Management Company in selecting scrips will focus on the fundamentals of the business, the industry structure, the quality of management, sensitivity to economic factors, the financial strength of the company and key earnings drivers.
- iv. In addition, the Asset Management Company will study the macro-economic conditions, including the political, economic environmental and other factors affecting liquidity and interest rates.
- v. Since disciplined investment requires risk management, the Asset Management Company would incorporate adequate safeguards for controlling risks in the portfolio construction process.
- vi. Risk will also be reduced through adequate diversification of the portfolio. Diversification will be achieved by spreading the investments over a range of industries/sectors.

CHAPTER 6: FORMATION, MANAGEMENT & ADMINISTRATION

6.1 Sponsor of the Fund

Islami Bank Bangladesh Limited is the sponsor of Capitec-IBBL Shariah Unit Fund. It is a Joint Venture Public Limited Company engaged in commercial banking business based on Islamic Shariah. It was established on the 13th March 1983 as the first Islamic Bank in the South-East Asia which started operations on 30 March 1983. It is a public limited company registered under the Companies Act of 1913 the provisions of the Companies Act, 1991 as amended, Bangladesh Bank's directives and directives of other regulatory authorities. It has 56.7420% local and 43.2580% foreign shareholders. IBBL has 357 branches including 60 AD Branches & 03 Offshore Banking Units as well as has 16,807 staffs. In addition to that IBBL maintains its own 661 ATM Booths, 126 IDM (IBBL Deposit Machine) along with more than 9,000+ shared ATM network across the country. IBBL is the largest private banking network in Bangladesh. The bank is listed with both Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd.

Islami Bank Bangladesh Limited achieved 'The Strongest Retail Bank in Bangladesh 2018' award and 'Islamic Retail Banking Awards (IRBA) 2017' as strongest Islamic Retail Bank in South Asian Region. Islami Bank Bangladesh Limited won Bank of the Year Award 2016 conferred by The Banker and Financial Times Group, London. Islami Bank is the only Bangladeshi Bank awarded ever by the Banker. The bank is being placed among the World's top 1,000-bank list ranked by The Banker since 2012. In 2016, the Bank was recognized as the best Managed Bank in Bangladesh by The Asian Banker, a Singapore based strategic banking intelligence provider. The Global Finance a reputed USA-based Finance Magazine, adjudged IBBL as the best Islamic Financial Institution of Bangladesh for the years 2008, 2009, 2010, 2011 & 2013. In addition, a good number of awards have been conferred upon Islami Bank both from local and global renowned organizations in 2016. The bank is functioning as the 1st Shariah based bank of Southeast Asia for more than three decades and achieved many accolades for its outstanding contribution in the country's economic development.

6.2 Trustee of the Fund

Investment Corporation of Bangladesh (ICB) would act as the Trustee of the CAPITEC-IBBL Shariah Unit Fund. The ICB was established on 01 October 1976, under "The Investment Corporation of Bangladesh" Ordinance, 1976 (No. XL of 1976). The establishment of ICB was a major step in a series of measures undertaken by the government to accelerate the pace of industrialization and to develop a well-organized and vibrant capital market, particularly securities market in Bangladesh. ICB provides institutional support to meet the equity gap of the companies. In view of the national policy of accelerating the rate of savings and investment to foster self-reliant economy. ICB assumes an indispensable and pivotal role.

The main objectives of ICB are to encourage and broaden the base of investments, develop the capital market, mobilize savings, promote and establish subsidiary companies for business expansion and provide for matters ancillary thereto. At present the corporation is being operated under the "Investment Corporation of Bangladesh Act, 2014." Over the years, the activities of ICB have grown manifold, particularly in Merchant Banking, Mutual Funds operations and Lease Financing activities. ICB pioneered the Mutual Fund Industry in Bangladesh.

6.3 Custodian of the Fund

Investment Corporation of Bangladesh (ICB) would act as the Custodian of the CAPITEC-IBBL Shariah Unit Fund. The Corporation has long and proven experience in portfolio management Supervisory function, particularly in buying and selling of shares, corporate restructuring and engineering, offloading of government shares and hosts of other merchant bank related activities for the benefit of its clients. To maintain efficiency and stability in stock market, ICB always plays important role as a market maker. ICB has enhanced its efforts to persuade the listed companies to comply with the corporate governance guidelines circulated by the BSEC. Besides this, ICB helped to protect small investors' interests and to increase the stability in the capital market by implementation of various steps taken by BSEC.

6.4 Asset Manager of the Fund

Capitec Asset Management Ltd (CAML) is a privately-owned Asset Management Company (AMC) based in Dhaka. The AMC license was issued in 2017 by the Bangladesh Securities and Exchange Commission (BSEC). Currently, the company has a team of professionals with decades of experience in national and international markets. Capitec Asset Management Ltd innovates and creates new investment solutions for their clients. Main aim is to manage risk and uncertainty to deliver resilient investment outcomes. Capitec has a team of highly expert investment professionals which is leading by the dynamic directors with combined experience of more than 15 years in both internationally and local investment industry. Senior management is supported by a team of portfolio managers, equity research and data analysts, and finance, operations and compliance team. Capitec follow a thorough and structured investment process, based on top down macro-economic, market and sector research in parallel with company specific bottom up research, company management interviews and fundamental analysis.

6.4.1 Investment Management Process: A Team Approach

The investment management operation of CAML is managed by a team of investment professionals and is guided by an Investment Committee. The Investment Committee reviews the Fund portfolio selection process to ensure compliance with the objectives set out in the Trust Deed. In addition, the Investment Committee pays special attention to the BSEC guidelines on investments restrictions/ investment limits as prescribed from time to time; these restrictions relate to single company/group investments, investments in associate companies, investments in unrated debt instruments etc. In addition, the Investment Committee also reviews the portfolio periodically to assess liquidity positions and evaluate the risk parameters time to time to rebalance the portfolio. In performing its fund management, the Committee monitors the following activities by research team:

- **Selection of Shariah Universe of Stocks:** Securities and other instruments for Investment will be made by as per Shariah Law. At first, stocks will be selected by Shariah based qualitative and quantitative screenings. Finally, the selected lists will be approved by the Shariah Supervisory Board of the fund.
- **Preparing potential Stock List:** Research analyst team analyzes and prepares prospective stock list from the above mentioned Shariah Universe of Stocks with fundamental analysis and technical analysis. Fundamental Analysis concentrates on macroeconomic, industry and company specific research analysis combining world-class valuation techniques, forensic accounting, as well as market information flows. On the other hand, Technical Analysis that captures the movement in the market indexes and individual stocks to provide buy-sell signals. These include Trend Analysis, Moving Average (MA), and Relative Strength Index (RSI), Moving Average Convergence Divergence (MACD).
- **Top Down and Bottom up Approach:** Top down Approach Analysis initially deals with analysis of overall macroeconomic picture of the country, analysis on sector or industry growth, analysis on fund flow of specific sectors and sector allocations. Bottom up Approach focuses on analysis of individual companies within a particular industry based on multiple quantitative and qualitative parameters, including valuation report, earnings growth, price earnings ratio, comparing fundamental indicators with peer companies, company prospects, competitive outlook and corporate management, business trends. The entire outputs of activities are then combined to generate the optimum portfolio which intends to provide the highest return at a given level of risk.
- **Portfolio Construction:** Investment committee will construct an optimum portfolio composition with the goal of maximizing returns with minimizing risks. The committee will determine appropriate asset allocation in different investment compositions with minimal risk tolerance level.
- **Risk Management:** Investment committee further analyzes and monitors the various risks at the portfolio level. The main task is to diversify the unsystematic risks from the portfolio and

preserve clients' wealth. Risk Management step applies the pre-determined position limits to the portfolio, limiting sector exposure and individual stock exposure. Maintaining lower volatility is also an important concern; to this end, beta adjustment and other sophisticated risk analysis is used.

- **Execution of Trade:** CAML uses various types of quantitative strategies and market momentum to maximize its trade executions. To this end, CAML has selected a panel of skilled brokers to execute its trades in an efficient and confidential manner.

6.4.2 The Brief Profiles of the directors and key personnel

Brief profiles of the Directors and Senior Management of the asset manager responsible for investment of the Capitec-IBBL Shariah Unit Fund are as under:

Mr. Hasan Rahman, Founder & Chairman

Mr. Hasan Rahman is the founder & Chairman of Capitec Asset Management Ltd, licensed by Bangladesh Securities and Exchange Commission. Mr. Rahman has near about fourteen years of diverse hands on experience in HRM, Business Administration, Finance & Accounts, Capital Market Operations, Financial Products, Corporate Training programs and workshops both locally and internationally. With his years of experience in financial market and organizations around the world, he founded Capitec to bring very professionally managed funds for the local clients and companies. Mr. Hasan Rahman has successfully introduced Insurance Agent Training Program for the first time in Bangladesh by convincing Insurance Development & Regulatory Authority (IDRA) to strengthen the insurance companies in Bangladeshi market. He is also the Director of Experts Academy Ltd; prominent professional training center, which serves financial institutions, companies and individuals. Apart from those Mr. Rahman has several investments in Hotels, Pharmaceuticals, Information Technology and so-forth. Mr. Rahman completed higher degrees from abroad.

Mr. M. Mahfuzur Rahman, Managing Director

Mr. M. Mahfuzur Rahman was the former Executive Director and Spokesperson for Bangladesh Bank as well as the Deputy Head of BFIU. During his long career, he earned wide experiences in the commercial banking sector. He had signed MOU on money laundering and combating financing of terrorism as a representative of Bangladesh with nine countries. He led different teams of Bangladeshi representatives in eighteen International Conferences and participated in meetings in different countries. To enhance remittance inflow, he has participated twenty-one separate dialogues as Principal Guest/Special Guest held in twelve different countries. He is an award-winning acclaimed writer, and currently working in Capitec for the development of capital market in Bangladesh.

Mr. Ishtiaque Ahmed Chowdhury, Advisor

Mr. Chowdhury had served as a Managing Director & CEO of Trust Bank Limited for two terms. Currently, he is the Managing Director of Experts Academy Ltd; prominent private training center of the country. After completing higher studies, Mr. Chowdhury began his banking career as Probationary Officer in Rupali Bank in the year 1977. He switched over to Arab Bangladesh Bank Ltd. in the year 1984 as Senior Officer and worked there till September 2002. Prior to that joining Trust Bank Limited, Mr. Chowdhury was Executive Vice President & Regional Manager of four mid-city branches of The Oriental Bank Limited, which subsequently renamed as ICB Islamic Bank Ltd. He joined Trust Bank on October 2003 as Senior Executive Vice President. Over the last 29 years, Mr. Chowdhury's career evolved as a well-rounded banker with adequate exposure in Strategic Risk Management, Revenue Growth, Client Acquisition, and Operations Management. Mr. Chowdhury has participated in a good number of professional trainings, workshops, and seminars at home and abroad. He has involved with different renowned society, club and association to work for the development of Bangladesh.

Mr. Prosenjit Saha, Head of Operations

Mr. Saha is working as Head of Operations in Capitec Asset Management Limited as key personnel looking after the overall operational aspect of the funds. He has vast knowledge in the area of capital market as well as money market. Prior to joining Capitec Asset Management Limited, he worked as Assistant Vice President (AVP) in Assurance Asset Management Limited. Mr. Saha was Assistant Manager in Investment Management at Alif Assets Management Ltd. He was also a key member in the Investment Committee of Alif Assets Management Ltd. In this position, he was responsible for managing Sandhani Life Unit Fund (open ended MF). Prior to this position, he worked as Investment Analyst in Research team at Alif AMC, where he was responsible for different types of research activities related to economy and capital market. He was also advising on the investment decisions of Mutual fund, High net worth client etc. His career includes nine years of experience in the area of equity research and portfolio management, Fund Operation in AMC, Bank and NBF. Mr. Saha earned a Master's in Business Administration (MBA) in the area of Finance from the American International University-Bangladesh. He also holds Bachelor of Business Administration (BBA) degrees in Accounting and Finance from the same University with excellent academic credentials. Currently, Mr. Prosenjit is also pursuing CFA (Chartered Financial Analyst) Program. Apart from academic credentials, Mr. Saha has participated in different professional training program at Different level in the area of Asset Management, Portfolio Management & Security Analysis, Building Financial Model in Excel, Sales skills development, Money Laundering Prevention Act & Anti-Terrorism Act, 2009 at Bangladesh Bank Training Institute, DSE Training Institute, Eastern Bank Ltd, Pearl Institute of Financial Market Ltd etc.

Mr. Subrata Bhakta, Head of Company Affairs & HR

Mr. Subrata Bhakta, Head of Company Affairs & HR, is an MBA with more than fourteen years of diverse hands on experience in the financial services sector at Bangladesh including capital market. He is responsible for overall company affairs and HR issues. Prior to joining at the organization, Mr. Bhakta worked as Senior Manager – Operations and In-charge, Compliance at country's first & pioneering private asset management company, Asset & Investment Management Services (AIMS) of Bangladesh Limited. Mr. Bhakta has participated in several and relevant professional trainings and workshops organized by the regulatory body; Bangladesh Securities and Exchange Commission, stock exchanges; Dhaka Stock Exchange and Chittagong Stock Exchange, the Central Bank of Bangladesh and etc.

Mr. Md. Raju Ahmed, Senior Assistant Manager

Mr. Md. Raju Ahmed has more than 9 years of experience in the capital market of Bangladesh. Prior to joining in Capitec Asset Management Limited, he was the Assistant Manager of Alif Assets Management Ltd. He started his career at Mona Financial Consultancy & Securities Ltd and worked there for six years. He has diversified experience in Portfolio Management, Securities Analysis, Technical Analysis and Operations of AMC. He completed his BBA from Stamford University Bangladesh (Major in Finance). He has also attended numerous training programs and seminars related to the capital market including Portfolio Management & Securities Analysis, Technical Analysis, Securities Laws of Bangladesh, Investors Awareness program, Financial Statement Analysis, Financial Modeling from PFS and Certified Authorized Representative from Dhaka Stock Exchange.

Mr. Shaibal Halder, Deputy Manager

Mr. Shaibal Halder is the Deputy Manager in Accounts Department at Capitec Asset Management Ltd. He has been working in the financial industry and International Non-Government Organization for over six years in the field of Financial Management, Budgeting Monitoring and Controlling, Strategic Planning and Internal Auditing etc. He completed his B.B.S with Honours (2009) and M.B.S (2010) in Accounting from National University with outstanding academic performance. Mr. Halder is a Qualified Cost and Management Accountant (CMA), a highest professional degree in Cost & Management Accounting profession in Bangladesh from the Institute of Cost and Management Accountants of Bangladesh (ICMAB). He is also pursuing the Chartered Secretary, a recognized professional degree of the Institute of Chartered Secretaries of Bangladesh (ICSB). Apart from academic credentials, Mr. Halder has participated in different professional training program at different level in the area of Corporate Accounting, Financial Accounting, Management Accounting and Control, Income Tax, Value Added Tax, Organization Leadership etc.

Kohinour Parveen, Assistant Manager

Ms. Parveen had been working in the financial industry and currently serving as Assistant Manager in Fund Operation and Finance of CAML. Prior to joining Capitec she worked as Senior Executive in Service Solutions Private Limited. Where she headed the training team as senior trainer of the institution. She completed her Post-graduation in Business Administration from American International University-Bangladesh and started her career from IDLC Securities Limited in 2010. Ms. Parveen has participated in numerous seminars and training programs related to the services, operations and development of the capital market, at both national and international level. She had completed Pedagogy Training Programme from ITE Education Services (ITEES), Singapore arranged by Ministry of Finance, Government of the People's Republic of Bangladesh.

Mr Sorwar Hossain, Assistant Manager

Mr Sorwar Hossain is the Assistant Manager, Accounts at Capitec Asset Management Limited. He has a 6 years' experience in accounts and money market institution. Mr Sorwar Hossain started his career with Base Capital Ltd as a Junior accounts officer. After that he worked with Brac Bank Limited and Jamuna Bank Limited as a Credit analyst officer. On the other hand, he finished his graduation from University of Gloucester from London in project management and completed his MBA from International Islamic University Chittagong in Finance and Banking. He also attends a lots of training that organized by Bank.

6.5 Auditors

The Trustee, ICB, has appointed MABS & J Partners, Chartered Accountants as the Auditor of the Fund. It is one of the reputed and oldest firms of the country. The trustee shall continue to appoint the subsequent Auditors throughout the tenure of the fund.

6.6 Fees and Expenses

The Fund will pay the fees of 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 be at its own costs and expenses incurred / accrued in connection with its formation, promotion, registration, public offering 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 and fees due to the BSEC. The Fund shall also bear all other incidental expenses including printing, publication and stationery relating to its smooth and fair operation. Major expenses of the Fund are detailed as follows:

6.6.1 Issue and Formation expenses

Issue and formation expenses are estimated to be not over 5% of collected amount. The expenses will be amortized within 7 (Seven) years on a straight-line method. The estimated expenses for the issue and formation of the Fund are presented below with the assumption of Taka 250,000,000 (Taka Twenty-five crore) to be collected:

SL	Type of Expenses	Percentage of total target fund	Total (Taka)	Sub Total (Taka)	Basis
1	Formation Fee Payable to AMC	1.00%	2,500,000	Set-fee	Formation fee to AMC on collected fund of approved fund size.
2	Management Fee for Pre-scheme formation period	0.24%	6,00,000	On Scheme	Management fee of AMC for pre-Scheme formation period as per BSEC directive (No SEC/CMRRCD/2009- 193/160) dated 28 May 2014.
3	Legal & Compliance related Expenses (Application, Registration fees etc.)	0.32%	796,000	10,000	BSEC Application Fees
				100,000	BSEC Annual Fees
				500,000	BSEC Registration Fees (0.2% of Initial Fund Size)
				100,000	Trust Deed Registration fee
				77,500	CDBL Fee
				8,500	CDBL documentation and Connection
4	Printing & Publication	1.28%	3,200,000	1,900,000	Publication of Abridged Version
				900,000	Printing of Prospectus
				400,000	Printing of Forms and Other Marketing Documents
5	Road Show and Marketing Expenses	1.36%	3,400,000	3,400,000	Marketing, Courier, Distribution, Road Show etc.
6	Other Expenses	0.18%	450,000	450,000	Others/ Miscellaneous
	Total	4.38%	10,946,000		

** The above costs are made in best estimates, which may vary in actual.

6.6.2 Management Fee

As per the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১, the Fund shall pay a management fee to the Asset Management Company @2.50 percent per annum of the weekly average NAV up to Tk. 5.00 crore and @2.00 percent per annum for additional amount of the weekly average NAV up to 25.00 crore over Tk.5.00 crore and @1.50 percent per annum for additional amount of the weekly average NAV up to Tk. 50.00 crore over 25.00 crore and @1.00 percent per annum for additional amount of the weekly average NAV over Tk. 50.00 crore, accrued and payable quarterly.

6.6.3 Trustee Fee

The Trustee shall be paid an annual Trusteeship fee @ 0.15% on the Net Asset Value (NAV) of the Fund semiannually in advance basis during the life of the Fund.

6.6.4 Custodian Fee

The Fund shall pay to the custodian for safekeeping of securities @ 0.15% of balance dematerialized and non-dematerialized securities held by the Fund calculated based on average month-end value per annum. In addition, any out of pocket expenses may be applicable to the Fund operation from time to time.

6.6.5 Fund Registration and Annual Fee

The Fund has paid Tk. 500,000 (Taka Five lac) @ 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 Fund value or Tk. 50,000 (Taka Fifty Thousand), whichever is higher, as annual fee in terms of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১.

6.6.6 Commission Payable to Selling Agent(s)

The Fund shall pay commission to the authorized selling agent(s) to be appointed by the Asset Manager ranging at the rate of 0.50% (Point Five Percent) to 1.00% (One Percent) on the total face value of unit sales which may change in future with the approval of the trustee.

6.6.7 Audit Fee

The audit fee will be Tk. 30,000 (Taka Thirty Thousand only) plus VAT, if any for the first accounting year and the Trustee will fix fees for subsequent years.

6.6.8 Annual CDBL Fee

The fixed annual CDBL fee will be Tk. 40,000 (Taka Forty Thousand Only) plus VAT. Annual CDS connection fee will be Tk. 6,000 (Taka Six Thousand Only) plus VAT.

6.6.9 Amortization Expenditure

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

The total expense charged to the fund, except the amortization of initial issue expense and 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 fees payable to the custodian against acquisition or disposal of securities, the annual registration fee 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 outstanding during any accounting year.

6.6.10 Brokerage Commission

Brokerage Commission rate will be from 0.20 (Point Two Zero) percent to 0.30 (Point Three Zero) percent of the total amount of transactions.

6.6.11 Shariah Supervisory Fee

The Shariah Supervisory fee shall be determined by the Trustee from time to time.

CHAPTER 7: CAPITAL STRUCTURE AND RIGHTS OF UNIT HOLDERS

7.1 Issue of Units

The initial size of the Fund shall be Tk. 25,00,00,000 (Taka Twenty-Five crore) only divided into 2,50,00,000 (Two crore and fifty lac) Units of Tk. 10 (Taka Ten) 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 (Tk.)	Amount (Tk.)	Remarks
Sponsor*	37,50,000	10	3,75,00,000	Subscribed
Public Subscription	2,12,50,000	10	21,25,00,000	To be Subscribed
Total	2,50,00,000		25,00,00,000	

*Units of the Sponsor's contribution amounting to Tk. 3,75,00,000 (Taka Three Crore Seventy-Five Lacs) only shall be subject to a lock-in period of 3 (three) years from the date of floatation of the Fund.

7.2 Sponsor's Subscription

The Islami Bank Bangladesh Limited, the Sponsor, has already subscribed Tk. 3,75,00,000.00 for 37,50,000 units of Tk.10.00 each at par as per Rule 9 of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১.

7.3 Rights of the Unit Holders

7.3.1 Ownership

Unit holders of the Fund shall preserve only the beneficial interest in trust properties on pro rata basis of their ownership of the Fund.

7.3.2 Periodic Information

All the unit holders of the Fund shall have the right to receive the Annual Report & Audited Accounts of the Fund. Moreover, NAV per unit will be informed to the unit holders on weekly basis through newspaper, the website of the Asset Manager, the Selling Agent(s) to be appointed by the Asset Manager from time to time and any other means as the Asset Manager may deem fit.

7.3.3 Dividend

All the unit holders have equal but proportionate right with respect to dividend.

7.3.4 Transfer of units

Units of the Fund are transferable by way of inheritance/gift and /or by specific operation of law. In case of transfer, the Fund will charge a nominal fee as determined by the Asset Manager except in case of transfer by way of inheritance.

7.3.5 Voting Right

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 Securities and Exchange Commission (Mutual Fund) Rules, 2001.

In case of show of hands, every unit holder presents in person or/and by a proxy shall have only one vote for every unit of which he /she is the holder.

In case of a poll, every unit holder presents in person and/or by a proxy shall have one vote for every unit of which he /she is the holder.

7.3.6 Beneficial Interest

The Unit holders shall preserve only the beneficial interest in the trust properties on pro rata basis of their ownership of the respective Schemes.

7.3.7 Accounts and Information

The Fund's accounting year will be closed on 31st December every year. Annual report of major head of income and expenditure account and balance sheet in line with schedule VI of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১, will be published within 45 (forty-five) days from the closure of each accounting year. Furthermore, the NAV of the fund, NAV per Unit, any suspension of alteration of the calculation of NAV of the fund will be published by asset manager as per বিধিমালা.

CHAPTER 8: UNIT SUBSCRIPTION

8.1 Terms and Conditions of Unit Subscription

- i. The Units of CAPITEC-IBBL Shariah Unit Fund, hereinafter referred to as the Fund, may be bought and surrendered through Capitec Asset Management Ltd. and authorized selling agents appointed by CAML from time to time.
- ii. Application must be made by an individual (both resident and non-resident), a corporation or company (both local and foreign), a trust or a society (registered in or outside Bangladesh) and not by minor or person of unsound mind.
- iii. Joint application by two persons is acceptable. In such cases, registration and issuance of Confirmation of Unit Allocation will be in favor of principal applicant while dividend and other benefits, if any, will be addressed to bank account of principal applicant mentioned in the application form/bank account mentioned in BO account. In case of the death of any of the joint holders, only the survivor shall be recognized as having any title to the Units. On death of both the joint holders, the title to the units will bestow upon the nominee mentioned in the application form.
- iv. Minimum purchase amount for individual investors is 500 (Five hundred) Units and for institutional investors is 5,000 (Five thousand) Units.
- v. Application for purchase of Units should be accompanied by an account payee cheque/pay order/bank draft in favor of "CAPITEC-IBBL Shariah Unit Fund" for the total value of the Units.
- vi. After clearance/encashment of cheque/draft/pay order, 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 BO A/C in "Demat" form.
- vii. Partial surrender is allowed without any additional cost subject to minimum surrender quantity is 500 (five hundred) Units both for individuals and institutions. Upon partial surrender, the Unit holder(s) will be issued with a new Confirmation of Unit Allocation representing the balance of his/her/their Unit holding.
- viii. The Units may be transferred by way of inheritance/gift and/or by specific operation of the law. In case of transfer, the Fund will charge a nominal fee as decided by the Asset Manager from time to time except in the case of transfer by way of inheritance.
- ix. Dividend may be delivered in cash or by way of Units under Cumulative Investment Plan (CIP) as the applicant gives option in the application form.
- x. All payments/receipts in connection with or arising out of transactions of the Units applied for shall be in Bangladeshi Taka.

8.2 Collection Bank and Selling Agent

They may appoint or cancel selling agent(s) with the approval of the Trustee and inform the Commission accordingly.

CHAPTER 9: SALES AGENTS

9.1 Selling Agents

The Asset Manager may appoint more willing stock broker(s)/ merchant bank(s)/ commercial bank(s)/ other organization(s)/ eligible individual(s) as selling agents as may be necessary or cancel any of the agents, subject to approval of the Trustee and with due intimation to the Commission. The following institution have been appointed to act as the selling agents of the fund by the asset manager:

Sl No	Name of the selling agent	Business Type
1	Islami Bank Bangladesh Limited (IBBL)	Bank
2	Islamic Finance and Investment Limited (IFIL)	Financial Institution
3	UniCap Securities Limited	Brokerage House

9.2 Detail Address of selling Agents:

1. Islami Bank Bangladesh Limited (IBBL)

Sl No	Particulars
1	Head Office Islami Bank Tower 40, Dilkusha Commercial Area Dhaka-1000, Bangladesh, Phone: PABX (88-02-) 9563040, 9560099, 9567161, 9567162 Mobile : 88-01711-435638-9

2. Islamic Finance and Investment Limited (IFIL)

Sl No	Particulars
1	Head Office Impetus Center (3rd Floor) 242/B Tejgaon- Gulshan Link Road. Tejgaon I/A, Dhaka-1208. Tel: 88-02-8878725-31, Fax: 88-02-8878777
2	Gazipur Branch Reaz Tower (2nd Floor), Reza Nagor, Tangail Road, Joydevpur Chowrasta, Gazipur-1702, Phone: 09639848384, Mobile: 01766665792
3	Narayangonj Branch Tokyo Plaza 1, (3rd Floor), 69/6 BB Road, Narayangonj, Phone: 7642832
4	Nayabazar Branch Chanmia Paper Complex (2nd Floor), 40/41, Zindabazar 1st Lane, Naya Bazar, Dhaka-1100. Phone: 7394615
5	Principal Branch 66, Chand Mansion, Dilkusha C/A, (Ground floor), Dhaka-1000, Phone: 9565604(Hunting)
6	Uttara Branch House No.- 34 (2nd Floor), Sonargaon Janapath Road, Sector #11, Uttara, Dhaka-1230, Phone: 02-48952734, Mobile: 01766665759

3. UniCap Securities Limited

Sl No	Particulars
1	Corporate Office A-A Bhaban (9th Floor), 23 Motijheel C/A, Dhaka- 1000
2	Extension Office SBC Tower (7th Floor), 37/A Dilkusha C/A, Dhaka- 1000

3	Gulshan Branch Richmond Concord (6th Floor), 68 Gulshan Avenue, Gulshan-1, Dhaka-1212
4	Sonargaon Road Branch Noor Tower (5th Floor), 73 Sonargaon Road, Dhaka- 1205
5	Chittagong Branch Ayub Trade Centre (7th Floor), 1269/ B, SK Mujib Road, Agrabad, Chittagong 4100
6	Sylhet Branch J. R Tower (2nd Floor), 23 Abash Jail Road, Sylhet-3100

9.3 Banker

Islami Bank Bangladesh Limited has been appointed to act as the Bankers' of the fund by the asset manager. The public subscription money collected from the investors will be remitted to the following bank account:

Account Name: Capitec-IBBL Shariah Unit Fund
Account Number: 20504300900000507
Bank: Islami Bank Bangladesh Limited (IBBL)
Branch: Banglamotor

9.4 Forms

Specimen copies of the following forms are given in the following pages:

- i. Application Form to Purchase Units, Individual
- ii. Application Form to Purchase Units, Institution
- iii. Surrender / Repurchase Form
- iv. Transfer Form.



Nominee

Name

Father's/Husband's Name: Mother's Name:

Address: Nationality:

Date of Birth: DD/MM/YYYY NID/Passport No.: Occupation:

Phone No.: Email: eTIN No.:

Relationship with Principal Applicant: BO A/C No.:

Applicant(s) Signature

Principal Applicant	<u>DD / MM / YYYY</u> Date of Application	Joint Applicant (if any)	Nominee
Signature(s) and Photograph(s)	Principal Applicant's Photograph	Joint Applicant's Photograph	Nominee's Photograph Attested by Principal Applicant

Terms and Conditions

- The units of "Capitec-IBBL Shariah Unit Fund", hereinafter referred to as the Fund, may be bought /surrendered through Capitec Asset Management Ltd. (CAM) and authorized selling agents appointed by Capitec from time to time. Surrender of units is allowed through Capitec or the selling agent from which the units are originally purchased.
- Application must be made by an individual (both resident and non-resident), a corporation or company (both local and foreign), a trust or a society (registered in or outside of Bangladesh) and not by a firm, minor or persons of unsound mind.
- Joint application is acceptable by two persons. Registration and unit allocation confirmation will be in favor of principal applicant while dividend and other benefits, if any, will be addressed to bank account of principal applicant mentioned in the application form. In case of the death of any of the joint holders, only the survivor shall be recognized as having any title to the units. On death of both the joint holders, the units will bestow upon the nominee.
- Minimum purchase quantity for individual investors is 500 (Five hundred) units and for institutional investors is 5,000 (Five thousand) units.
- Application for purchase of units should be accompanied by an account payee cheque/pay order/bank draft in favor of "Capitec-IBBL Shariah Unit Fund" for the total value of units.
- After clearance/encashment of cheque/draft/pay order the applicant will be issued with a confirmation of unit allocation for every purchase with a denomination of number of units he/she/the institutional investor applies for. If, BO A/C is provided, the units will also be delivered to the unit holder's BO A/C in demat form.
- 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 allocation representing the balance of his unit holding.
- The units may be transferred by way of inheritance/gift and/or by specific operation of the law. In case of transfer the Fund will charge a nominal fee as decided by Capitec from time to time except in the case of transfer by way of inheritance.
- Dividend may be delivered in cash or by way of units under Cumulative Investment Plan (CIP) as the applicant gives option in the application form.
- All payments /receipts in connection with or arising out of transactions in the Units hereby applied for shall be in Bangladeshi Taka.

OFFICIAL USE ONLY

Date: Registration No.: Issuing Officer Sign, Seal & Stamp

Sale No. Certificate No.:

No. of Units:

I/we confirm that, I/we have received the unit allocation confirmation mentioned above and also that I/we have read, understood and agree to abide by the terms set out above as may be altered, replaced and modified from time to time by Capitec Asset Management Company Limited.

<u>DD / MM / YYYY</u>		
Principal Applicant	Date	Joint Applicant (if any)





Photograph(s)

MD/CEO

1st Authorized Person

2nd Authorized Person

Terms and Conditions

- The units of "Capitec-IBBL Shariah Unit Fund", hereinafter referred to as the Fund, may be bought /surrendered through Capitec Asset Management Ltd. (CAM) and authorized selling agents appointed by Capitec from time to time. Surrender of units is allowed through Capitec or the selling agent from which the units are originally purchased.
- Application must be made by an individual (both resident and non-resident), a corporation or company (both local and foreign), a trust or a society (registered in or outside of Bangladesh) and not by a firm, minor or persons of unsound mind.
- Joint application is acceptable by two persons. Registration and unit allocation confirmation will be in favor of principal applicant while dividend and other benefits, if any, will be addressed to bank account of principal applicant mentioned in the application form. In case of the death of any of the joint holders, only the survivor shall be recognized as having any title to the units. On death of both the joint holders, the units will bestow upon the nominee.
- Minimum purchase quantity for individual investors is 500 (Five hundred) units and for institutional investors is 5,000 (Five thousand) units.
- Application for purchase of units should be accompanied by an account payee cheque/pay order/bank draft in favor of "Capitec-IBBL Shariah Unit Fund" for the total value of units.
- After clearance/encashment of cheque/draft/pay order the applicant will be issued with a confirmation of unit allocation for every purchase with a denomination of number of units he/she/the institutional investor applies for. If, BO A/C is provided, the units will also be delivered to the unit holder's BO A/C in demat form.
- 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 allocation representing the balance of his unit holding.
- The units may be transferred by way of inheritance/gift and/or by specific operation of the law. In case of transfer the Fund will charge a nominal fee as decided by Capitec from time to time except in the case of transfer by way of inheritance.
- Dividend may be delivered in cash or by way of units under Cumulative Investment Plan (CIP) as the applicant gives option in the application form.
- All payments /receipts in connection with or arising out of transactions in the Units hereby applied for shall be in Bangladeshi Taka.

OFFICIAL USE ONLY

Date: Registration No.:

Issuing Officer Sign, Seal & Stamp

Sale No. Certificate No.:

No. of Units:

I/we confirm that, I/we have received the unit allocation confirmation mentioned above and also that I/we have read, understood and agree to abide by the terms set out above as may be altered, replaced and modified from time to time by Capitec Asset Management Company Limited.

Seal & Signature of the Authorized Person(s)

DD / MM / YYYY
Date of Application





Terms and Conditions

1. The units of "Capitec-IBBL Shariah Unit Fund", hereinafter referred to as the Fund, may be bought/surrendered through Capitec Asset Management Ltd. (CAM) and authorized selling agents appointed by Capitec from time to time. Surrender of units is allowed through Capitec or the selling agent from which the units are originally purchased.
2. Units may be surrendered on all working days except last working day of the week and during the book closure period of the Fund.
3. Minimum repurchase quantity for individual investors is 500 (Five hundred) units and for institutional investors is 5,000 (Five thousand) units.
4. 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 allocation representing the balance of his unit holding.
5. Unit holder is required to attach the Unit Allocation Confirmation Letter(s) he/she/the institution wants to repurchase along with this repurchase form.
6. After verification of authenticity of Confirmation of Unit Allocation Letter(s), account payee cheque for surrender amount will be issued in favor of unit holder within maximum of five (5) working days. In case of joint holding, account payee cheque will be issued in favor of principal holder

OFFICIAL USE ONLY

Date of Issuance of Cheque: DD/MM/YYYY Cheque No.:

Amount Tk: (In words..... Tk. only)

in favor of

For balance unit, if any,

Registration No. Surrender No.:

Unit Allocation Confirmation No.: Number of Units:

Date of Issuance of Unit Allocation Confirmation

Issuing Officer Sign, Seal & Stamp

I/we confirm that I/we have received the cheque and/or Unit Allocation Confirmation, if any, as mentioned above.

DD / MM / YYYY

Date

Signature of Unit Holder(s)





Documents Enclosed

- If Individual
- NID/Passport (Applicant and Nominee)
 - Passport Size Photograph (Applicant: 2 copies, Nominee: 1 copy)
- If Institution,
- Memorandum and Article of Association
 - Power of Attorney in Favor of Authorized Person(s)
 - eTIN Certificate
- Bank Account Certificate/Photocopy of a Blank Undated Cheque Leaf
 - eTIN Certificate (Applicant)
 - BO Acknowledgement
 - Extract of Board Resolution
 - Trade License/Trust Deed
 - Certificate of Incorporation

Witness

- | | |
|--------------------------|--------------------------|
| 1. Signature | 2. Signature |
| Name: | Name: |
| Father's/Husband's Name: | Father's/Husband's Name: |
| Address: | Address: |

Signature and Date

Signature of Transferor

Signature of Transferee

Details of Person(s), if any

Sl. No.	Name	Designation	Signature	Contact No.
1 st				
2 nd				

Mode of Operation: Jointly by Single by.....

Signature(s) and Photograph

Principal Applicant's Photograph /
MD/CEO (If Institution)

Joint Applicant's Photograph /
1st Authorized Person (If Institution)

Nominee's Photograph
Attested by Principal Applicant /
2nd Authorized Person (If Institution)

OFFICIAL USE ONLY

Checked & Verified by, Name: Signature & Date:

Terms and Conditions

- The units may be transferred by way of inheritance/gift and/or by specific operation of the law. In case of transfer the Fund will charge a nominal fee as decided by Capitec Asset Management Ltd. (CAM) from time to time except in the case of transfer by way of inheritance
- Transfer of units is allowed only through Capitec or the selling agent from which the units were originally purchased.
- The units will be transferred on all working days except the last working day of the week and during the book closure period/record date of the Fund.
- The total number of units held by a single unit allocation confirmation is required to be transferred at a time.
- Partial transfer (fraction of total units held under a single unit allocation confirmation) is not allowed. However, the unit holders may split unit allocation confirmation to his/her desired denomination, but not less than 500 (five hundred) units per unit allocation confirmation, for the purpose of transfer.
- The Unit Allocation Confirmation(s) of the transferor is/are required to be attached with the Transfer Form.
- The conditions applicable for original unit allocation confirmation will apply even after transfer of units in the name of Transferee.

OFFICIAL USE ONLY

Transferee's Registration No.: Transfer No.:

Issuing Officer Sign, Seal & Stamp

Certificate No.: Unit Allocation Confirmation No.:

Number of Units:

I/We, the said transferee, have received the above mentioned unit allocation confirmation and do hereby agree to accept and take the said unit allocation confirmation on the same terms and conditions on which they were held by the said transferor.

DD / MM / YYYY

Date

Signature of Transferee





www.capitecbd.com

CAPITEC ASSET MANAGEMENT LIMITED



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Bangla Motor, Dhaka 1000



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