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PROSPECTUS (Abridged Version)

HFAML Shariah Unit Fund

INITIAL SIZE OF THE FUND

Taka 250,000,000.00 (Twenty-Five Crore) divided into 25,000,000 (Two Crore Fifty Lacs) units at par value of Taka 10 (Ten) each

SPONSOR'S CONTRIBUTION

Taka 25,000,000.00 (Two Crore Fifty Lacs) divided into 2,500,000 (Twenty-Five Lacs) units at par value of Taka 10 (Ten) each

PUBLIC SUBSCRIPTION

Taka 225,000,000.00 (Twenty-Two Crore Fifty Lacs) divided into 22,500,000 (Two Crore Twenty-Five lacs) units at par value of Taka 10 (Ten) each

SUBSCRIPTION OPEN

09 January, 2022



Sponsor & Asset Manager:
**HF Asset Management
Limited**



Trustee:
**Investment Corporation
of Bangladesh**



Custodian:
**BRAC Bank
Limited**

**Date of Publication of Prospectus
19 December, 2021**

The investors are advised, in their own interest, to carefully read the Prospectus, in particular the risk factors before making any investment decision.

FUND HIGHLIGHTS

01.	Name	HFAML Shariah Unit Fund
02.	Nature	Open-end Growth Mutual Fund
03.	Life and Size of the Fund	Perpetual life with unlimited size
04.	Sponsor	HF Asset Management Limited
05.	Trustee	Investment Corporation of Bangladesh
06.	Custodian	BRAC Bank Limited
07.	Asset Manager	HF Asset Management Limited
08.	Shariah Supervisory Board	The Fund shall be managed under Shariah Law. In this regard the Asset Manager will appoint a Board who shall formulate shariah supervisory guideline for the fund and ensure the compliance of Shariah Law
09.	Initial Size of the Fund	BDT 250,000,000.00 (Twenty-Five Crore) divided into 25,000,000 (Two Crore Fifty Lac) units at par value of BDT 10.00 (Ten) each.
10.	Face Value	BDT 10.00 (Ten) per unit
11.	Minimum Application Amount	100 (one hundred) units for individuals and 500 (five hundred) units for institutions
12.	Objective	The main objective of the Fund is providing investors maximum return on their investment in the form of capital appreciation and dividend payment by adjusting risks of investments in the shariah compliant instruments in capital market and money market of Bangladesh.
13.	Prospective Investors	Individuals, institutions, Non-resident Bangladeshi (NRB), mutual funds and collective investment schemes, Registered Trust Fund, Pension Fund, Provident Fund, Super Annuation Fund and other eligible investors may invest in this Fund.
14.	Sale / Surrender / Transfer of Units	Over the Counter (OTC) of the Asset Manager and designated Selling Agents
15.	SIP (Systematic Investment Plan)	Under the Systematic Investment Plan (SIP), an investor can invest in the Fund a certain pre-determined amount at a regular interval (monthly, quarterly, yearly etc.). The SIP is a smart and hassle-free mode for investing money in Mutual Funds.
16.	Dividend Policy	The Fund shall as soon as may be, after the closing of the annual accounts, declare and distribute dividend if any, to the unit holders in accordance with the বিধিমালা. Being a "Growth Scheme" in nature, the Fund shall distribute at least 50 (fifty) percent of the total net profit earned in the respective year or as determined by the Commission from time to time. The Fund shall create a dividend equalization reserve fund by suitable appropriation from the income of the Fund to ensure consistency in dividend.
17.	Mode of Distribution of Dividend	The dividend shall be distributed within 45 (forty-five) days from the date of declaration of dividend.
18.	Transferability	The unit certificates of the Fund shall be freely transferable by way of inheritance/gift and/or by specific operation of the law.
19.	Encashment	The unit holders can surrender their unit certificates during the business hour as specified by the Asset Management Company or through selling agents. The Asset Management Company or selling agent shall be liable to re-purchase the units on behalf of the Fund.
20.	Tax Benefit	Income shall be tax free up to certain level, which is permitted as per Finance Act. Investment in the Fund would qualify for investment tax credit under section 44(2) of the Income Tax Ordinance 1984. All incomes of the Fund will be exempted from Tax. Dividend is fully Tax free for Recognized Provident Funds, Pension Funds, Super Annuation Funds, and Charity Organizations.
21.	Report & Accounts	Every unit holder is entitled to receive Annual Report together with the yearly and half-yearly statements of accounts as and when published.

ফান্ডের সংক্ষিপ্ত বিবরণী

১.	নাম	এইচএফএএমএল শরীয়াহ ইউনিট ফান্ড
২.	ধরণ	বেমেয়াদী বর্ধিষ্ণু মিউচুয়াল ফান্ড
৩.	ফান্ডের আকার ও মেয়াদ	সীমাহীন আকার ও আজীবন মেয়াদী
৪.	উদ্যোক্তা	এইচএফ অ্যাসেট ম্যানেজমেন্ট লিমিটেড
৫.	ট্রাস্টি	ইনভেস্টমেন্ট কর্পোরেশন অব বাংলাদেশ
৬.	হেফাজতকারী	ব্র্যাক ব্যাংক লিমিটেড
৭.	সম্পদ ব্যবস্থাপক	এইচএফ অ্যাসেট ম্যানেজমেন্ট লিমিটেড
৮.	শরীয়াহ তত্ত্বাবধায়ক বোর্ড	ফান্ড টি শরীয়াহ আইনের অধীনে পরিচালিত হবে। এই বিষয়ে সম্পদ ব্যবস্থাপক একটি বোর্ড নিয়োগ করবেন যারা ফান্ড ব্যবস্থাপনার জন্য শরীয়াহ নির্দেশিকা প্রণয়ন করবেন এবং বিনিয়োগের ক্ষেত্রে শরীয়াহ আইন বাস্তবায়ন নিশ্চিত করবেন
৯.	ফান্ডের প্রাথমিক আকার	২৫,০০,০০,০০০ (পঁচিশ কোটি) টাকা যা ২, ৫০,০০,০০০ (দুই কোটি পঞ্চাশ লক্ষ) ইউনিটে বিভক্ত এবং যার প্রতিটির অভিহিত মূল্য ১০ টাকা
১০.	অভিহিত মূল্য	প্রতি শেয়ারের মূল্য ১০ (দশ) টাকা
১১.	নূন্যতম বিনিয়োগ	ব্যক্তি : ১০০ (একশত) ইউনিট প্রতিষ্ঠান : ৫০০ (পাঁচশত) ইউনিট
১২.	উদ্দেশ্য	ফান্ড এর মূল উদ্দেশ্য হলো বিনিয়োগের ঝুঁকি পর্যালোচনা করে শরীয়াহ আইন অনুযায়ী বাংলাদেশের অর্থ বাজার এবং পুঁজিবাজারে ঝুঁকি সমন্বিত বিনিয়োগ করা এবং বিনিয়োগকারীদের মূলধন বৃদ্ধি ও লভ্যাংশ প্রদানের মাধ্যমে সর্বোচ্চ মুনাফা প্রদান করা
১৩.	সম্ভাব্য বিনিয়োগকারী	ব্যক্তি, প্রতিষ্ঠান, অনিবাসী বাংলাদেশী, মিউচুয়াল ফান্ড, সমন্বিত বিনিয়োগ ফান্ডসমূহ, রেজিস্টার্ড ট্রাস্ট ফান্ড, পেনশন ফান্ড, প্রভিডেন্ট ফান্ড, সুপার এনুয়েশন ফান্ড এবং অন্যান্য উপযুক্ত বিনিয়োগকারীগণ এই ফান্ডে বিনিয়োগ করতে পারবে।
১৪.	ইউনিট বিক্রয়/সারেস্তার/হস্তান্তর	সম্পদ ব্যবস্থাপকের কার্যালয় এবং মনোনীত বিক্রয় প্রতিনিধিগণের মাধ্যমে ইউনিট বিক্রয়/সারেস্তার/হস্তান্তর করা যাবে।
১৫.	নিয়মিত বিনিয়োগ পরিকল্পনা বা সিস্টেমেটিক ইনভেস্টমেন্ট প্ল্যান (এস আই পি)	এসআইপি এর আওতায় বিনিয়োগকারীগণ একটি নির্দিষ্ট সময় (মাসিক, ত্রৈমাসিক, বার্ষিক) অন্তর অন্তর পূর্ব নির্ধারিত অর্থ বিনিয়োগের মাধ্যমে ইউনিট ক্রয়ের সুযোগ পাবেন। এই কার্যক্রমের মাধ্যমে মিউচুয়াল ফান্ডে বিনিয়োগ সহজ এবং স্বাচ্ছন্দ্যমূলক।
১৬.	লভ্যাংশ নীতি	বিধিমালা অনুসারে ফান্ড তার বাৎসরিক হিসাব শেষ করার পর যত দ্রুত সম্ভব ইউনিটহোল্ডারদের জন্য লভ্যাংশ, যদি থাকে, ঘোষণা ও বিতরণ করবে। বর্ধিষ্ণু ফান্ডের ক্ষেত্রে সংশ্লিষ্ট বছরে ফান্ড তার অর্জিত নিট মুনাফার কমপক্ষে ৫০ শতাংশ অথবা কমিশন এর নির্দেশ মোতাবেক সময়ে সময়ে নির্ধারিত হারে লভ্যাংশ বিতরণ করবে। লভ্যাংশের ধারাবাহিকতা বজায় রাখার লক্ষ্যে ফান্ড তার আয়ের সুবিধাজনক একটি অংশ দ্বারা ডিভিডেন্ড ইকুয়লাইজেশন রিজার্ভ ফান্ড সৃষ্টি করবে।
১৭.	লভ্যাংশ বিতরণ	লভ্যাংশ ঘোষণার তারিখ থেকে ৪৫ দিনের মধ্যে লভ্যাংশ বিতরণ করা হবে।
১৮.	হস্তান্তরযোগ্যতা	উত্তরাধিকার/উপহার অথবা আইন দ্বারা অনুমোদিত ভাবে এই ফান্ডের ইউনিটসমূহ অবাধে হস্তান্তর করা যাবে।
১৯.	নগদায়ন	ইউনিটহোল্ডারগণ নির্ধারিত কর্মদিবসে সম্পদ ব্যবস্থাপক কোম্পানী অথবা বিক্রয় প্রতিনিধিগণের মাধ্যমে তাদের ইউনিট সারেস্তার করতে পারবেন। সম্পদ ব্যবস্থাপক কোম্পানী বা বিক্রয় প্রতিনিধিগণ ফান্ডের পক্ষ থেকে ইউনিট পুনঃ ক্রয় করতে বাধ্য থাকবেন।
২০.	কররেয়াত জনিত সুবিধা	Finance Act অনুযায়ী ব্যক্তি বিনিয়োগের ক্ষেত্রে একটি নির্দিষ্ট সীমা পর্যন্ত আয় করমুক্ত থাকবে। ইউনিট ফান্ডে বিনিয়োগ Income Tax Ordinance, 1984 এর সেকশন ৪৪ (২) অনুযায়ী বিনিয়োগ কর রেয়াত (Investment Tax Credit) সুবিধা পাবে। ইউনিট ফান্ডের সকল আয় করমুক্ত থাকবে। রেজিস্টার্ড প্রভিডেন্ট ফান্ড, পেনশন ফান্ড, সুপার এনুয়েশন ফান্ড, এবং দাতব্য প্রতিষ্ঠানসমূহের ক্ষেত্রে ফান্ড হতে প্রাপ্ত লভ্যাংশ আয় করমুক্ত থাকবে।
২১.	বার্ষিক প্রতিবেদন ও হিসাবসমূহ	প্রত্যেক ইউনিটহোল্ডার সম্পদ ব্যবস্থাপক কর্তৃক প্রকাশিত বার্ষিক ও অর্ধবার্ষিক হিসাবসহ বার্ষিক প্রতিবেদন পাবেন।

CHAPTER 1 PRELIMINARY

1.1 Publication of Prospectus for Public Offering

HF Asset Management Limited (HFAML) has received Registration Certificate from the Bangladesh Securities and Exchange Commission (BSEC) under the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন আইন, ১৯৯৩ and the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১ made there under and also received consent for issuing prospectus for public offering. A complete copy of the Prospectus of the public offering is available for public inspection at House CEN B (11), Building B (Level 02), Road 99, Gulshan 02, Dhaka 1212 (Corporate Office of HF Asset Management Limited)-the Asset Manager of HFAML Shariah Unit Fund.

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

“APPROVAL OF THE BANGLADESH SECURITIES AND EXCHANGE COMMISSION HAS BEEN OBTAINED TO THE ISSUE/OFFER OF THE FUND UNDER THE SECURITIES AND EXCHANGE ORDINANCE, 1969 AND THE সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১. IT MUST BE DISTINCTLY UNDERSTOOD THAT IN GIVING THIS APPROVAL THE COMMISSION DOES NOT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL SOUNDNESS OF THE FUND, ANY OF ITS SCHEMES OR THE ISSUE PRICE OF 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 open-ended, will not be listed with any stock exchanges of the country. Hence the units of the Fund shall not be traded on the bourses. Unit certificates shall always be available for sale and surrender/re-purchase on all working days except Thursday and during book closure period of the Fund at the head office of the HFAML and designated Selling Agents. The HFAML shall disclose weekly sale and surrender/ re-purchase prices of units as per the বিধিমালা.

1.4 Documents available for inspection

- (01) Copy of this Prospectus shall be available at the corporate head office of the HFAML and with the Offices of authorized Selling Agents and also available at the website of Bangladesh Securities and Exchange Commission (www.sec.gov.bd or www.secbd.org) and HF Asset Management Limited (www.hfassetmanagement.com).
- (02) Copy of the Trust Deed, the Investment Management Agreement and the Prospectus may be inspected during the business hours at the corporate head office of the Asset Management Company of the Fund during the period of **10 (ten) days** from the publication date of this prospectus.

1.5 Conditions under Section-2CC of the Securities and Exchange Ordinance, 1969

PART-A

- (01) The Fund shall not account for any upward revaluation of its assets creating reserve without clearance from the Bangladesh Securities and Exchange Commission;
- (02) The Fund shall not be involved in option trading, short selling or carry forward transactions;
- (03) A confirmation of Unit allocation shall be issued at the cost of the Fund at par value of BDT 10.00 each within 90 (ninety) days from the date of sale of such units;
- (04) Money receipt/acknowledgement slip issued at the time of sale of units will be treated as allotment letter, which shall not be redeemable/ transferable;
- (05) 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;
- (06) An annual report and details of scrip 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 annual accounts;
- (07) Half-yearly accounts/financial results of the Fund will be published in at least one English and another

- Bangla National daily newspaper within 30 (thirty) days from end of the period;
- (08) 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 days of dividend distribution;
 - (09) Net Asset Value (NAV) of the Fund shall be calculated and disclosed publicly at least once a week;
 - (10) The scrip 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;
 - (11) After initial public subscription, the sale and repurchase/surrender price of units will be determined by the Asset Management Company. NAV at market price calculated on a date shall form the sale price of Units by rounding up the amount and shall remain effective up to next calculation of NAV of the Fund. The difference between sale and repurchase price shall primarily be Tk. 0.20, which may be changed in future, but not be over 2% 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;
 - (12) BSEC may appoint auditors for special audit/investigation on the affairs of the Fund, if it so desires;
 - (13) 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;
 - (14) The prospectus/abridged version of the prospectus shall be published in one widely circulated Bengali national daily newspaper. Provided that information relating to publication of prospectus be published in 2 (two) national daily newspapers (Bengali and English) and one online newspaper;
 - (15) If abridged version of the prospectus is published in the newspaper, complete prospectus shall be made available to the applicants publishing it in the website of the Asset Management Company;
 - (16) 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;
 - (17) On the achievement of 40% of the initial target amount, the fund is allowed to transfer the money from Escrow Account to Operational Account and commence investment activities of the Fund with permission of the Trustee;
 - (18) The AMC should ensure compliance of বিধি ৪৬ of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১.
 - (19) The size of the Fund will be increased from time to time by the AMC subject to approval of the Trustee and with intimation to the Commission;
 - (20) Confirmation of unit allocation of the Sponsor's contribution amounting to BDT 25,000,000.00 (Two Crore Fifty Lacs) only shall be subject to a lock in period of minimum 01 (one) year from the date of formation of the Fund and after that, 1/10th of the Sponsor's contribution only shall be subject to a lock-in period of full tenure of the Fund until liquidation;
 - (21) Initial size of the fund is BDT 25,00,00,000.00 (Taka twenty-five crore). Information regarding changes in fund size from BDT 20,00,00,000.00 (Twenty crore) to BDT 25,00,00,000.00 (Taka Twenty-five crore) and Sponsor's contribution from BDT. 2,00,00,000.00 (Two Crore) to BDT 2,50,00,000.00 (Two Crore Fifty Lac) shall be disclosed in the prospectus. A confirmation of Unit allocation amounting BDT 2,50,00,000.00 (Two crore fifty lacs; which is 10% of the Fund) will be issued in favor of the Sponsor. The said confirmation letter shall be in the custody of Trustee;
 - (22) Annual fee of the fund shall be submitted to the Commission on the Fund size i.e., year-end Net Asset Value at market price of the fund on advance basis as per Rule; and may adjust the fee in the next year if necessary.
 - (23) Subscription period of the fund will be 45 (forty-five) days which will be started on January 09, 2022

and be ended on February 22, 2022 as per বিধি ৪৭ of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১

PART-B

Please ensure that the following are adhered to:

1. 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 45 (forty-five) days or for a period up to achievement of the initial target amount, whichever is earlier;
2. 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;
3. The Asset Management Company shall submit 10 (ten) copies of printed prospectus to the Commission for official record;
4. The Asset Management Company shall ensure in writing to the Commission that the prospectus / abridged version is published correctly in the newspaper and own website and is a verbatim copy of the prospectus / abridged version vetted by the Commission;
5. The expiry date of the Sponsor's locked-in portion shall be specifically mentioned on the body of the jumbo Confirmation of Unit Allocation;
6. 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;
7. The AMC shall submit to the Commission a diskette containing the vetted prospectus and its abridged version;
8. All conditions imposed under Section 2CC of the Securities and Exchange Ordinance, 1969 must be complied with and be incorporated in the body of the Prospectus and in its abridged version.
9. After due approval by the Trustee regarding issue and formation expenses, the AMC shall submit in details along with supporting documents to the Commission regarding issue and formation expenses within 15 days of operation of the fund.
10. The investment policy and guideline and information on constituents of investment committee of the fund approved by the Board shall be submitted to the Commission within 30 (thirty) days from the receipt of the Consent Letter. The investment policy and guideline shall include among other issues, the investment delegation power of Chief Executive Officer and the Committee separately and also the meeting resolution presentation process.
11. After due approval of the Trustee, the Asset Manager shall submit the Systematic Investment Plan (SIP) brochure to the Commission complying the Rules within 30 days of issuing the consent letter.

1.6 General Information

- (01) This Prospectus has been prepared by HFAML based on the Trust Deed executed between the Trustee and the Sponsor/Initiator of the Fund which is approved by the Commission and is available publicly. The information contained herein is true and correct in all material aspects and there are no other material facts, the omission of which, would make any statement herein misleading.
- (02) No person is authorized to give any information to make any representation not contained in this Prospectus and if given or made, any such information or representation must not be relied upon as having been authorized by the HFAML.
- (03) The issue as contemplated in this document is applicable in Bangladesh and 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 Re-purchase of Units

Sale and Re-purchase of Units of HFAML Shariah Unit Fund shall commence at the counter of corporate Office of HFAML and designated Selling Agent(s) Branch Offices at the opening of banking business hours on January 09, 2022 and shall continue until winding up of the Fund except book closer period as per Rules.

HFAML will maintain BO account with BRAC Bank Limited, the custodian of HFAML Shariah Unit Fund for creation and redemption of units namely **"HFAML Shariah Unit Fund - Sale of units"** and **"HFAML Shariah Unit Fund – Repurchase of units"**.

For sale of units, HFAML will issue an acknowledgement slip for the units sold and will request the Custodian of the Fund for setting up of demat request for the number of units sold. After the acceptance of demat setup by HFAML from this terminal, units will be credited to the BO account of "HFAML Shariah Unit Fund - Sale of Units". Then the Custodian of the Fund will transfer the units from "HFAML Shariah Unit Fund -Sale of Units" to the unitholders' BO accounts as per instruction of HFAML.

In the case of redemption / repurchase by the Asset Manager, the unit holder will transfer his / her / the Institutional holder's units to the "HFAML Shariah Unit Fund – Repurchase of units". The Custodian will then remat the units from the "HFAML Shariah Unit Fund – Repurchase of units" BO account as per instruction of HFAML. Simultaneously, the payment will be made to the investor's Bank Account through A/C Payee Cheque or fund will be transferred to investor's bank account as per the request of the investor.

1.8 Systematic Investment Plan (SIP)

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

Buy and Surrender SIP Process:

An investor can invest normally 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. Investor will get SIP units in their BO Accounts based on a discount from ongoing Weekly Sale 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 01 (one) year, 1% deduction from the repurchase/surrender price will be applicable on total accumulated invested amount on the date of cancellation of the scheme. This deduction policy will not be applicable for the units to be sold in first 3 years of operation of the Fund. After maturity of SIP, the investor can easily surrender through AMC or Selling Agents.

Benefits may be offered for Investors as such:

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

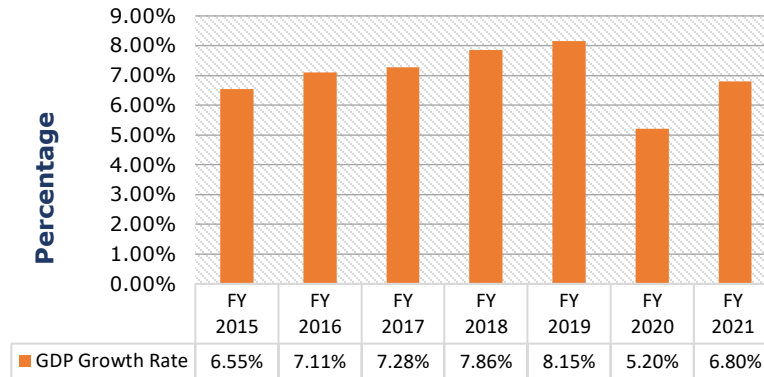
- **Flexibility**
- **Flexible SIP Tenor**
- **No Minimum lot size**
- **Discount at Purchase and premium at Surrender:**
- **CIP option for the SIP investors**

Details of SIP Scheme, Scheme information will be provided in the Scheme Brochure in future.

CHAPTER-2 BACKGROUND

Among South Asian economies, Bangladesh is recognized as a rising star. During the past few years, the country has been able to maintain the macroeconomic stability with prudent fiscal policy and accommodative monetary policy. Despite of the adverse impact of COVID 19, it has been possible to achieve a GDP growth of 5.2 per cent, which is the highest in Asia, in the fiscal year (FY) 2020. Growth was led by household and government spending, while fixed investment expanded at a more moderate pace. The year 2021 was started with new hopes as over the first half of FY21, factories reopened and exports rebounded. With gradual restoration of livelihoods, the economy is now showing nascent signs of recovery backed by a rebound in exports, strong remittance inflows, and the ongoing vaccination program. It is expected that, this year the economy will grow at 6.80 percent approximately. Given the circumstances, Government has now set a target to boost the country's GDP growth to 8.51 per cent at the end of FY 2025 from 5.20 per cent in FY 2020. Besides, it has set a target to expand the economic growth at the rate of 8.22 per cent in FY 2022, 8.29 per cent in FY 2023, 8.32 per cent in FY 2024, and 8.51 per cent in FY 2025.

GDP Growth Rate

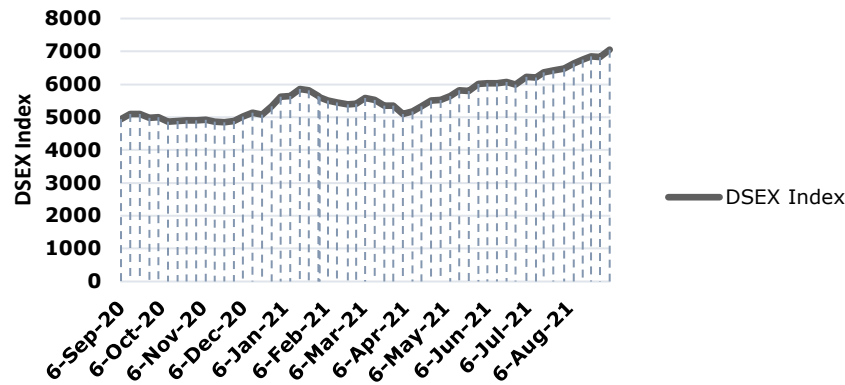


The economy of Bangladesh has huge prospects for Islamic financing products. Though conventional financial system is contributing swiftly to the economic development but the Islamic finance is not lagging behind of it now a days. With infrastructure supports and strong public demand, the sector is beginning to develop recently. It has promising opportunities since Bangladesh is one of the Muslim nations with a population of 166mn, of which 90.40 per cent are Muslim – which translates into 9.20 per cent of the global Muslim population (source: worldpopulationreview.com.). Introducing shariah compliant products to meet the investment need of this population would prove beneficial for achieving higher inclusive GDP growth and other sustainable development goals. It is also expected that the Islamic capital market and the Islamic insurance and microfinance sector will expand in tandem as supportive policies are adopted and implemented.

2.1 Capital Market of Bangladesh

Capital market acts as a bridge of long-term financing for the industrial development of a country through the selling and purchasing of shares, debentures, bonds, mutual funds, treasury bills, certificates etc. and the turn-over of capital market contributes to the GDP of the country. Capital market in Bangladesh consists of two full-fledged automated stock exchanges- the Dhaka Stock Exchange (DSE) and the Chittagong Stock Exchange (CSE). Bangladesh Securities and Exchange Commission (BSEC), regulates the stock exchanges of the country.

Bangladesh ended 2020 as the best performing economy and the best performing stock market in the region. The Dhaka Stock Exchange (DSE) ranked the best capital market in the world in May this year, surpassing all other capital markets in the world. Then after within 09 months of 2021, DSEX, the benchmark index of the Dhaka Stock Exchange (DSE) has achieved the milestone of 7000 point for the first time after the index was introduced more than eight years back in 2013. This positive climate in the capital market attributed to many factors but mostly for the initiatives taken by the present Commission and lower bank rate.

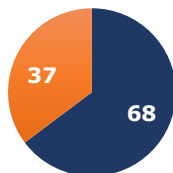


The present condition of capital market is now much favorable for investment than any time ever. Realizing the potentials, domestic and foreign investors are flocking to the market and ready to make investment. It would be an ideal time to introduce the HFAML Shariah Unit Fund to meet the investment desire of general investor as well as shariah compliant Muslims who intent to invest in capital market but hesitate to do so because of the risks of violating shariah compliance issues. HFAML Shariah Unit Fund will satisfy the need of both type investors while aim to provide market beating return by services of experienced professional and ethical fund managers.

2.2 Mutual Fund Industry of Bangladesh

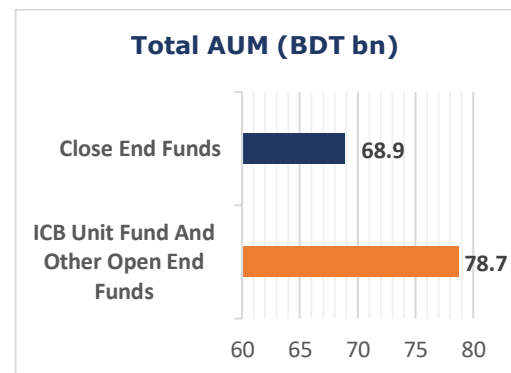
The mutual fund industry is presently one of the fastest growing industries in Bangladesh. Mutual fund is most preferred by the investors worldwide not only because of its higher return yielding nature compared to other house hold assets but also because it allows the investors to have professional fund management service with the benefit of diversification and lower investment cost. Currently there are 68 open end mutual funds and 37 close end mutual funds in Bangladesh. The total AUM of this sector is Tk. 147.6 billion as of August 2021.

Number of Funds



■ Open End Funds ■ Close End Funds

Total AUM (BDT bn)



To meet the government's targeted economic development, the private sectors need the investment-GDP ratio to rise by 10 per cent and the capital market can mobilize a large part of the massive investment demand. Mutual funds could be a medium to this end. Bangladesh Securities and Exchange Commission (BSEC) is anticipating mutual funds' contribution in stock market capitalization to balloon from some 3 per cent at present to 20 percent. It is now an opportunity for asset management firms to attract investors through offering their professional fund management services while developing new products that could drive the sector to greater height.

One of the biggest challenges that the mutual fund industry in Bangladesh faces is the lack of healthy participation from a large part of the country. One of the major reasons behind the under-penetration of mutual funds is the lack of understanding about mutual funds. Most Bangladeshi households tend to be extremely risk-averse and wary where they invest their hard-earned savings. As a result, they

are conservative with their savings and tend to invest their savings in tangible assets such as gold, jewelry, real estate or fixed deposits in banks.

But the Mutual Fund industry offers something for everyone. Mutual Fund schemes are offered by AMCs and offering are made to suit the investor's risk appetite, desired returns or period of investment. As, there are several mutual funds of different characters across AMCs, investors can choose the schemes according to the structure: Open-ended Funds or Close-ended Funds or by the objective of their investment: Growth Funds, Income Funds, and Balanced Funds.

Open end mutual funds like the HFAML Shariah Unit Fund, have emerged as the best in terms of variety, flexibility, diversification, liquidity, and tax benefits. Besides, through investment in this mutual fund investors can gain access to wide range of investment opportunities that would otherwise be unavailable to them due to limited knowledge and resources. Mutual funds have the capability to provide solutions to most investors'/unit holders' needs, however, the key is to do proper selection and have a process for monitoring and controlling.

Given the present market situation and the growth prospects of mutual fund industry, it would be the best time to invest in HFAML Shariah Unit Fund. It will allow the investors to capitalize the potentials of capital market through wide diversification and economic growth of the forthcoming period while reducing their investment cost and the time to find the suitable stocks.

2.3 Preamble to Formation of HFAML Shariah Unit Fund

Muslims represent around 91% population of Bangladesh and yet Bangladesh has very few financial assets that are Shariah-compliant. Bangladesh has been growing significantly and savings of the general people has been shown an upward trend in recent years and Muslim populations and communities in Bangladesh still struggle to identify appropriate savings and investment instruments which is shariah compliant.

Based on our success of launching and managing unit funds and in view of the sustained demand for Shariah Compliant Mutual Fund in the market, we felt encouraged to launch the Proposed Open Ended Shariah Mutual Fund. Fund will seek to invest in Shariah compliant securities through proper business and financial ratio-based screening. It would be an excellent investment option for Bangladeshi Muslim community as well as for general investors who want ethical and professional fund management services and investment returns in purest form.

2.4 Introduction to Shariah Compliant Mutual Fund

Shariah-compliant mutual funds are mutual funds that adhere to a socially responsible form of investing and abide by the Shariah law of Islam. Shariah Mutual Funds are based on the idea of faith-based investments. Such funds emerge in response to the needs of particularly Muslim investors, who not only want to have a financially rewarding investment, but a Shariah compatible one as well. Even though these funds are shariah compliant in nature, investors from any religion and faith can invest in these schemes. Such funds generally preclude investments in certain industries (e.g., alcohol, pornography and gambling) and investments in interest bearing debt obligations or businesses that derive a substantial amount of interest income. Any uninvested cash will be held in non-interest-bearing deposits or invested in manner following Islamic principles.

Shariah based mutual funds are obliged to make their investment based on Islamic rules. These include the four main prohibitions on

- riba (interest),
- gharar (uncertainty),
- maysir (gambling), and

- in companies that produce certain haram goods, such as alcohol and pork.

All investments made in Shariah Compliant Funds are approved and monitored by the Shariah Supervisory Board (SAB) that comprises of renowned Islamic Scholars. The role of the Shariah Supervisory Board is to ensure compliance with Shariah principles, which include:

- ✓ Portfolio Purification - To ensure that Impure earnings from investments are to be purified through a donation to charity, called Zakat (purification.)
- ✓ Adequate Selection of Investment Instruments - To determine and regularly monitor the criteria for the selection of companies or instruments in which the fund may invest based on Shariah guidelines
- ✓ Monitoring Management - To help coordinate investment strategies and ensure compliance of the fund's activities in accordance with the Shariah guidelines.
- ✓ Information Reporting - To conduct an annual Shariah Audit and Review Reports concerning the Fund's activities. This is generally included in the Fund's Financial Statements.

Fund manager of shariah compliant mutual funds need to evaluate the financial securities included in the investment portfolio of funds in continuous basis to ensure that their investment does not violate the Islamic precepts. The roles to comply with the Islamic principles are considered as accountability of funds towards their investors.

2.5 Advantages of investing in HFAML Shariah Unit Fund

Generally, investment in mutual funds enjoys some special advantages compared to investment made directly in other securities of the capital market. Investors of this mutual fund shall be able to enjoy the following advantages:

1. The Fund, being a Shariah compliant instrument will prohibit investing in businesses producing alcohol, tobacco, conventional financial services (banking, insurance, etc.), weapons and entertainment. The Fund will also strictly ban investing in interest-paying instruments (Riba) frequently used by mutual funds as temporary investments, thus ensuring compliance with Shariah Law. There will be a Shariah Supervisory Board composed of nationally and internationally renowned Islamic scholars who will oversee the operating and investment activities of the Fund time to time.
2. Diversified portfolio to be developed for the Fund shall help in lowering investment risk of the small investors.
3. Diversified portfolio of the Fund shall help the small investor to access to the whole market, which is difficult at individual level.
4. By channelizing small investors' saving both in local currency and foreign currency shall add liquidity to the market.
5. As the Fund shall be professionally managed, investors shall be relieved from the emotional stress associated with day-to-day management of individual investment portfolio.
6. The mutual fund industry gives investors more and better information than any other investment industry.
7. Expertise in stock selection and timing is made available to investors by generating higher return to them.
8. The investors shall be able to save a great deal in transaction/operating cost as they shall have access to a larger number of securities by purchasing a single unit of the Fund.
9. The unit holders can surrender their unit certificates to enable them to enjoy liquidity of their investment as well as to realize appreciation available as a result of improving the NAV of the Fund.
10. Investment in mutual funds may relieve investors from various rules and regulations applicable to individual investment parameters, which will be looked into by the Asset Manager.
11. According to the recent rules of BSEC, mutual funds registered with the Commission are allowed to enjoy a 10% reserve quota in IPO shares under fixed price method and 30% quota under

book building method. Therefore, investors in mutual funds by default enjoy the benefit of acquiring lucrative stocks at the Primary Market.

12. Tax exemption is available for investors of mutual fund. Dividend income from the Fund shall be tax free up-to certain level, which is permitted as per Finance Act.
13. Investment in the Fund would qualify for investment tax credit under section 44(2) of the Income Tax Ordinance, 1984.
14. Management and operation of mutual funds are subject to prudential guidelines. BSEC regularly monitors the performance of such Funds. The laws governing mutual funds require exhaustive disclosure to the regulator and general public. As a result, the investors shall be able to know the performance of the Fund and accordingly they can be able to take convenient entry and exit options.

CHAPTER-3 HFAML SHARIAH UNIT FUND

3.1 Formation of the Fund

With the view to establish the HFAML Shariah Unit Fund, the Trust Deed of the Fund was registered on August 26, 2021 under the Trust Act, 1882 and Registration Act, 1908. The Fund was registered by the BSEC under the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১ on September 16, 2021. The Fund received consent for issuing Prospectus for public offer from BSEC on **November 23, 2021** vide letter no. **BSEC/MF&SPV/MF-221/2020/1410**.

3.2 Tenure and Size of the Fund

The Fund shall be an open-end growth mutual fund with a perpetual life established to provide people an opportunity to make investment in shariah compliant securities and receive risk adjusted return in the form of capital appreciation and dividend. Institutional, local and foreign individual as well as resident and non-resident investors are eligible to invest in this Fund. The initial target size of the Fund shall be of **BDT 250,000,000.00 (Twenty-Five crore)** only divided into **25,000,000 (Two crore fifty lacs) units** of BDT 10.00 (ten) each. Size of the Fund may be increased from time to time by the Asset Management Company with due approval of the Trustee and notification to the BSEC.

3.3 Face Value, Market Lot and Denomination

Face value of each Unit will be BDT 10.00 (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 100 (one hundred) units for individuals and 500 (five hundred) units for institutions.

3.4 Investment Objective

The objective of the Fund is seeking growth of capital while adhering to Islamic principles. The fund shall maintain a diversified Shariah compliant investment portfolio and will provide attractive dividend to the unit holders by investing the proceeds in the Islamic shariah compliant instruments of capital market and money market. Moreover, it will also help to develop and maintain capital market stability by attracting more investors who are lagging behind for the absence of shariah compliant funds.

Although no universal consensus exists among contemporary Shariah scholars on the prohibition of companies, most Shariah Boards have advised against investment in companies involved in the activities of conventional Banks, Insurance and Leasing Companies, Alcohol, Pork related products, Tobacco, Weapons and Defense, Casinos/Gambling, Hotels, Cinema, Pornography, Music etc. as such HFAML Shariah Unit Fund shall not invest in such companies.

3.5 Investment Policies of the Fund

- The Fund shall invest, subject to the বিধিমালা, only in those securities, deposits and investments approved by the Bangladesh Securities and Exchange Commission and/or the Bangladesh Bank and/or the Insurance Development & Regulatory Authority (IDRA) of Bangladesh or any other competent authority in this regard.
- Not less than 60% of the total assets of the Scheme of the Fund shall be invested in capital market instruments out of which at least 50% shall be invested in listed securities.
- The mutual fund shall invest not less than 25% of the total assets in Fixed Income Securities.
- Not more than 15% of the total asset of the Scheme of the Fund shall be invested in pre-IPOs at any time.
- All money collected under the Fund shall be invested only in cashable/transferrable instruments, securities whether in money market or capital market or privately placed pre-IPO equity, preference shares, debentures or securitized debts.

- The Fund shall get the securities purchased or transferred in the name of the Fund.
- Only the Asset Management Company will make the investment decisions and place orders for securities to be purchased or sold for the Scheme's portfolio.
- The Asset Management Company shall choose independent stock broker(s) for the purchase and sale of securities for the Fund's portfolio.
- The Fund shall invest in Shariah-compliant securities and financial instruments.
- Non-listed securities that are "investment grade" and enjoy "very strong" credit rating by a licensed credit rating agency are eligible for investment under this scheme of the Mutual Fund.

3.6 Investment Restrictions

In making investment decision the following restrictions should be taken due consideration:

- ☒ The Fund shall not invest more than 10% of its total assets in any one particular company.
- ☒ The Fund shall not invest in more than 15% of any company's paid-up capital.
- ☒ The Fund shall not invest more than 20% of its total assets in shares, debentures or other securities of a single company or group.
- ☒ The Fund shall not invest more than 25% of its total assets in shares, debentures or other securities in any one industry.
- ☒ The Fund shall not invest in, or lend to, any scheme under the same Asset Management Company.
- ☒ The Fund shall not acquire any asset out of the Trust property, which involves the assumption of any liability that is unlimited or shall result in encumbrance of the Trust property in any way.
- ☒ The Fund or the Asset Management Company on behalf of the Fund shall not give or guarantee term loans for any purpose or take up any activity in contravention of the বিধিমালা.
- ☒ The Fund shall buy and sell securities on the basis of deliveries and shall, in all cases of purchases, take delivery of securities and in all cases of sale, deliver the securities on the respective settlement dates as per the custom and practice of the stock exchanges.
- ☒ The Fund shall not involve in option trading or short selling or carry forward transaction.
- ☒ The Fund shall not buy its own unit.

3.7 Shariah Screening Policies and Guidelines

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

- a) Advertising and Media, with following exceptions
 - News Channels
 - Newspapers
 - Sports Channels
- b) Financials, except
 - Islamic Banks
 - Islamic Financial Institutes
 - Islamic Insurance Companies
- c) Alcohol
- d) Cloning
- e) Pork
- f) Tobacco
- g) Gambling and Betting
- h) Pornography
- i) Trading of Gold and Silver as Cash on deferred basis

The Fund may invest in other Shariah Compliant instruments as and when they are available for investments, specifically;

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

3.8 Limitation of Expenses

- a. The initial issue expenses in respect of the Fund shall not exceed 5% of the collected amount of the Fund raised under the Scheme or any ceiling as determined by the AMC which is approved by the Commission and the Trustee and shall be amortized within 7 (seven) years on a straight-line method.
- b. The total expenses charged to the Fund, except the amortization of initial issue expenses and including transaction cost in the form of stock brokerage against buy and sale of securities forming a part of acquisition or disposal cost of such securities, transaction fees payable to the Custodian against acquisition or disposal of securities, AMC fees, Trustee fees, the annual registration fees payable to the Commission, audit fees, cost for publication of reports and periodicals, bank charge, commission of selling agents etc., shall not exceed 4% of the weekly average net assets outstanding of the Fund during any accounting year.

3.9 Valuation Policy

The Fund intends to determine its NAV per Unit on the last business day of each week by dividing the value of the net asset of the Fund (the value of total assets less total liabilities by the total number of units outstanding) as per বিধি ৬০ of the বিধিমালা. As per বিধি ৫৮ of the বিধিমালা, valuation policy of investment of the Fund needs to be approved earlier by the BSEC. Valuation criteria so far approved by the Commission in the Trust Deed is as follows:

- The fund shall report its investments in financial instruments including listed and unlisted securities to be fair-valued in accordance with the International Financial Reporting Standards (IFRSs).
- For valuation of investment in non-listed securities, the asset management company and the Trustee shall review the portfolio of investment in non-listed securities to be fair-valued in accordance with IFRSs and such investment shall be duly audited by an independent external auditor in the Annual Report of the mutual fund.
- The fund shall fix the valuation method for the Scheme subject to the prior approval of the Commission.
- The valuation of listed securities which are not regularly traded in any organized exchange shall also be fair-valued in accordance with IFRSs.
- 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 Scheme.
- 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.
- Asset Management Company and Trustee will value the non-listed securities at least once in every three months.
- In case of deferred expenses, accrued expenses for the period will be taken into account for determining total liabilities.

Net Asset Value (NAV) calculation:

The Fund shall use the following formula to derive NAV per unit:

$$\text{Total NAV} = V_A - L_T$$

$$\text{NAV per unit} = \text{Total NAV} / \text{No. of units outstanding}$$

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

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

3.10 Price Fixation Policy and Sale & Re-purchase Procedure

After initial public subscription, the sale and repurchase/surrender price of units will be determined by the Asset Management Company. NAV per unit shall be determined as per formula prescribed in the বিধিমালা and Sales Price and Repurchase/Surrender Price per unit will be determined on the basis of NAV and shall be effective up to next calculation of NAV of the Fund. The Asset Manager shall disclose sales price and repurchase/surrender price per unit determined on the basis of NAV through at least one national daily, the website of the Asset Management Company and the authorized selling agents of the fund. The fund will maintain a maximum 200 basis points spread between selling price and repurchase price of its units. The Asset Manager may reduce the above difference with the approval of the Board of Directors of AMC and with intimation to Trustee.

Units of the Fund could be purchased from the counter of the Asset Management Company and designated Selling Agents by submitting properly filled in prescribed Unit Sale Form along with necessary payment for the units to be purchased at the prevailing sale price. Money receipt/acknowledgement slip issued at the time of sale of units shall be treated as allotment letter, which shall not be redeemable/ transferable. Certificate shall be issued within 90 (ninety) days from the date of sale of units or be processed under dematerialized form with the depository, which is applicable.

Unit certificates could be surrendered at the counter of the Asset Management Company and designated Selling Agents by submitting properly filled in prescribed Unit Surrender Form at the prevailing repurchase price. Payment shall be made on the same or next day through account payee cheque after receiving the units in the Fund's BO Account. The redemption shall be made on first come first serve basis. In the event the redemption request on a particular day exceeds 1% of the unit outstanding, the Asset Manager may defer, if required, the redemption request over 1% for a maximum period of 7 (seven) working days. The Asset Manager shall proceed to sell adequate assets as it deems fit to pay the surrender money within the stipulated time in the best interest of the unit holders.

3.11 Procedure of Winding up

- ☞ If the total number of outstanding unit certificates held by the unit holders after re-purchase at any point of time falls below 25% of the actual certificate issued, the Fund shall be subject to wound up.

- ☞ The Fund may be wound up on the happening of any event, which, in the opinion of the Trustee with approval from the Commission, requires the Scheme to be wound up.
- ☞ The Fund may also be wound up if the Commission so directs in the interest of the unit holders.
- ☞ Where a Fund 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 Fund 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.

3.12 Manner of Winding up

- The Trustee shall call a meeting within 30 (thirty) 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 Fund. If it fails to have three-fourth majority mandate, the Commission shall have the power to supersede the mandate if situation demands such.
- The Trustee shall dispose-off the assets of the Fund in the best interest of the unit holders. Provided that the proceeds of sale made in pursuance of the Rules, shall in the first instance be utilized towards discharge of such liabilities as are properly due under the Scheme and after making appropriate provision for meeting the expenses connected with such winding up, the balance shall be paid to the unit holders in proportion to their respective interest in the assets of the Scheme as on the date when the decision for winding up was taken.
- Within 30 (thirty) days from the completion of the winding up, the Trustee shall forward to the Commission and the unit holders a report on the winding up containing particulars, such as circumstances leading to the winding up, the steps taken for 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.

3.13 Effect of Winding up

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

- a. cease to carry on any business activities of the open-end Fund;
- b. cease to create and cancel unit of the open-end Fund;
- c. cease to issue and redeem units of the open-end Fund.

3.14 Investment Management

HFAML shall conduct the day-to-day management of the Fund's portfolio as the Asset Management Company subject to the provisions laid down in the বিধিমালা and Trust Deed or any general directions given by the Trustee and/or the Commission.

However, HFAML shall have discretionary authority over the Fund's Portfolio about investment decisions.

3.15 Dividend Policy

- a. The accounting year of the Fund shall be January 01 to December 31.
- b. The Fund shall as soon as may be, after the closing of the annual accounts, declare and distribute dividend if any, to the unit holders in accordance with the বিধিমালা. Being a "Growth Scheme" in nature, the Fund shall distribute at least **50 (fifty)** percent of the total net profit earned in the respective year or as determined by the Commission from time to time.

- c. 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 shall be incorporated in the notes of accounts.
- d. Surpluses arising simply from the valuation of investments shall not be available for dividend.
- e. Dividend warrants shall be dispatched within 45 (forty-five) days from the declaration of such dividends, and shall submit a statement within next 7 (seven) days to the commission.
- f. The Fund shall create a dividend equalization reserve by suitable appropriation from the income of the Fund.
- g. Before registration for transfer of ownership, a transferee shall not possess the right to any dividend declared.
- h. 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. In such case, Units shall be issued at BDT 0.10 (paisa ten) discount from the opening price of that accounting year.

CHAPTER-4 RISK MANAGEMENT

4.1 Risk Factors and Risk Mitigation Strategy

Investment always comes with risks and especially when the investment made in the capital market. Though mutual funds offer broader diversification and value-for-money to an individual, few risks will always be involved with investing in mutual funds. Being a Shariah compliant fund, HFAML Shariah Unit Fund may have to face certain specific risks. Investors should know that the Fund is not a guaranteed or assured return scheme and the past performance of the Sponsor and their affiliates / AMC does not guarantee future performance of the Scheme.

1. **Risk of Exposure to Limited investment opportunity:** Unlike conventional funds, the shariah compliant funds have limited investment opportunities. Adhering Islamic principles will restrict the Fund's ability to invest in certain market sectors, such as financial companies and conventional fixed-income securities, and reduce the size of the overall arena in which the Fund can invest. A Shariah fund must ensure that the stocks in which it will invest are not represented any businesses whose underlying activities are involved in any non-halal items including alcohol, tobacco, pork, adult entertainment industry, gambling; weapons, and interest- bearing instruments. The strategy to reduce the investable arena may limit investment opportunities and adversely affect the Fund's performance, especially in comparison to a more diversified fund. Additionally, because Islamic principles preclude the use of interest-paying instruments, cash reserves do not earn income like conventional funds.

Mitigation Plan: Investment of the fund will be made only in Shariah Compliant securities and Islamic Fixed Income Products on basis of proper business and financial ratio-based screening. The fund will only invest in those companies' stock where debt to market capitalization ratio, cash and interest-bearing securities to market capitalization ratio, and cash and account receivables to market capitalization ratios are in the considerable range. Such measures will ensure the companies have less debt or interest-based financing and as a result, expose to less risky business. For fixed income instruments, the fund will have access to mudaraba, shukuk or Islamic financing facilities offered by the banks and financial institution.

2. **Risk of shariah non-compliance:** The process of managing a shariah fund involves increased complexity vis-à-vis of a conventional fund. As a young and growing industry, the rules and regulations are often ill-defined and attributed to the inadequate legal framework, conflict of Conventional and Islamic laws, and conflict between Shariah rulings and legal decisions. Managing a shariah fund will require adequate knowledge of Shariah law, the processes involved

in appointing a Shariah board, and a number of other issues including prescribed investments, carrying out an audit, the purification of income, and asset screening.

Mitigation Plan: To ensure efficient fund management and compliance to shariah law, a shariah supervisory board needs to be employed at an early stage in the fund's development. Accordingly, a Shariah Supervisory Board has been constituted for the Fund with the shariah scholars who have extensive knowledge, research and practical experiences of working in different banks financial and other institutions that are dedicated in shariah based activities. A brief background of the scholars proposed for the fund are given at chapter 05. Additionally, advises will be taken from expertise whenever needed to ensure compliance of shariah practices in the fund operation and portfolio management.

3. **Concentration risk:** Due to a limited number of Shariah complied securities listed in both 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 existence of small number of Shariah Compliant securities in Bangladesh, it would be difficult for the Fund Manager to swap between asset classes, if and when required. Limited options of Shariah Compliant money market instruments would also narrow the opportunity of short term or temporary investments of the Fund which may adversely impact the expected return.

Mitigation Plan: The risk can be mitigated by building a diversified portfolio of the Fund. The portfolio will consist of stocks from various sectors having good fundamentals and price movement record. A diversified portfolio will ensure that even if some of the stocks do not perform as expected, the others will minimize their effect on the overall portfolio. Additionally, the portfolio will be shuffled based on continuous research and updated market information relating to the existing stocks in the portfolio and other stocks in the market.

4. **Market Risk:** The performance of the Fund will be directly related with prevailing situation of the Bangladesh Capital Market which is volatile in nature. Since the market tends to move in cycles with periods of rising and falling prices, there always exists a chance that the overall stocks prices will decline. As a result, the value of portfolio of the fund may decrease following the bearish trend of the market.

Mitigation Plan: The above risk can be minimized to some extents by adding in the portfolio some good performing stocks in underpriced value when the market downs and sell them in high price when the market ups. Also, adding stocks to the portfolio that have a history of consistent dividend payments can shield from market risk by bringing more predictability and stability to the portfolio. The yield from a dividend fund can beat lower rates paid by fixed income securities.

5. **Equity risk:** The market price of shares varies all the time depending on demand and supply. The risk of loss may arise because of a drop in the market price of shares. Also, stock prices have record of being manipulated in the past. Additionally, the price of a particular stock may experience sudden rise or fall depending on information such as company expansion, change in management, dispute between company shareholders, and negative news about the company's sister concern or associate or subsidiary etc. Additionally, if the companies wherein the Fund will be investing fail to pay expected dividend, it may affect the overall return on investment (ROI) in the Fund.

Mitigation Plan: The risk can be minimized by focusing on intensive research and having updated market news to determine the intrinsic value of a stock. Company fundamentals, stock's price movement trend, dividend payout record, history of key personnel of the company, last 5-10 years' business growth provide some idea about the company and the intrinsic value of its stock. The next step for risk mitigation would be buying stocks at a price

which is at least 20-30 per cent below its intrinsic value. This discount of price compared to intrinsic value will give a margin of safety for the uncertain future.

6. **Interest Rate Risk:** The risk that rising interest/profit rates will cause mutual funds to decline in value. When interest/profit rates rise, securities' prices decline and mutual funds value may also decline as a result.

Mitigation Plan: To mitigate the risk, investment will be made in companies having no or less debt burden and in good quality stocks paying higher/consistent dividend that will increase the value of return on investment. As a result, it would be possible to pay high dividend from the Fund that will essentially compatible to interest offered by conventional banks. Also, the yield from a dividend fund can beat lower rates paid by fixed income securities.

7. **Liquidity Risk:** This risk is related to difficulties faced by the fund manager when most of unit holders opt for redemption of the units they hold. Liquidity risk will also arise when the fund will be unable to exit or enter a particular stock within its price range. In volatile market condition, generally investors lost their trust and sold stocks which lead to price fall of the stocks. As a result, the Net Asset Value of the Fund may decline and the fund face liquidity crisis while processing unit holders' redemption requests at that time. Liquidity risk also attributed to adverse cash flow in situations arising mainly out of changing market risk exposures, credit risk exposures, and operational risk exposures

Mitigation Plan: Investment will be made in stocks that have low impact on cost and have definitive price trend over the years. Additionally, alternative arrangement of ready fund will be available to meet the investors' request. Islamic financial instruments will also be deployed to meet the liquidity crisis if needed.

8. **Rate of return risk:** This risk is very common phenomenon in capital market as the returns from investments often don't meet the expectation of the investors due to fall in stock prices attributed to market and/or equity risk. Additionally, the investors often lack knowledge about the difference between conventional and shariah compliant funds' nature. Since shariah funds have limited investment opportunities and access to finance, return from such fund may be less from the conventional unit funds.

Mitigation Plan: The asset allocation and diversification strategies will be reviewed periodically to ensure that the risk and return levels align with the long-term investment goals. To meet investors' short-term expectations, dividend will be provided in higher rate of return so that the investors can get their investment capital as well as the desired return within short span of time. Also, Systematic Investment Plan (SIP) facilities will be available for investors for minimizing their cost of investment. Without worrying about timing the market, SIP will help in averaging the cost over time. More units are bought for the same amount when the prices are low and fewer units when the prices are high.

9. **Risk related to change in government laws and/or other regulatory changes:** Changes in government laws in regard to a particular sector/industry may have impact in the portfolio if the fund have stocks from that sector.

Mitigation Plan: Such risk can be mitigated by pair trading strategy. Such strategy will involve buying and selling stocks from the same sector. Such strategy will ensure that irrespective of which stock rises or falls, the portfolio has profit.

10. **Currency Risk:** Stocks are inanimate indicators of how a company is performing. Performance of import or export-oriented companies are highly related to inflation and currency risks that may

affect the return from the stocks of those companies and the overall return from the fund portfolio. For example, textile, pharmaceutical, ceramics and automobile companies are essentially export-oriented and benefit from a strong foreign currency. Sectors, such as capital goods and power/fuel are importers and benefit from a stronger BDT.

Mitigation Plan: To hedge the currency risk, investment will be made in company stocks dealing with both imports and exports.

- 11. Inflation risk:** It can be best described as the risk of losing one's purchasing power, mainly due to the rising inflation rate. As a result, people cut down the luxury costs. Inflation has adverse effect on business of companies that offer luxurious goods rather than the business of essential goods. Typically, investors are exposed to the impact of this risk when the rate of returns earned on investments fails to keep up with the increasing inflationary rate. For instance, if the rate of returns is 5% and the rate of inflation is 3%, then investors are left with only 2% returns.

Mitigation Plan: To mitigate inflation risk, stocks that have more predictable business cycle will be bought for the portfolio. For example, stocks of pharmaceutical sector have more predictable business than stocks of travel and leisure in the context of our country. Economic recession or a pandemic can affect badly the travel sector while people will still need to buy medicines. As a result, pharmaceutical companies usually have relatively stable revenues, which translate into stable stock prices. Paying high dividend is also help in mitigating this risk.

- 12. Risk related to uncertainty in the economy or the disasters due to emergency conditions such as pandemic, wars and etc:** Some risks such as unstable political condition, a situation of pandemic or a global crisis may have impact on the capital market and stock prices.

Mitigation Plan: To deal with such risks, Fund Manager will use research-based business contingency plan to face shocks of any disaster or pandemic in a systematic manner. Fund will also look at the companies who have good record of practicing such plan will be preferred to invest to avoid serious negative consequences.

4.2 Expected Market performance of the Fund

- It is expected that demand of the unit certificates of the Fund shall be increasing due to attractive return on the outstanding units in terms of dividend performance and NAV return.
- Image of HF Asset Management Limited and its senior management, may motivate investors to invest in this Fund.
- HFAML may attract the investors to invest in this Fund by marketing of products and providing professional advice.
- Due to various tax incentives and some other distinct advantages including lien, ready liquidation facilities, quota privileges the Fund may attract the investors for investment in this Fund.

4.3 Who to invest and how much to invest?

Even though the investments done by HFAML Shariah Unit Fund will be as per the Shariah law, any individual, NRB, company or mutual/provident/gratuity fund and other eligible investors will be permitted to invest in this fund:

- ☞ Institutional investors, Individuals, Non-Resident Bangladeshi (NRB), Provident Fund, Gratuity Fund, Mutual Funds, general public and other Eligible Investors can invest in this Fund.
- ☞ Individuals who want to invest in shariah compliant capital market instruments

- ☞ Individuals who expect a relatively risk adjusted market average return and lack adequate investment knowledge and/or time regarding the capital market may invest in the units of the Fund.
- ☞ Individuals who are looking for long-term capital growth and regular dividend income and are comfortable with a level of risk associated with equity investments should consider investing in the Fund.
- ☞ An individual should also consider investing in the Fund if he/she has patience and can accept variability of returns, have a moderate to high tolerance for risk and is planning to invest in the Fund over the medium to long-term.
- ☞ Considering other factors like the investment opportunities available in the market, return expectation, income level and consumption pattern, one may put only a limited portion of his/her total portfolio into the Fund

CHAPTER-5 FORMATION, MANAGEMENT AND ADMINISTRATION

5.1 Sponsor and Asset Manager of the Fund

HF Asset Management Limited (HFAML) is a private limited company that has been formed and registered with the Registrar of Joint Stock Companies and Firms, Government of the People's Republic of Bangladesh in the year 2016. The company has received the certificate of Asset Management Company from Bangladesh Securities and Exchange Commission (BSEC) on January 19, 2017. The company has its registered office at 138/1, Tejgaon Industrial Area, Dhaka 1208. The corporate office of the company from where it has been operating is located at House CEN-B (11), Building B (2nd Floor), Road 99, Gulshan 02, Dhaka 1212. The present Authorized Capital of the Company is BDT 20.00 (Twenty) crore only and paid-up capital is BDT 5.00 (Five) crore only.

HFAML started its journey with objectives, among others, to float both Open-end & Closed-end Mutual Funds for creating demand for and supply of securities and to mobilize savings of the investors of all strata of society with the ultimate goal to invest the funds in the development of the Capital Market of Bangladesh. In the process, it launched its first unit fund in the name of HFAML Unit Fund on November 20, 2017. Later in October 07, 2018 HFAML launched its second unit fund in the name of HFAML ACME Employees' Unit Fund. Both of these funds are active in the market and have been able to keep the interest of general investors towards investing in the funds by practically showing growth of capital through increased value of NAV and dividend return in each year. Despite the prolonged bearish capital market in the previous years, both of the funds have paid out dividend consistently to the unit holders. The investment value has increased @12.75% in case of HFAML Unit Fund and @27.04% in case of HFAML ACME Employees' Unit Fund. The proposed HFAML Shariah Unit Fund will be the third unit fund to be launched by HFAML and we are hopeful that, like other two unit funds, HFAML Shariah Unit Fund will be able to perform in a distinguish way and provide investors with attractive returns.

Keeping the needs of the general investors, HFAML also focuses on developing and offering innovative products as admissible by the rules and regulations of Bangladesh Securities and Exchange Commission (BSEC). Besides fund management, HFAML also offer institutional clients' various kind of corporate advisory services including arrangement of loan syndication and debt securities, raising funds through private placement of shares, and project feasibility analysis and asset reconstruction. The advisory wing of the company consists of members from reputed Finance and Accounts background who have professional degrees and past experiences in this field. Additionally, the research team of the company consists of both young and experienced professionals who have expertise in trend analysis and market research.

According to the Guidelines, with respect to the formation of open-end mutual fund, the minimum requirement of subscription of the sponsor of the fund is 10% of the total Fund size. HF Asset Management Limited, as sponsor, has invested BDT 25,000,000.00 (Two Crore Fifty Lacs) being 10%

of the proposed fund. It shall, therefore, be treated as Initial Subscriber, the Initial Promoter and Initiator of the proposed open-end shariah fund.

Brief profiles of the Chairman, Directors and key personnel of the company are as under:

MR. HAFIZUR RAHMAN KHAN, CHAIRMAN, HFAML

Mr. Hafizur Rahman Khan is the Chairman of HFAML and its Board of Directors. Mr. Khan is one of the most experienced industrialists in Bangladesh. He has extensive knowledge and rich background in business, economy and social activities. He completed his B. Com (Hons), M. Com (Management) from University of Rajshahi.

Mr. Khan is also the Chairman of Runner Group which is one of the successful business conglomerates in Bangladesh. For more than three decades, Mr. Khan has been involved with multi-dimensional business and capital market affairs. He has set several milestones in the field of business and societal upliftment. For his valuable contribution to the National Economy, Mr. Khan was awarded as the Commercially Important Person (CIP) for the period 2013-2014 by the Government of Bangladesh. He also received most prestigious "President's Award for Industrial Development – 2016" and "Enterprise of the Year at Bangladesh Business Awards 2018".

Mr. Hafizur Rahman Khan is the Chairman of the following companies:

1. Runner Automobiles Limited
2. Runner Motors Limited
3. Runner Bricks Limited
4. Runner Properties Limited
5. Runner Agro Products Limited
6. Runner Oil & Gas Limited
7. Runner Trading Limited
8. Runner Time Watch Media Limited
9. Zyle Daewoo Bus Bangladesh Limited
10. Promita Oil & Gas Limited
11. Oriental Bitumen Industries Limited
12. Runner Lube & Energy Limited
13. Runner Land Development Limited
14. Runner Trade Park Limited

MR. MD. FAYEKUZZAMAN, MANAGING DIRECTOR & CEO, HFAML

Mr. Md. Fayekuzzaman, MD & CEO of HFAML is a renowned personality in the capital market of Bangladesh. He led the Investment Corporation of Bangladesh (ICB), the largest investment bank in the country, for about six years. He also worked as the Deputy Managing Director of Agrani Bank Limited. Mr. Zaman has more than 30 years of valuable and leadership experience in the money and capital markets, covering investment banking, commercial, Islamic and development banking, merchant banking, and asset management. He has experience in teaching, research and consulting in local and international bodies. He showed record performance in all the organizations he served. He worked as Chairman and Convener in different Committees constituted by the Government of Bangladesh (GoB). He was Chairman of Demutualization Committee of Dhaka Stock Exchange Limited and worked very effectively for the stabilization of Share Market Debacle of 2010-11.

For regional development, he worked for South Asia Development Fund (SADF), which was created at the initiative of the Heads of Governments of SAARC nations to support the joint venture projects of SAARC countries. He has promoted hundreds of companies through Equity and Entrepreneurship Fund (EEF), a flagship program of GoB, created several hundreds of employments/entrepreneurs/investors and brought many IPOs in the Capital Market. The Bangladesh Fund with target size of BDT 5,000.00 crore the largest Mutual Fund in the country, and a unique Mudaraba

Perpetual Bond and Islamic Mutual Fund are some of the products promoted by him. He played important role for stabilization and development of Capital Market of Bangladesh. Mr. Fayekuzzaman represented ICB on different boards/trust including the following:

1. Central Depository Bangladesh Limited (CDBL)
2. Dhaka Stock Exchange Limited (DSE)
3. Bangladesh Development Bank Limited (BDBL)
4. ICB Capital Management Limited
5. British American Tobacco Co Limited
6. Linde Bangladesh Limited
7. GlaxoSmithKline Limited
8. Credit Rating Information Services Limited (CRISL)
9. Credit Rating Agencies of Bangladesh (CRAB)
10. Islami Bank Bangladesh Limited
11. Renata Limited
12. ACI Limited
13. Standard Bank Limited
14. National Tea Company Limited (NTC)
15. Bangladesh Krishi Gobesona Endowment Trust
16. Apex Footwear Limited
17. Apex Tannery Limited
18. Bangladesh Institute of Capital Market (BICM)

He has in his credit lots of achievements and ground breaking records. He was instrumental in transforming ICB as one of the best rated performing financial institutions in the country. During his tenure as Managing Director of ICB, record dividends in ICB managed mutual funds were declared, as may be seen from the following table:

(Dividend Rates in %)

Name of the Mutual Fund	2010-11	2011-12	2012-13	2013-14	2014-15
First ICB Mutual Fund	500.00	600.00	700.00	800.00	1000.00
Second ICB Mutual Fund	250.00	300.00	375.00	400.00	450.00
Third ICB Mutual Fund	185.00	200.00	240.00	250.00	300.00
Fourth ICB Mutual Fund	165.00	185.00	240.00	250.00	300.00
Fifth ICB Mutual Fund	135.00	170.00	200.00	225.00	250.00
Sixth ICB Mutual Fund	90.00	100.00	105.00	110.00	120.00
Seventh ICB Mutual Fund	95.00	110.00	120.00	130.00	150.00
Eighth ICB Mutual Fund	90.00	100.00	110.00	120.00	140.00
ICB Unit Fund (Open End)	30.00	32.00	40.00	42.50	43.00

Mr. Fayekuzzaman has led HFAML from the front. He is one of the founders of this company and worked very hard to make this company a leading one. With his active guidance and supervision, HFAML became successful to launch HFAML Unit Fund and HFAML ACME Employees' Unit Fund within a very short period of its inception as an AMC. Performance of these funds have been exceptionally well from the beginning. Investors of the funds got dividends consistently irrespective of the bearish trends that prevailed in capital market in the year 2018, 2019 and 2020. Despite the challenges, HFAML Unit Fund paid dividend to unit holders @7.5%, @5.5% and @5.00 % in the year 2018, 2019 and 2020 respectively. The HFAML ACME Employees' Unit Fund provided investors dividend @9.00% and @10.00% in 2019 and 2020 respectively. Under the supervision of Mr. Md. Fayekuzzaman, both funds have been able to fetched good NAV returns and outperformed DSE growth rate by a wide margin in last 02 years. The valuable experiences of Mr. Zaman also benefitted the company in providing the advisory services to many reputed organizations in case of issue management, preparation of project feasibility report, and settling financial matters.

Mr. Fayekuzzaman did his Master in Management from Rajshahi University and Post-Graduation Studies on Development Banking from Bradford University, UK. He also attended Leadership Program at Cambridge University, UK and Leadership Essential Program at the Columbia University, USA.

MR. MD. MOZAMMEL HOSSAIN, DIRECTOR, HFAML

Mr. Md. Mozammel Hossain, Director, HFAML did his Master in Marketing from University of Dhaka. Upon completion of education, he started his career at Singer Bangladesh Limited and worked there for about 5 years. He worked as General Manager at HS Enterprise for about 4 years. He has been with the Runner Group since 2000 as Vice Chairman of all the companies of the group including Runner Automobiles Limited, Runner Motors Limited, Runner Bricks Limited, Runner Properties Limited, Runner Agro Products Limited, Runner Oil & Gas Limited, Runner Trading Limited, Runner Time Watch Media Limited, Zyle Daewoo Bus Bangladesh Limited. He has 33 years' experience in Corporate Sector, Money and Capital Markets. All his companies have shown tremendous growth under his dynamic leadership. He is also actively involved in social and cultural activities.

MS. MUNIRA BEGUM, DIRECTOR, HFAML

After obtaining her master's degree from the University of Dhaka, Ms. Munira Begum got involved herself in small businesses and socio-cultural projects. She has more than 25 years of business & social services experience. She has been involved with HF Asset Management Limited as Director since inception of the company

5.2 Trustee of the Fund

In order to ensure maximum trust and confidence of the investors, supervisory bodies and the persons concerned towards the Fund, the Investment Corporation of Bangladesh (ICB) shall act as the Trustee of the Fund.

The ICB was established on 01 October 1976 under the Investment Corporation of Bangladesh Ordinance 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. Through the enactment of the Investment Corporation of Bangladesh (Amendment) Act, 2000 (No. 24 of 2000), reforms in operational strategies and business policies have been implemented by establishing and operating subsidiary companies under ICB. 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", repealing all the previous ordinance/acts.

Over the years, the activities of ICB have grown manifold, particularly in Merchant Banking, Mutual Funds management, share market operations, and other capital and money market activities. ICB pioneered the Mutual Fund Industry in Bangladesh. The country's first mutual fund, the "First ICB Mutual Fund" was launched on 25 April 1980. Since then, ICB has floated 8 (eight) mutual funds until creation of a new AMC as a subsidiary of ICB. All of these funds have already been converted into open-end Mutual Fund according to BSEC directions. ICB also manages the country's first open-end mutual fund launched in 1981. It is also the single largest stockbroker and dealer in DSE and CSE. Due to continuous free fall in the FY 2010-11, an initiative was taken to form an open-end mutual fund of BDT 5,000.00 crore called "Bangladesh Fund" by ICB, managed by ICB Asset Management Company Limited (a subsidiary of ICB) to regain investors' reliance through increasing flow of liquidity for a stable and dynamic stock market. The Bangladesh Fund is the largest open-end mutual fund ever in the history of our country.

The Trustee shall constitute a Committee, which shall be responsible for discharging the obligations of the Trustee. The Committee shall be constituted with the following members, namely: -

01.	Deputy Managing Director, Investment Corporation of Bangladesh (ICB)	Member
02.	General Manager, Accounts & Finance Investment Corporation of Bangladesh (ICB)	Member
03.	General Manager, Administration Investment Corporation of Bangladesh (ICB)	Member
04.	Deputy General Manager, Trustee Division Investment Corporation of Bangladesh (ICB)	Member
05.	Assistant General Manager, Trustee Department Investment Corporation of Bangladesh (ICB)	Member Secretary

The Trustee committee may be changed by the Trustee from time to time with approval of BSEC.

5.3 Custodian of the Fund

BRAC Bank Limited, a banking company, incorporated under Companies Act, 1994 and Bank Companies Act, 1991 and registered with the Bangladesh Securities & Exchange Commission on December 15, 2009 to act as Custodian, having its registered office at Anik Tower, 220/B Tejgaon-Gulshan Link Road, Tejgaon, Dhaka – 1208, Bangladesh, will act as the Custodian of the Fund.

In 2001, BRAC Bank began its journey unlike any other conventional bank. The visionary founder of the bank, Sir Fazle Hasan Abed realized that the previously neglected Small and Medium Enterprises (SME) sector plays a significant role in generating growth and creating employment in the country. Over the previous decades, traditional banks were reluctant to invest in this sector. At a time when it was almost impossible for SME entrepreneurs to get financing from the banking sector in Bangladesh, BRAC Bank stepped forward to help these unbanked SME entrepreneurs and continues to provide financial support to them.

Today, the bank has grown into a dominant player in the industry with 187 branches, 16 Premium Banking Lounges, 375 ATMs, 96 CDMs and 456 SME Unit Offices across the country. With a team of over 6,500 employees, BRAC Bank caters to more than 1,500,000 customers through its diversified range of SME, Retail and Wholesale Banking solutions.

Over the last decade, BRAC Bank has emerged as the market leader in the SME business. However, over recent times, the focus has increased on Retail and Corporate businesses to cater to the full set of banking needs of potential markets as well as to diversify the portfolio.

5.4 Shariah Supervisory Board

“Shariah Supervisory Board” means a body of Shariah experts who certifies the securities/ assets as Shariah compliant. The Asset Manager of the fund has proposed the following Shariah Supervisory Board who shall formulate shariah supervisory guidelines for the fund and its shariah compliance. The Shariah Supervisory Guideline will be submitted to the Commission.

Role and Responsibility of Shariah Supervisory Board:

- Advising the Asset Manager on matters relating to preparation of guidelines for selection/screening of stocks/instruments to be invested and portfolio management as per Shariah Law;
- Recommending general investment guidelines consistent with the Shariah Law;
- Approving the Halal income, identifying/segregating doubtful income and recommending distribution of those income to the charitable or other institutions as per Shariah Principle;

- Issuing certificates to the effect that the investment has been made as per Shariah Law at the end of each accounting year;
- The decision given by the Shariah Advisory Committee on the matter relating to Shariah Law should be acceptable to the Trustee, Asset Manager, the Unit Holders and other related parties;

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

Name	Particulars
Dr. Muhammad Monjur E Elahi	Associate Professor, Dept. of Islamic Studies, National University of Bangladesh
Dr. Hasan Mohd. Moinuddin	Associate Professor, Department of Islamic Studies, Asian University, Dhaka.
Md. Mukhlesur Rahman	Prominent Islamic Banker and businessman of Bangladesh
Ehsanul Kabir	Managing Director & CEO of Strategic Equity Management Limited
Md. Fayekuzzaman	Managing Director & CEO of HF Asset Management Limited

A short biography of the Shariah Supervisory Board is presented below:

DR. MUHAMMAD MONJUR E ELAHI

Dr. Mohammad Manzoor Elahi is a researcher, educator, Islamic scholar and author. He is known nationally and internationally for his Islamic research, propaganda and discussions on TV / YouTube channels. Currently, He is an Associate Professor in the. Dept. of Islamic Studies of National University of Bangladesh, Gazipur. He graduated from the Faculty of Shariah at the Islamic University of Madinah and also completed his Doctor of Philosophy (Ph.D.) degree on Islamic Shariah with specialization on Usulul Fiqh from the same University. At present, as Chairman/Member of Shariah Supervisory Committee of different banks/Shariah Mutual funds, he is immensely contributing in promoting 'riba' free banking activities in Bangladesh.

DR. HAFEZ HASAN MUHAMMAD MOINUDDIN

Dr. Hafez Hasan Muhammad Moinuddin is the Associate Professor, Department of Islamic Studies, Asian University, Dhaka. He was awarded his Doctor of Philosophy (Ph.D.) degree on the topic "Islamic Philosophy" from Ummul Qura University, Holy Makkah, K.S.A. in 1997. He has been involved in various activities as Islamic researcher and columnist. He was an Ex-Chairman, Bangladesh Students Association, Ummul Qura University, Makkah from 1994-1997. He is currently a Shariah Advisor to Islami Bank Bangladesh Ltd and several Shariah Mutual Funds.

MD. MUKHLESUR RAHMAN

Md. Mukhlesur Rahman is a prominent Islamic Banker and businessman of Bangladesh. He is playing important role in Islamic Banking sector as the member of Shariah Board of different Islamic Banks. He was an active member of Islamic Banking Focus group of Central Bank of Bangladesh. He completed his Honors, Masters, Diploma and higher Diploma degree in Arabic from Dhaka University. He completed junior and senior Military Science courses from same University. He performed active role in the Shariah Board of different Banks as Member or Member Secretary including Sonali Bank Ltd, Agrani Bank Ltd, Pubali Bank Ltd, Al-Arafah Islami Bank Ltd, AB Bank Ltd, Union Bank Ltd, Bank Asia, Dhaka Bank Ltd, Islamic Finance and Investment Ltd. etc. He was appointed Founder Deputy Secretary General of the Central Shariah Board for Islamic Banks of Bangladesh. He was 2 times Secretary General of the aforesaid institution. He is a representative of Islamic solidarity Fund of OIC in Bangladesh.

EHSANUL KABIR

Mr. Ehsanul Kabir is an expert at capital market and money market with over 15 years of working experience. After completing the MBA in Finance from University of Dhaka, Mr. Kabir joined Eastern Bank Limited (EBL), a third generation leading private commercial bank in the country. In 2008, he joined as Research Associate in a second-generation AMC formed by international veteran and local leading businessmen. With strong analytical knowledge base, he soon became promoted to Head of Research. He took a leading role in successful completion of Tk. 200.00 crores of Subordinated Bonds for a leading private commercial bank. He has valuable experience in managing Shariah Fund. Currently, he is working as the Managing Director & CEO of Strategic Equity Management Limited.

MD. FAYEKUZZAMAN

Mr. Md. Fayekuzzaman, MD & CEO of HFAML is a capital market specialist. He led the Investment Corporation of Bangladesh (ICB), the largest investment bank in the country as Managing Director/CEO, for about six years. He also worked as the Deputy Managing Director Agrani Bank Limited. Mr. Zaman has more than 30 years of valuable and leadership experience in the money and capital markets, covering investment banking, commercial, Islamic and development banking, merchant banking and asset management. He has experience in teaching, research and consulting in local and international bodies. He is the initiator to launch first Mudaraba Perpetual Bond (IBBL Mudaraba Perpetual Bond, the first subordinated bond in the country) and Islamic Mutual Fund (ICB AMCL Islamic Unit Fund). He worked on the Board of Islami Bank Bangladesh Ltd representing ICB for about six years.

5.4.1 Quorum, tenure and re-election of the Shariah Board

Three out of five members will form the quorum of the meeting of Shariah Supervisory Board. The ex-officio member will act as the member secretary of the Shariah Supervisory Board. The tenure of the members of the Shariah Supervisory Board, except the ex-officio member, is three (03) years. The retiring members may be re-elected upon approval of the Trustee of the Fund. Upon retirement or any other vacancy in the Shariah Board of the existing member or any other vacancy in the Shariah Board, Trustee of the Fund will appoint new members in the Board.

5.5 Auditor(s)

ARTISAN Chartered Accountants, having office at 33 Shah Ali Tower (5th & 6th Floor), Kawran Bazar, Dhaka-1215, Bangladesh shall be the first Auditor of the Fund for the first accounting year. They are one of the reputed audit firms in the country. The Trustee shall appoint subsequent auditors.

5.6 Fees and Expenses

The Fund shall 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 shall bear 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, auditing, management fee, brokerage, share/debenture registration expenses and fees due to the BSEC, CDBL and other institutions. The Fund shall also bear all other incidental expenses including printing, publication and stationery relating to its smooth and fair operation. Considering the initial size of the Fund of 250,000,000.00 (Twenty-Five Crore) only, HFAML estimated the normal annual operating expenses of the Fund which shall not exceed 4% of the average NAV of the Fund. However, there may be variation in the actual operating expenses of the Fund.

Issue and Formation Expenses

The initial issue & formation expenses in respect of the Fund shall not exceed 5% of the collected amount. The issue and formation expenses shall be amortized within 7 (seven) years on a straight-

line method. The estimated expenses for the issue and formation/arranger of the Fund are presented below:

Sl.	Type of Expenses	Particulars	BDT	Total BDT	% of the target fund	Remarks
1	Legal compliance and related expenses	1. BSEC Application Fee	10,000	627,500	0.25%	<u>CDBL Fee</u> CDBL Fee (Distribution of 2.5 crore Units X 0.15%) = BDT 37,500.00; Documentation BDT 2,500
		2. BSEC Fund Registration Fee	500,000			
		3. Trust Deed Registration related fee	80,000			
		4. CDBL Fee	37,500			
2	Formation fee payable to AMC		2,500,000	2,500,000	1.00%	Formation fee to AMC on collected fund of approved size
3	Management fee for Pre-Scheme formation period (approximately)		1,325,000	1,325,000	0.53%	Management fee of the Asset Manager for pre - Scheme formation period (Approximate) as per BSEC Directive (No.: SEC / CMRRCD / 2009 - 193 / 160) dated 28 May 2014
4	Printing & Publication Expenses	Publication of abridged version of prospectus and IPO notification on daily newspaper	700,000	1,200,000	0.48%	
		Printing of Prospectus and Application Forms	300,000			
		Other Publication and Printing	200,000			
5	Other Expenses	Post issue manager/data entry, data processing and other related job	500,000	500,000	0.20%	
Total				6,152,500	2.46%	

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

Besides the initial issue & formation expenses, during its operations, the Fund may have to incur several other expenses including paying management fee, trustee fee, custodian fee, shariah advisory fee, fund annual fee, selling agent commission, audit fee, annual CDBL fee, brokerage commission etc.

CHAPTER-6 SIZE OF THE FUND, SUBSCRIPTION FROM SPONSOR, TAX STATUS AND RIGHTS OF UNITHOLDERS

6.1 Size of the Fund

The initial target size of the Fund shall be BDT 250,000,000.00 (Twenty-Five Crore) only divided into 25,000,000 (Two Crore Fifty Lacs) units of BDT 10.00 (ten) each which, as perpetual and open-end fund, may be increased from time to time by Asset Management Company 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:

(Amount in Taka)

Subscribers	Face Value (Per Unit)	No. of Units	Amount (Taka)	Remarks
Sponsor (10% of initial target size)	10.00	2,500,000.00	25,000,000.00	Subscribed on August 26, 2021.
Institutional Investors, other Eligible Investors and Public Offer (90% of initial target size)	10.00	22,500,000.00	225,000,000.00	Yet to be subscribed
Total		25,000,000	250,000,000.00	

6.2 Subscription from Sponsor

The amount of subscription of the Sponsor (HF Asset Management Limited) portion is 10% of the initial target fund size of BDT 25.00 crore, equivalent to BDT 25,000,000.00 (Twenty-Five Crore) only divided into 2,500,000 (Twenty-Five Lacs) units of BDT 10.00 (Ten) each at par has already been subscribed on August 26, 2021, the effective date.

6.3 Tax Exemption

- Investment in the Fund by individual investors shall enjoy tax exemption benefit under Section 44(2) of the Income Tax Ordinance, 1984.
- Dividend income is also tax free up to certain limit as permitted under the Finance Act.
- Income of the Fund is also Tax exempted.

6.4 Rights of the Unit holders

- Dividend:** All the unit holders have equal but proportionate right in respect of dividend. The units carry rights to dividends as explained in the "Dividend Policy" of the Fund, set forth in Chapter-3.
- Transfer of Units:** Units of the Fund are transferable by way of inheritance/gift and/or by specific operation of law.
- Initial Price:** The initial sale price of each unit of the Fund shall be fixed at BDT 10.00 (ten). Sale price of each unit of the Fund will be fixed after achieving the initial target amount or after closing of initial public subscription period whichever is earlier.
- Sale and Re-purchase Price:** After initial public subscription of the fund, the Asset Management Company shall disclose the sales price and surrender value per unit calculated on the basis of NAV in a manner that all possible investors may be notified. The determination of Sale Price and Repurchase Price per unit of the fund shall be governed by the বিধিমালা.

- e. **Re-purchase of Units:** The unit holders may surrender their unit certificates during the business hour as specified by the Asset Management Company. The Asset Management Company shall be liable to re-purchase the units on behalf of the Fund as per rules.
- f. **Voting Rights:** All the unit holders shall have usual voting rights. Voting right can be exercised in person or by proxy in a meeting held in connection with any proposal to amend the characteristics of the Fund or any other agenda of meeting called by the Trustee in the circumstances mentioned in the Trust Deed or the বিধিমালা. In case of show of hands, every unit holder presents in person or/and by proxy shall have only one vote and on a poll, every unit holder present in person and/or by a proxy shall have one vote for every unit of which he/she is the holder.
- g. **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 Scheme.
- h. **Periodic Information:** All the unit holders of the Fund shall have the right to receive the Annual Report and Audited Accounts of the Fund. Moreover, the unit holders shall be informed of the NAV of the Fund on weekly basis through the AMC's website and newspapers.
- i. **Accounts and Information:** The Fund's financial year shall be closed on 31 December every year. Annual Report or major head of Income & Expenses Account and Balance Sheet in line with schedule VI of the বিধিমালা shall 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 or alteration of the calculation of NAV of the Fund shall be published/notified to the Stock Exchanges by the Asset Management Company as per the বিধিমালা.

CHAPTER-7 UNIT SUBSCRIPTION

7.1 Terms and Condition of Unit Subscription

- I. The Units of HFAML Shariah Unit Fund, hereinafter referred to as the Fund, may be bought and Surrendered through HF Asset Management Limited and authorized selling agents appointed by HFAML from time to time.
- II. Application must be made by Institutional investors, Individuals, Non-resident Bangladeshi (NRB), general public and other Eligible Investors 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 100 (One hundred) Units and for institutional investors is 5000 (Five thousand) Units.
- V. Application for purchase of Units should normally be accompanied by an account payee cheque/pay order/bank draft in favor of "HFAML 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 100 (one 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.

Declarations

Declarations about the responsibility of the Sponsor (Initiator)

The Sponsor, whose name appears in this Prospectus, accepts full responsibility for his Trust's contribution / portion the authenticity and accuracy of the information contained in this Prospectus and other documents regarding the Fund. To the best of the knowledge and belief of the Sponsor, who has taken all reasonable care to ensure that all 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 a uniformed decision for investment.

Sd/-
(Md. Fayekuzzaman)
Managing Director/CEO
HF Asset Management Limited

Declaration about the responsibility of the Trustee

We, as Trustee of HFAML 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 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 the relevant Rules.

Sd/-
(Md. Golam Mostofa)
Deputy General Manager
Investment Corporation of Bangladesh

Declaration about the responsibility of the Custodian

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

- i. Keep all the securities 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 সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১.

Sd/-
Tareq Refat Ullah Khan
Head of Corporate Banking
BRAC Bank Limited

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 Fund's objectives and investment strategies to the investors. We also confirm that:

- (a) The Prospectus is in conformity with the documents, materials and papers related to the issue;
- (b) All the legal requirements of the issue have been duly fulfilled; and
- (c) 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 shall make. Like any other equity investment, only investors who are willing to accept a moderate amount 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/-
(Md. Fayekuzzaman)
Managing Director/CEO
HF Asset Management Limited

Due Diligence Certificate

Due diligence certificate by Sponsor

The Chairman
Bangladesh Securities and Exchange Commission

Subject: HFAML Shariah Unit Fund.

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

- 3 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
- 4 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, Dhaka Stock Exchange (Listing) Regulations, 2015, Chittagong Stock Exchange (Listing) Regulations, 2015, Trust Deed of the Fund and the rules, orders, guidelines, directives, notifications and circulars that may be issued by 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. Fayekuzzaman)
Managing Director/CEO
HF Asset Management Limited

Due diligence certificate by Trustee

The Chairman
 Bangladesh Securities and Exchange Commission
 Securities Commission Bhaban,
 Plot: E-B/C, Agargaon, Sher-e-Bangla Nagar, Dhaka-1207, Bangladesh.

Subject: HFAML 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 সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১, Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015, Dhaka Stock Exchange (Listing) Regulations, 2015, Chittagong Stock Exchange (Listing) Regulations, 2015, Trust Deed of the Fund and the Rules, guidelines, circulars, orders and directions that may be issued by the Bangladesh Securities and Exchange Commission from time to time in this respect.

WE CONFIRM THAT:

- a) All information and documents as are relevant to the issue have been received and examined by us and the draft prospectus forwarded to the Commission have been approved by us;
- b) We have also collected and examined all other documents relating to the fund;
- c) While examining the above documents, we find that all the requirements of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১ have been complied with;
- d) We shall act as trustee of the fund as mentioned above as per provisions of the trust deed executed with the sponsor and shall assume the duties and responsibilities as described in the trust deed and other constitutive documents;
- e) We shall also abide by the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১ 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. Golam Mostofa
 Deputy General Manager
 Trustee Department
 Investment Corporation of Bangladesh

Due diligence certificate by Custodian

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

Subject: HFAML Shariah Unit Fund

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

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

WE CONFIRM THAT:

We will keep all the securities (both listed and Non-listed) and Assets of the " HFAML 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;

We shall act as custodian of the fund as mentioned above as per provisions of the custodian agreement executed with the asset management company and shall assume the duties and responsibilities as described in the trust deed of the mentioned fund and other constitutive documents;

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

We shall act to our best for the benefit and sole interests of the unit holders of the fund.

For Custodian,

Sd/-
Tareq Refat Ullah Khan
DMD and Head of Corporate Banking
BRAC Bank Limited

Due diligence certificate by Asset Manager

The Chairman
Bangladesh Securities and Exchange Commission
Securities Commission Bhaban,
Plot: E-B/C, Agargaon, Sher-e-Bangla Nagar, Dhaka-1207, Bangladesh.

Subject: HFAML 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 সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১, Bangladesh Securities and Exchange Commission (Public Issue) Rules, 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/-

(Md. Fayekuzzaman)
Managing Director/CEO
HF Asset Management Limited