

“শেয়ারবাজারে বিনিয়োগ ঝুঁকিপূর্ণ, জেনে ও বুঝে বিনিয়োগ করুন”

“Investment in capital market involves certain degree of risks. The investors are required to read the prospectus and risk factors carefully, assess their own financial conditions and risk taking ability before making their investment decisions.”

## PROSPECTUS For SEML IBBL Shariah Fund

<b>Size of the fund</b>	:	Tk. 1,00,00,00,000/- divided into 10,00,00,000 units at par value of Tk. 10 each
<b>Sponsor's contribution</b>	:	5,00,00,000 units of Tk. 10 each at par for Tk. 50,00,00,000/-
<b>Pre-IPO placement</b>	:	2,50,00,000 units of Tk. 10 each at par for Tk. 25,00,00,000/-
<b>Public offer</b>	:	2,50,00,000 units of Tk. 10 each at par for Tk. 25,00,00,000/-
<b>Details of Public Offer</b>		
<b>Reserved for mutual funds</b>	:	25,00,000 units of Tk. 10 each at par for Tk. 2,50,00,000/-
<b>Other eligible investors</b>	:	1,00,00,000 units of Tk. 10 each at par for Tk. 10,00,00,000/-
<b>Non-Resident Bangladeshi</b>	:	25,00,000 units of Tk. 10 each at par for Tk. 2,50,00,000/-
<b>General Public</b>	:	1,00,00,000 units of Tk. 10 each at par for Tk. 10,00,00,000/-

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

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

**THE SPONSOR, ASSET MANAGEMENT COMPANY OR THE FUND IS NOT GRUNTEEING ANY RETURNS**

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

The Issue/Fund shall be placed in "A" category. The Fund shall apply for listing with both the Stock Exchanges.

### Sponsor

**Islami Bank Bangladesh Limited (IBBL)**

### Trustee & Custodian

**Investment Corporation of Bangladesh (ICB)**

### Asset Management Company

**Strategic Equity Management Limited**

### Subscription

Subscription opens: December 11, 2016

Subscription closes (cut-off date): December 21, 2016

Date of Publication of Prospectus: November 15, 2016

Date of Issuance of Prospectus: November 13, 2016



**Islami Bank  
Bangladesh Limited**



## Fund Directory

<b>Sponsor</b>	<b>Islami Bank Bangladesh Limited (IBBL)</b> Islami Bank Tower 40, Dilkusha C/A Dhaka - 1000 Bangladesh	<b>Trustee</b>	<b>Investment Corporation of Bangladesh (ICB)</b> BDBL Building (12-15th Floors) 8, Rajuk Avenue, Dhaka-1000
<b>Custodian</b>	<b>Investment Corporation of Bangladesh (ICB)</b> BDBL Building (12-15th Floors) 8, Rajuk Avenue, Dhaka-1000	<b>Asset Management Company</b>	<b>Strategic Equity Management Limited</b> Park View Mansion 70, Park Road, Baridhara, Dhaka – 1212 Tel: +88029821330 Email: info@strategic-bd.com Website: www.strategic-bd.com
<b>Auditor</b>	<b>Mahfel Haq &amp; Co.</b> 34 (4 <sup>th</sup> Floor), Topkhana Road Dhaka 1000	<b>IPO Collection</b>	All eligible TREC Holders and Merchant Bankers shall receive the IPO Subscription

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

**Strategic Equity Management Limited**  
House no - 99 (12<sup>th</sup> Floor)  
Road no -11, Banani  
Dhaka- 1212  
Tel: +88 029821330  
Email: info@strategic-bd.com  
Website: www.strategic-bd.com

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

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

## Definition and Elaboration of the abbreviated words and definitions used in the Prospectus

Term Definition		
Item		Abbreviation and Definition
<b>Act</b>	:	The Securities and Exchange Commission Act 1993
<b>Allotment</b>	:	Letter of Allotment for units
<b>AMC</b>	:	The Asset Management Company (AMC) refers to “Strategic Equity Management Limited” registered with the Registrar of Joint Stock Companies and Firms.
<b>BB</b>	:	Bangladesh Bank
<b>BEFTN</b>	:	Bangladesh Electronic Fund Transfer Network
<b>B/O A/C</b>	:	Beneficial Owner Account or Depository Account
<b>BDT</b>	:	Bangladeshi Taka
<b>BSEC</b>	:	Bangladesh Securities and Exchange Commission
<b>CEO/MD</b>		Chief Executive Officer/ Managing Director
<b>CDBL</b>	:	Central Depository Bangladesh Limited
<b>Commission</b>	:	Bangladesh Securities and Exchange Commission
<b>Companies Act</b>	:	Companies Act, 1994 (Act number: 18 of 1994)
<b>Confirmation of Unit Allocation</b>	:	Letter confirming allocation of Units
<b>CSE</b>	:	Chittagong Stock Exchange Limited
<b>Custodian of the Fund</b>	:	Investment Corporation of Bangladesh (ICB)
<b>Cut -off Date</b>	:	Subscription Closing Date
<b>DSE</b>	:	Dhaka Stock Exchange Limited
<b>Dividend</b>	:	Income distributed by the Fund, when / where applicable
<b>Effective Date</b>	:	The date of registration of Trust Deed
<b>EI</b>	:	Eligible Investor or EI means the institution who has business operation/ investment in Bangladesh as per Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015
<b>EPU</b>	:	Earnings Per Unit
<b>FC Account</b>	:	Foreign Currency Account
<b>FI</b>	:	Financial Institutions
<b>Government</b>	:	The Government of People's Republic of Bangladesh
<b>IBBL</b>	:	Islami Bank Bangladesh Limited
<b>ICB</b>	:	Investment Corporation of Bangladesh
<b>IDRA</b>	:	Insurance Development & Regulatory Authority
<b>IPO</b>	:	Initial Public Offering
<b>Issue</b>	:	Public Issue
<b>Mutual Fund Rules</b>	:	সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১
<b>MSND A/C</b>	:	Mudaraba Special Noticed Deposit Account
<b>NBFI</b>	:	Non-banking Financial Institutions
<b>NAV</b>	:	Net Asset Value of the Fund
<b>NBR</b>	:	National Board of Revenue

<b>NRB</b>	:	Non-Resident Bangladeshis means Bangladeshi citizens staying abroad including all those who have dual citizenship (provided they have a valid Bangladeshi passport) or those, whose foreign passport bears a stamp from the concerned Bangladesh Embassy/High Commission to the effect that no visa is required to travel to Bangladesh
<b>Offering Price</b>	:	Price of the Securities of the Fund being offered
<b>Offer Document</b>	:	This document issued by SEML IBBL Shariah Fund, offering units of the Fund for subscription. Any modifications to the offer document will be made by way of an addendum which will be attached to offer document. On issuance of any such addendum, prior approval from BSEC is required and the offer document will be deemed to be updated by the addendum.
<b>Prospectus</b>	:	The advertisements or other documents (approved by the BSEC), which contain the investment and all other information in respect of the Mutual Fund regulation.
<b>Reinvestment</b>	:	Distribution of profit by issuing new units at the valuation of most recent declared NAV per unit or amended by BSEC from time to time.
<b>RJSC</b>	:	Registrar of Joint Stock Companies & Firms
<b>SEML</b>	:	Strategic Equity Management Limited
<b>Sponsor</b>	:	Sponsor of the Fund hereby Islami Bank Bangladesh Limited (IBBL)
<b>Subscription</b>	:	Application Money
<b>Trustee of the Fund</b>	:	Investment Corporation of Bangladesh (ICB)
<b>The Fund</b>	:	SEML IBBL Shariah Fund
<b>Unit Holder</b>	:	A person holding units of SEML IBBL Shariah Fund
<b>Units</b>	:	Units of the Fund

“CONSENT 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 BANGLADESH SECURITIES AND EXCHANGE COMMISSION (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১. IT MUST BE DISTINCTLY UNDERSTOOD THAT IN GIVING THIS CONSENT THE COMMISSION DOES NOT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL SOUNDNESS OF THE FUND, ANY OF ITS SCHEMS OR THE ISSUE PRICE OF 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 OR WITH THE CUSTODIAN. “

"Investment in SEML IBBL SHARIAH FUND involves a degree of risk and investors should not invest any funds in this offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this offer. For taking an investment decision, investors must rely on their own examination of the AMC and the offer including the risks involved. The securities have not been recommended by the Bangladesh Securities and Exchange Commission (BSEC) nor does BSEC guarantee the accuracy or adequacy of this document. Specific attention of investors is invited to the statement of 'risk factors' given."

" The Asset Management Company, in addition to the sponsor, having made all reasonable inquiries, accepts responsibility for and confirms that this prospectus contains all material information with regard to the fund, that the information contained in the prospectus are true, fair and correct in all material aspects and are not misleading in any respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect."

## FUND HIGHLIGHTS

<b>Name</b>	:	<b>SEML IBBL Shariah Fund</b>
<b>Type</b>	:	Close-End Mutual Fund
<b>Sponsor</b>	:	Islami Bank Bangladesh Limited (IBBL).
<b>Size of the Fund:</b>	:	Tk. 100.00 (One Hundred) crore only divided into 10,00,00,000 units at par value of Tk. 10.00 each.
<b>Face Value:</b>	:	Tk. 10.00 per unit.
<b>Life of the Fund</b>	:	Ten years
<b>Trustee</b>	:	Investment Corporation of Bangladesh (ICB)
<b>Custodian</b>	:	Investment Corporation of Bangladesh (ICB)
<b>Objective:</b>	:	The objective of the Fund is to provide attractive dividend to the unit holders by investing the proceeds in the various shariah compliant financial instruments in the Bangladesh Capital as well as Money Markets.
<b>Target Group:</b>	:	Individuals, institutions, Non-Resident Bangladeshis (NRB), mutual funds and collective investment schemes are eligible to apply for investment in the Fund.
<b>Shariah Advisory Board</b>	:	The Fund shall be managed under Shariah Law. In this regard, a “SEML Shariah Supervisory Guideline” has been designed to ensure the compliance of Shariah Law. Under this Guideline, a Shariah Supervisory board consisting renowned Islamic Scholars and professional fund managers is already formed. This board will work closely with SEML to ensure compliance of investment management as per Shariah Law.
<b>Dividend:</b>	:	Minimum 70% net income of the Fund will be distributed as cash dividend or reinvestment or both cash dividend and reinvestment at the end of each accounting year. The Fund shall create a dividend equalization reserve fund to ensure consistency in dividend.
<b>Mode of Distribution:</b>	:	The dividend will be distributed within 45 days from the date of declaration.
<b>Transferability:</b>	:	Units are transferable. The transfer will be made by the CDBL under electronic settlement process.
<b>Encashment</b>	:	The Fund will be listed with DSE and CSE. So, investment in this Fund will easily be en-cashable.
<b>Tax Benefit:</b>	:	<p>a) Income from a mutual fund or a unit fund up to tk. 25,000.00 (Twenty-Five Thousand) is exempted from tax under Income Tax Ordinance 1984.</p> <p>b) Any sum invested by an assessee, being an individual, in the acquisition, of any mutual fund listed with any stock exchange under section 44 (2) of the Income Tax Ordinance, 1984 qualify for tax exemption.</p> <p>c) Gain Tax is fully exempted for the investment in Mutual Fund according to এস, আর, ও নং ১৯৬-আইন/আয়কর/২০১৫.</p>
<b>Report &amp; Accounts:</b>	:	Every unit holder is entitled to receive annual report together with the yearly and half-yearly statements of accounts as and when published.

## Risk Factors

*Investing in the **SEML IBBL Shariah Fund** (hereinafter the Fund) involves certain risks that investors should carefully consider before investing in the Fund. Investment in the capital market and in the Fund bears certain risks that are normally associated with making investments in securities including loss of principal amount invested. There can be no assurance that the Fund will achieve its investment objectives. The Fund value can be volatile and no assurance can be given that investors will receive the amount originally invested. When investing in the Fund, investors should carefully consider the risk factors outlined below, which are not necessarily exhaustive or mutually exclusive:*

- 1. General:** There is no assurance that the Fund will be able to meet its investment objective and investors could potentially incur losses, including loss of principal when investing in the Fund. Investment in the Fund is not guaranteed by any government agency, the Sponsor or the AMC. Mutual funds and securities investments are subject to market risks and there can be no assurance or guarantee that the Fund's objectives will be achieved. As with any investment in securities, the Net Asset Value of the Fund may go up or down depending on the various factors and forces affecting the capital market and money market. Past performance of the Sponsors and their affiliates and the AMC do not indicate the future performance of the Fund. Investors should study this Offer Document carefully before investing.
- 2. External Risk Factor:** Performance of the Fund is substantially dependent on the macroeconomic situation and in the capital market as well as money market of Bangladesh. Political and social instability may have an adverse effect on the value of the Fund's assets. Adverse natural calamities may impact the performance of the Fund.
- 3. Market Risk:** The Bangladesh capital market is highly volatile and mutual fund prices and prices of securities can fluctuate significantly. The Fund may lose its value or incur a sizable loss on its investments due to such market volatility. Stock market trends indicate that prices of majority of all the listed securities move in unpredictable direction which may affect the value of the Fund. Furthermore, there is no guarantee that the market prices of the units of the Fund will fully reflect in their underlying Net Asset Values.
- 4. Concentration Risk:** Due to a limited number of listed Shariah Compliant securities in both the DSE and CSE, it may be difficult to invest the Fund's assets in a widely diversified portfolio as and when required to do so. Due to a very thin secondary bond/debt market in Bangladesh, it would be difficult for the Fund Manager to swap between asset classes, if and when required. Limited options in the Shariah based money market instruments will narrow the opportunity of short term or temporary investments of the Fund which may adversely impact the returns.
- 5. Dividend Risk:** Despite careful investment selection of companies in the Fund, if the companies fail to provide the expected dividend or fail to disburse the dividends declared in a timely manner, this will impact the income of the Fund and the overall return of the Fund.
- 6. Underlying Liquidity Risk:** For investing in Pre-Public Offer Placement securities i.e. in unlisted equity securities by the Fund, may involve liquidity risk. In addition, market conditions and investment allocation may have an impact on the ability to sell securities during periods of market volatility. Bond/Money Market securities, while somewhat less liquid, lack a well-developed secondary market, which may restrict the selling ability of the Fund and may lead to the Fund incurring losses till the security is finally sold. While securities that are listed on the stock exchange carry lower liquidity risk, the ability to sell these investments is limited by the overall trading volume on the stock exchanges and may lead to the Fund incurring losses till the security is finally sold.



7. **Investment Strategy Risk:** Since the Fund will be an actively managed investment portfolio; the Fund is subject to management strategy risk. Although the AMC will apply its investment process and risk minimization techniques when making investment decisions for the Fund, there can be no guarantee that such process and techniques will produce the desired outcome.
8. **Credit Risk:** Since the Fund will seek to invest as per the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১ in both equity and shariah compliant bond; the credit risk of the shariah compliant bond issuers is also associated with the Fund. Investment in shariah compliant bond are subject to the risk of an issuer's inability to meet repayments on its obligations and market perception of the creditworthiness of the issuer of the securities.
9. **Yield Risk:** The Net Asset Value (NAV) of the Fund, to the extent invested in shariah compliant bond and Money Market instruments, will be affected by changes in the general level of yield. The NAV of the Fund is expected to increase from a fall in yield level in the economy while it would be adversely affected by an increase in the level of yield rates. In addition, zero coupon securities do not provide periodic repayments to the holder of the security; these securities are more sensitive to changes in yield level in the economy. Therefore, the yield risk of zero coupon securities is higher. The AMC may choose to invest in shariah compliant zero coupon securities that offer attractive yields which may increase the risk of the portfolio.
10. **Issuer Risk:** In addition to market and price risk, value of an individual security can, in addition, be subject to factors unique or specific to the issuer, including but not limited to management malfeasance, lack of accounting transparency, management performance, corporate governance management decision to take on financial leverage. Such risk can develop in an unpredictable fashion and can only be partially mitigated, and sometimes not at all, through research or due diligence. To the degree that the Fund is exposed to a security whose value declines due to issuer risk, the Fund's value may be impaired.

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



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## 1 Preliminary

### 1.1 Publication of prospectus for public offering

Strategic Equity Management Limited 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 (নিউচ্যুয়াল ফান্ড) বিধিমালা, ২০০১, made there under and also received approval for issuing prospectus of the public offering available for public inspection at the registered office of the Fund.

### 1.2 Approval 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 (নিউচ্যুয়াল 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 OF PRICE OF ITS UNITS OR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINION EXPRESSED WITH REGARD TO THEM. SUCH RESPONSIBILITY LIES WITH THE ASSET MANAGER, TRUSTEE, SPONSOR AND/OR CUSTODIAN.”

### 1.3 Listing of the fund

#### Declaration about Listing of Fund with the Stock Exchange(s):

“None of the Stock Exchange(s), if for any valid reason, grants listing within **30 (thirty) working days** from the closure of subscription, any allotment in terms of this Prospectus shall be void and the Asset Management Company shall refund the subscription money within **15 (fifteen) days** from the date of refusal for listing by the stock exchange(s), or from the date of expiry of the said **30 (thirty) working days**, as the case may be.

In case of non-refund of the subscription money within the aforesaid **15 (fifteen) days**, the Asset Management Company, shall be liable for refund of the subscription money, with interest at the rate of **2% (two percent) per month** above the bank rate, to the subscribers concerned.

The Asset Management Company, in addition to the Sponsor and Trustee, shall ensure due compliance of the abovementioned conditions and shall submit compliance report thereon to the Commission within **07 (seven) days** of expiry of the aforesaid **15 (fifteen) days**’ time period allowed for refund of the subscription money.”

## 1.4 Documents available for inspection

1. Copy of this Prospectus will be available with the TREC Holders of the Stock Exchanges, registered office and website of Strategic Equity Management Limited (SEML) ([www.strategic-bd.com](http://www.strategic-bd.com)) and also at the website of Bangladesh Securities and Exchange Commission ([www.sec.gov.bd](http://www.sec.gov.bd)).
2. Copy of Trust Deed and Investment Management Agreement will be available for public inspection during business hours at the corporate office of the Asset Management Company of the Fund.

## 1.5 Conditions of the Public Offer (PO)

### CONDITIONS UNDER SECTION 2CC OF THE BANGLADESH SECURITIES AND EXCHANGE ORDINANCE, 1969

#### 1.5.1 Part A:

1. The Fund shall go for Public Offer (PO) for 2,50,00,000 (two crore and fifty lac) units of Tk. 10.00 (ten) each at par worth Taka 25,00,00,000.00 (Taka twenty five Crore) following the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১, the Securities and Exchange Commission (Public Issue) Rules, 2015, the ডিপজিটরি আইন, ১৯৯৯ and regulations issued there under.
2. The prospectus /abridged version of the prospectus, as vetted by BSEC, shall be published by the AMC in 2 (two) widely circulated national daily newspapers (Bangla and English), within **05 (Five) working days** of issuance of the consent letter. The AMC shall post the full prospectus, vetted by the Bangladesh Securities and Exchange Commission, in the AMC's website and shall also put on the websites of the Commission, stock exchanges, and the AMC, within **5 (Five) working days** from the date of issuance of this letter and shall remain posted till the closure of the subscription list.
3. Sufficient copies of prospectus shall be made available by the Asset Management Company so that any person requesting a copy may receive one. A notice shall be placed on the front of the application form distributed in connection with the offering, informing that interested persons are entitled to a prospectus, if they so desire, and that copies of prospectus may be obtained from the Asset Management Company. The subscription application shall indicate in bold type that no sale of securities shall be made, nor shall any money be taken from any person, in connection with such sale until **25 (Twenty-five) days** after the prospectus has been published.
4. The AMC shall submit **40 (Forty)** copies of the printed prospectus along with a Diskette/Compact Disk (CD) prepared in "MS WORD" containing the prospectus and its abridged version, as vetted by BSEC, to the Bangladesh Securities and Exchange Commission for official record within **5 (Five) working days** from the date of publication of the abridged version of the prospectus in the newspaper.
5. The AMC shall ensure transmission of the prospectus and abridged version of the prospectus for NRBs through email, simultaneously with publication of the abridge version of prospectus, to the Bangladesh Embassies and Missions abroad and shall also ensure sending of the printed copies of abridged version of the prospectus to the said Embassies and Mission within **05 (Five) working days** of the publication date by Express Mail Service (EMS) of the postal department. A compliance report shall be submitted in this respect to the BSEC by the AMC within **02 (Two) working days** from the date of said transmission of the prospectus.
6. The paper clipping of the published prospectus/abridged version of the prospectus, all other published documents/notices regarding the Scheme shall be submitted to the Commission within **24 (Twenty-Four)** hours of the publication thereof.
7. The Asset Management Company shall maintain separate bank account(s) for collecting proceeds of the Public Offering and shall also open Foreign Currency (FC) account(s) to deposit the application money

of the Non-Resident Bangladeshis (NRBs) for Public Offer purpose, and shall incorporate full particulars of said FC account(s) in the prospectus. The AMC shall open the above-mentioned accounts for Public Offer purpose and close these accounts after refund of over-subscription money. Non-Resident Bangladeshi (NRB) means Bangladeshi citizens staying abroad including all those who have dual citizenship (provided they have a valid Bangladeshi passport) or those, whose foreign passport bears a stamp from the concerned Bangladesh Embassy/High Commission to the effect that no visa is required for traveling to Bangladesh.

8. The Asset Management Company shall ensure prompt collection/clearance of the foreign remittances of NRBs for allotment of units without any difficulty/complain.
9. The AMC shall apply to all the stock exchanges in Bangladesh for listing within **7 (Seven) working days** from the date of issuance of this letter and shall simultaneously submit the vetted prospectus with all exhibits, as submitted to BSEC, to the stock exchanges and shall also submit copy of the listing application to BSEC.
10. Declaration about listing of the Scheme with the stock exchange (s) -

**“Declaration about Listing of Shares with the stock exchange (s):**

None of the stock exchange(s), if for any reason, grants listing within **30 (thirty) working days** from the closure of subscription, any allotment in terms of this prospectus shall be void and the Asset Management Company shall refund the subscription money within **15 (Fifteen) days** from the date of refusal for listing by the stock exchanges, or from the date of expiry of the said **30 (thirty) working days**, as the case may be.

In case of non-refund of the subscription money within the aforesaid **15 (Fifteen) days**, the Asset Management Company shall be liable for refund of the subscription money, with interest at the rate of **2% (Two Percent) per month** above the bank rate, to the subscribers concerned.

The Asset Management Company, in addition to the Sponsor and Trustee, shall ensure due compliance of the above-mentioned conditions and shall submit compliance report thereon to the Commission within **07 (Seven) days** of expiry of the aforesaid **15 (Fifteen) days'** time period allowed for refund of the subscription money.”

11. The subscription list shall be opened and the sale of securities commenced after **25 (Twenty-Five) days** of the publication of the abridged version of the prospectus.
12. The IPO shall stand cancelled and the AMC shall inform the stock exchanges **within 2 (two) working days** of receiving verification report and information from CDBL to release the application money, if at least 50% of the targeted amount **under বিধি ৪৮ of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১** is not subscribed.
13. The AMC should ensure compliance of **বিধি ৪৬ of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১**.
  - a) **Under Eligible Investor (EIs): 10% of total public offering shall be reserved for Mutual Fund and 40% of total public offering shall be reserved for the Eligible Investors;**
  - b) **10% of total public offering shall be reserved for Non-Resident Bangladeshis (NRBs), and the 40% shall be reserved for subscription by others general public.**
14. a) **20% of the securities reserved for other general public shall be reserved for ক্ষতিগ্রস্ত ক্ষুদ্র বিনিয়োগকারী,**
  - b) **In case of under-subscription under any of sub-categories of eligible investor's category or general public category, the unsubscribed portion shall be added to the other sub-category of the same category. And even after adding unsubscribed portion of the sub-category with other sub-category under the same category, if the category is still remain unsubscribed, the unsubscribed portion shall be fulfilled by oversubscribed portion (if any) of other category.**

**c) In case of over subscription in general public category, The Asset Management Company shall conduct an open lottery. In case of over subscription in the eligible investor's category, securities shall be allotted on pro- rata basis.**

15. All the applicants shall first be treated as applied for one minimum market lot of **500 units worth Taka 5,000/- (Taka five thousand only)**. If, on this basis, there is over subscription, then lottery shall be held amongst the applicants allocating one identification number for each application, irrespective of the application money. In case of over-subscription under any of the categories mentioned hereinabove, the AMC shall conduct an open lottery of all the applications received under each category separately in presence of representatives from the Trustee, BSEC, the Stock Exchanges and the applicants, if there be any.
16. **An applicant cannot submit more than two applications, one in his/her own name and the other jointly with another person. In case, an applicant submits more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, 15% (fifteen) of the application money will be forfeited by the Commission and the balance amount will be refunded to the applicant.**
17. **The applicants who have applied for more than two applications using same bank account, their application will not be considered for lottery and the Commission will forfeit 15% of their subscription money too.**
18. **Making of any false statement in the application or supplying of incorrect information therein or suppressing any relevant information in the application shall make the application liable to rejection and subject to forfeiture of 25% of the application money and/or forfeiture of share (unit) before or after issuance of the same by the AMC. The said forfeited application money or share (unit) will be deposited in account of the Bangladesh Securities and Exchange Commission (BSEC). This is in addition to any other penalties as may be provided for by the law.**

#### **19. Public Offer distribution system**

- (a) Out of public offering of **Tk. 2,50,00,000.00 (two crore fifty lac)** only shall be reserved for Mutual fund, **Tk. 100,000,000 (ten crore)** only shall be reserved for Other Eligible Investors (IEs), **Tk. 2,50,00,000 (two crore fifty lac)** only for non-resident Bangladeshi (NRB) and the remaining unit of **Tk. 100,000,000 (ten crore)** only shall be reserved for subscription by other General Public including ক্ষতিগ্রস্ত ক্ষুদ্র বিনিয়োগকারী ;
- (b) All securities/units stated in Para (a) shall be offered for subscription and subsequent allotment by the Asset Management Company subject to any restriction which may be imposed from time to time by the Bangladesh Securities and Exchange Commission;
- (c) In case of **over subscription in all of the 4 (Four) sub categories** mentioned in Para (a), the Asset Management Company shall conduct an open lottery of all the applications received under each category **separately** in accordance with the BSEC's instructions;
- (d) **20% of the securities reserved for other general public shall be reserved for ক্ষতিগ্রস্ত ক্ষুদ্র বিনিয়োগকারী. In case of under-subscription under any of sub-categories of eligible investor's category or general public category, the unsubscribed portion shall be added to the other sub-category of the same category. And even after adding unsubscribed portion of the sub-category with other sub-category under the same category, if the category is still remain unsubscribed, the unsubscribed portion shall be fulfilled by oversubscribed portion (if any) of other category. In case of over- subscription in general public category, The Asset Management Company shall conduct an open lottery. In case of over subscription in the eligible investor's category, securities shall be allotted on pro- rata basis;**
- (e) The lottery as stated in Para (c) and (d) shall be conducted in presence of the authorized representatives of the BSEC, Stock Exchange(s) concerned, Sponsor, Asset Management Company, Trustee and the applicants.



20. The Asset Management Company shall furnish the List of Allotees to the Commission and the Stock Exchange(s) simultaneously in which the units will be listed, within **24 (twenty-four) hours** of allotment.
21. **Unit Certificates for 100% of the Sponsor's contribution amounting to Tk. 50,00,00,000.00 (fifty crore) shall be subject to a lock-in period of 1 (one) year from the date of listing in the Stock Exchange(s) and 1/10<sup>th</sup> of the Sponsor's contribution amounting to Tk. 5,00,00,000.00 (five crore) shall be subject to a lock-in period of full time of the Fund.**
22. All Pre-IPO placement will be in **6 (six) months** lock-in period from the date of listing of the Fund.
23. 25% Shares allotted to Eligible Investors (EI) through Initial Public Offering (IPO) shall be subject to lock-in for 03 (three) months and other 25% shares allotted to them shall be subject to lock-in for 06 (six) months from date of issuance of prospectus.
24. If the Asset Management Company fails to collect the minimum 50% of the targeted amount under বিধি ৪৮ of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (নিউচ্যুয়াল ফান্ড) বিধিমালা, ২০০১, it will **refund** the subscription money within **30 (Thirty) days** from the closure of subscription without any deduction. In case of failure, the Asset Management Company shall refund the same with interest @ 18% per annum from its own account within the next month.
25. The Asset Management Company shall apply for listing of the Scheme with Stock Exchange(s) within **7 (seven) working days** from the date of approval for publication of the prospectus.
26. The Scheme shall maintain **escrow bank account** for proceeds of public offering. The fund collected through public offering shall not be utilized prior to the allotment and shall be effected through banking channel i.e., through account payee cheque, pay order, bank draft etc.
27. The Scheme shall not be involved in **option trading**, short selling or carry forward transactions.
28. The Annual Report or its abridged version of the Scheme shall be published within **45 (forty-five) days** of the closure of each accounting year of the Scheme.
29. The Annual Report & details of investment and savings of the Scheme shall be submitted to the Commission, Trustee and Custodian of the Schemes of the Fund within **90 (ninety) days** from the closure of the accounts.
30. Half-yearly accounts/financial results of the Scheme shall be submitted to the Commission & the Stock Exchange(s) and published in at least one widely circulated Bangla national daily newspaper within **30 (thirty) days** from end of the period.
31. Dividend shall be paid within **45 (Forty-Five) days** of its declaration, and a report shall be submitted to BSEC, Trustee and Custodian within **7 (seven) days** of dividend distribution.
32. Net Asset Value (NAV) of the Fund shall be calculated and disclosed publicly as per বিধি ৬০ of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (নিউচ্যুয়াল ফান্ড) বিধিমালা, ২০০১.
33. BSEC may appoint auditors for special audit/investigation on the affairs of the Scheme, if it so desires.

## 1.5.2 Part-B

### 1.5.2.1 Step-1 (Applicant)

1. An applicant for public issue of securities shall submit application/buy instruction to the Stockbroker/ Merchant Banker where the applicant maintains customer account, within the cut-off date (i.e. the



subscription closing date), which shall be the **25<sup>th</sup> (twenty fifth) working day** from the date of publication of abridged version of prospectus.

2. The application/buy instruction may be submitted in prescribed paper or electronic form, which shall contain the Customer ID, Name, BO Account Number, Number of Securities applied for, Total Amount and Category of the Applicant. At the same time:

- a) Other than Non-Resident Bangladeshi (NRB) and Foreign applicants shall make the application money and service charge available in respective customer account maintained with the Stockbroker/Merchant Banker. No margin facility, advance or deferred payment is permissible for this purpose. In case the application is made through a margin account, the application money shall be deposited separately and the Stockbroker/Merchant Banker shall keep the amount segregated from the margin account, which shall be refundable to the applicant, if become unsuccessful.

- b) Non-Resident Bangladeshi (NRB) and Foreign applicants shall submit bank drafts (FDD), issued in favor of the mutual fund for an amount equivalent to the application money, with their application to the concerned Stockbroker/Merchant Banker. A Non-resident Bangladeshi (NRB) and Foreign applicant may also submit a single draft against 02 (two) applications made by him/her, i.e. one in his/her own name and the other jointly with another person. The draft (FDD) shall be issued by the Bank where the applicant maintains NITA/Foreign Currency account debiting the same account. No banker shall issue more than two drafts from any NITA/Foreign Currency account for any public issue. At the same time, the applicant shall make the service charge available in respective customer account maintained with the Stockbroker/Merchant Banker.

#### 1.5.2.2 Step-2 (Intermediary)

3. The Stockbroker/Merchant Banker shall maintain a separate bank account only for this purpose namely “Public Issue Application Account”. The Stockbroker/Merchant Banker shall:
  - a) post the amount separately in the customer account (other than NRB and Foreign applicants), and upon availability of fund, block the amount equivalent to the application money;
  - b) Accumulate all the application/buy instructions received up to the cut-off date, deposit the amount in the “Public Issue Application Account” maintained with its bank within the first banking hour of **next working day** of the cut-off date. In case of application submitted by the Stock-dealer or the Merchant Banker’s own portfolio, the application amount should also be transferred to the “Public Issue Application Account”;
  - c) Instruct the banker to block the account for an amount equivalent to the aggregate application money and to issue a certificate in this regard.
4. Banker of the Stockbroker/Merchant Banker shall block the account as requested for, issue a certificate confirming the same and handover it to the respective Stockbroker/Merchant Banker.
5. For Non-Resident Bangladeshi (NRB) and Foreign applicants, the Stockbroker/Merchant Banker shall prepare a list containing the draft information against the respective applicant’s particulars.
6. The Stockbroker/Merchant Banker shall prepare category wise lists of the applicants containing Customer ID, Name, BO Account Number and Number of Securities applied for, and **within 03 (three) working days** from the cut-off date, send to the respective Exchange, the lists of applicants in electronic (text format with tilde ‘~’ separator) format, the certificate(s) issued by its banker, the drafts received from Non-Resident Bangladeshi (NRB) and Foreign applicants and a copy of the list containing the draft information.

7. **On the next working day**, the Exchanges shall provide the AMC with the information received from the Stockbroker/Merchant Bankers, the drafts submitted by Non-resident Bangladeshi (NRB) and Foreign applicants and the list containing the draft information. Exchanges shall verify and preserve the bankers' certificates in their custody.
8. The application/buy instructions shall be preserved by the Stockbroker/Merchant Bankers up to 6 months from listing of the securities with exchange.

#### 1.5.2.3 Step-3 (AMC of Mutual Fund)

9. The Asset Management Company (AMC) shall prepare consolidated list of the applications and send the applicants' BOIDs in electronic (text) format in a CDROM to CDBL for verification. The AMC shall post the consolidated list of applicants on its website and websites of the Exchanges. CDBL shall verify the BOIDs as to whether the BO accounts of the applicants are active or not.
10. **On the next working day**, CDBL shall provide the AMC with an updated database of the applicants containing BO Account Number, Name, Addresses, Parents' Name, Joint Account and Bank Account information along with the verification report.
11. After receiving verification report and information from CDBL, the AMC shall scrutinize the applications, prepare category wise consolidated lists of valid and invalid applications and submit report of final status of subscription to the Commission and the Exchanges **within 10 (ten) working days** from the date of receiving information from the Exchanges.
12. The AMC of mutual fund shall conduct category wise lottery with the valid applications **within 03 (three) working days** from the date of reporting to the Commission and the Exchanges, if do not receive any observation from the Commission or the Exchanges.
13. The AMC of mutual fund shall arrange posting the lottery result on their websites within **06 (six) hours** and on the websites of the Commission and Exchanges within **12 (twelve) hours** of lottery.
14. Within **02 (two) working days** of conducting lottery, the AMC shall:
  - a) Send category wise lists of the successful and unsuccessful applicants in electronic (text format with tilde '~' separator) format to the respective Exchange.
  - b) send category wise lists of unsuccessful applicants who are subject to penal provisions as per conditions of the Consent Letter issued by the Commission in electronic (text format with tilde '~' separator) format to the Commission and Exchanges mentioning the penalty amount against each applicant.
  - c) Issue allotment letters in the names of successful applicants in electronic format with digital signatures and send those to respective Exchange in electronic form.
  - d) Send consolidated allotment data (BOID and number of securities) in electronic text format in a CDROM to CDBL to credit the allotted shares to the respective BO accounts.

#### 1.5.2.4 Step-4 (Intermediary)

15. **On the next working day**, Exchanges shall distribute the information and allotment letters to the Stockbroker/Merchant Bankers concerned in electronic format and instruct them to:

- a) remit the amount of successful (other than NRB and Foreign) applicants to the AMC of mutual fund's respective Escrow Account opened for subscription purpose, and unblock the amount of unsuccessful applicants;
  - b) send the penalty amount of other than NRB and Foreign applicants who are subject to penal provisions to the mutual fund's respective Escrow Accounts along with a list and unblock the balance application money;
16. **On the next working day** of receiving the documents from the Exchanges, the Stockbrokers/Merchant Banker shall request its banker to:
- a) Release the amount blocked for unsuccessful (other than NRB and foreign) applicants;
  - b) Remit the aggregate amount of successful applicants and the penalty amount of unsuccessful applicants (other than NRB and foreign) who are subject to penal provisions to the respective 'Escrow' accounts of the AMC opened for subscription purpose.
17. **On the next working day** of receiving request from the Stockbrokers/Merchant Bankers, their bankers shall unblock the amount blocked in the account(s) and remit the amount as requested for to the fund's 'Escrow' account.
18. **Simultaneously**, the stockbrokers/Merchant Bankers shall release the application money blocked in the customer accounts; inform the successful applicants about allotment of securities and the unsuccessful applicants about releasing their blocked amounts and send documents to the Exchange evidencing details of the remittances made to the respective 'Escrow' accounts of the fund. The unblocked amounts of unsuccessful applicants shall be placed as per their instructions. The Stockbroker/Merchant Banker shall be entitled to recover the withdrawal charges, if any, from the applicant who wants to withdraw the application money, up to an amount of Tk. 5.00 (five) per withdrawal.
19. All drafts submitted by NRB or Foreign applicants shall be deposited in the Mutual fund's respective 'Escrow' accounts and refund shall be made by the AMC by refund warrants through concerned stockbroker or merchant banker or transfer to the applicant's bank account through banking channel within 10 **(ten) working days** from the date of lottery.

#### 1.5.2.5 Miscellaneous

20. The AMC, Stockbrokers and Merchant Bankers shall jointly ensure compliance of the above.
21. The bank drafts (FDD) shall be issued considering TT Clean exchange rate of Sonali Bank Ltd. on the date of publication of abridged version of prospectus.
22. Amount deposited and blocked in the "Public Issue Application Account" shall not be withdrawn or transferred during the blocking period. Amount deposited by the applicants shall not be used by the Stockbrokers/Merchant Bankers for any purpose other than public issue application.
23. The AMC of Mutual Fund shall pay the costs related to data transmission, if claimed by the Exchange concerned up to an amount of Tk. 2,00,000.00 (taka two lac) for a public issue.
24. The Stockbroker/Merchant Bankers shall be entitled to a service charge of Tk. 5.00 (taka five) only per application irrespective of the amount or category. The service charge shall be paid by the applicant at the time of submitting application.
25. The Stockbroker/Merchant Banker shall provide the AMC with a statement of the remittance and drafts sent.

26. The AMC of Mutual Fund shall accumulate the penalty amount recovered and send it to the Commission through a bank draft/payment order issued in favor of the Bangladesh Securities and Exchange Commission.
27. The concerned Exchange are authorized to settle any complaints and take necessary actions against any Stockbroker/Merchant Banker in case of violation of any provision of the public issue application process with intimation to the Commission.

### 1.5.3 Part-C

1. The Asset Management Company (i.e. Strategic Equity Management Limited) shall ensure that the Prospectus/abridged version of the Prospectus is published correctly and in strict conformity without any error/omission, as vetted by the Bangladesh Securities and Exchange Commission.
2. The Asset Management Company shall carefully examine and compare the published Prospectus/abridged version of the Prospectus on the date of publication with the Prospectus, as vetted by BSEC. If any discrepancy/inconsistency is found, both the Sponsor and the Asset Management Company shall jointly publish a corrigendum immediately in the same newspapers concerned, simultaneously endorsing copies thereof to BSEC and the stock exchange(s) concerned, correcting the discrepancy/inconsistency as required under “Declaration” provided with BSEC.
3. The Sponsor and Asset Management Company shall immediately after publication of the Prospectus, jointly inform the Commission in writing that the published Prospectus/abridged version of the Prospectus is a verbatim copy of the Prospectus vetted by the Commission.
4. The Sponsor and the Asset Management Company shall simultaneously submit to the Commission an attested copy of the application filed with the stock exchange(s) for listing of the securities.
5. The Fund collected through public offering shall not be utilized prior to allotment and/or issuance of unit, as and when applicable, and that utilization of the said Fund shall be effected through banking channel, i.e. account payee cheque, pay order or bank draft etc.

### 1.5.4 Part-D

1. All the above conditions imposed under section 2CC of the Securities and Exchange Ordinance, 1969 shall be incorporated in the prospectus/abridged version immediately after the page of the table of contents where applicable, with a reference in the table of contents, prior to its publication.
2. The Commission may impose further conditions/restrictions etc. from time to time as and when considered necessary which shall also be binding upon the Sponsor, Asset Management Company, Trustee and Custodian.

### 1.5.5 Part – E

1. As per provision of the ডিপজিটরি আইন, ১৯৯৯ and regulations made here under, units shall only be issued in dematerialized condition. All transfer/transmission/splitting will take place in the Central Depository Bangladesh Limited (CDBL) system and any further issuance of units will be issued in dematerialized form only.

**\* An applicant (including NRB) shall not be able to apply for allotment of units without Beneficiary Owner Account (BO Account).**

2. The Asset Management Company shall also ensure due compliance of all above-mentioned conditions.

### **General Information:**

1. This prospectus has been prepared by Strategic Equity Management Company Limited based on the Trust Deed executed between Trustee and the Sponsor of the Fund, which is approved by the commission and available in public. 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.
2. 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 Strategic Equity Management Limited.
3. The issue as contemplated in this document is made in Bangladesh and is subject to the exclusive jurisdiction of the court of Bangladesh. Forwarding this prospectus to any person outside Bangladesh in no way implies that the issue is made in accordance with the laws of the country or is subject to the jurisdiction of the laws of that country.

### **1.6 Subscription**

Subscription to the SEML IBBL Shariah Fund will remain open at the opening of banking business on December 11, 2016 and will be closed at the end of the banking business on date December 21, 2016.

## 1.7 Declarations

### Declarations about the responsibility of the Sponsor

The Sponsor, whose name appears in this Prospectus, accept full responsibility for the authenticity and accuracy of the information contained in this Prospectus and other documents regarding the SEML IBBL Shariah 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 (AMC), have been met and there is no other information or documents, the omission of which may make any information or statements therein misleading.

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

Sd/-

(Mohammad Abdul Mannan)  
Managing Director & CEO  
Islami Bank Bangladesh Limited (IBBL)

### Declaration about the responsibility of the Asset Management Company

This Prospectus has been prepared by us based on the Trust Deed, Investment Management Agreement, the Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015, সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১, ডিপজিটরি আইন, ১৯৯৯, and other documents as relevant for adequate disclosure of the Fund's objectives and investment strategies to the investors. We also confirm that:

- this Prospectus is in conformity with the documents, materials and papers related to the offer;
- all the legal requirements of the issue have been duly fulfilled; and
- the disclosures made are true, fair and adequate for investment decision.

As per the rule 13 of সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১, we do hereby declare that the employees of the AMC to operate the fund are not simultaneously the employees of any Merchant Banker, Portfolio Manager, Stock Dealer or Stock Broker.

Investors should be aware that the value of investments in the Fund could be volatile and as such no guarantee can be made about the returns from the investments that the Fund will make. Like any other equity investment, only investors who are willing to accept a moderate amount of risk, should invest in the Fund. Investors are requested to pay careful attention to the "Risk Factors" as detailed in Chapter 4 and to take proper cognizance of the risks associated with any investment in the Fund.

Sd/-

(Ehsanul Kabir)  
Chief Executive Officer (Current In-Charge)  
Strategic Equity Management Limited

### **Declaration about the responsibility of the Trustee**

We, as Trustee of the SEML IBBL Shariah Fund, accept the responsibility and confirm that we shall:

- a. be the guardian of the Fund, held in trust for the benefit of the unit holders in accordance with the Rules & 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 disclosure 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/-

(Mohammed Shahjahan)  
Deputy General Manager (Custodian & Trustee)  
Investment Corporation of Bangladesh (ICB)

### **Declaration about the responsibility of the Custodian**

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

- a. keep all the securities in safe custody and shall provide the highest security for the assets of the Fund; and
- b. preserve necessary documents and record so as to ascertain movement of assets of the Fund as per সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (নিউচ্যুয়াল ফান্ড) বিধিমালা, ২০০১.

Sd/-

(Mohammed Shahjahan)  
Deputy General Manager (Custodian & Trustee)  
Investment Corporation of Bangladesh (ICB)



## 1.8 Due Diligence Certificate

### DUE DILIGENCE CERTIFICATE BY SPONSOR

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

Chairman  
Bangladesh Securities and Exchange Commission  
Jiban Bima Tower, 10 Dilkusha C/A  
Dhaka-1000

Subject: SEML IBBL Shariah Fund.

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

1. We, as the sponsor of the above-mentioned fund, have examined the draft prospectus and other documents and materials as relevant to our decision; and
2. We warrant that we shall comply with the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১, Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015, 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/-

(Mohammad Abdul Mannan)  
Managing Director & CEO  
Islami Bank Bangladesh Limited

**DUE DILIGENCE CERTIFICATE BY TRUSTEE**

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

Chairman  
Bangladesh Securities and Exchange Commission  
Jiban Bima Tower, 10 Dilkusha C/A  
Dhaka-1000

**Subject: SEML IBBL Shariah Fund.**

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

1. We, while act as trustee to the above mentioned fund on behalf of the investors, have examined the draft prospectus and other documents and materials as relevant to our decision; and
2. We warrant that we shall comply with the Bangladesh Securities and Exchange Commission (Mutual Fund) Rules, 2001, Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015, Dhaka Stock Exchange (Listing) Regulations, 2015, Chittagong Stock Exchange (Listing) Regulations, 2015, Trust Deed of the Fund and the Rules, guidelines, circulars, orders and directions that may be issued by the Bangladesh Securities and Exchange Commission from time to time in this respect.

**WE CONFIRM THAT:**

- a) All information and documents as are relevant to the issue have been received and examined by us and the draft prospectus forwarded to the Commission 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 Bangladesh Securities and Exchange Commission (Mutual Fund) Rules, 2001 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 Bangladesh Securities and Exchange Commission (Mutual Fund) Rules, 2001 and conditions imposed by the Commission as regards of the fund; and
- f) We shall act to our best for the benefit and sole interests of the unit holders of the fund;

For Trustee

Sd/-

Mohammed Shahjahan  
Deputy General Manager, Trustee Division  
Investment Corporation of Bangladesh (ICB)

**DUE DILIGENCE CERTIFICATE BY CUSTODIAN**

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

Chairman  
Bangladesh Securities and Exchange Commission  
Jiban Bima Tower, 10 Dilkusha C/A  
Dhaka-1000

**Subject: SEML IBBL Shariah Fund.**

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

1. We, while act as custodian to the above mentioned fund on behalf of the investors, shall comply with the Bangladesh Securities and Exchange Commission (Mutual Fund) Rules, 2001, Depository Act, 1999, Depository Regulation, 2000, Depository (User) Regulation, 2003, Trust Deed of the Fund and the Rules, guidelines, circulars, orders and directions that may be issued by the Bangladesh Securities and Exchange Commission from time to time in this respect.

WE CONFIRM THAT:

a) We will keep all the securities (both listed and unlisted) and Assets of the "SEML IBBL Shariah Fund" including Shariah complaint FDR receipts in safe and separate custody as per বিধি ৪১ of সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, 2001 and will provide highest security for the assets of the Fund;

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

c) We shall also abide by the Bangladesh Securities and Exchange Commission (Mutual Fund) Rules, 2001 and conditions imposed by the Commission as regards of the fund; and

d) we shall act to our best for the benefit and sole interests of the unit holders of the fund;

For Custodian

Sd/-

Mohammed Shahjahan  
Deputy General Manager, Trustee Division  
Investment Corporation of Bangladesh (ICB)

**DUE DILIGENCE CERTIFICATE BY ASSET MANAGER**

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

The Chairman  
Bangladesh Securities and Exchange Commission  
Jiban Bima Tower, 10 Dilkusha C/A  
Dhaka-1000, Bangladesh

**Subject: SEML IBBL Shariah Fund.**

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

1. We, while act as asset manager to the above mentioned mutual fund, declare and certify that the information provided in the prospectus, is complete and true in all respects;
2. We further certify that we shall inform the Bangladesh Securities and Exchange Commission immediately of any change in the information of the fund; and
3. We warrant that we shall comply with the Securities and Exchange Ordinance, 1969, the Bangladesh Securities and Exchange Commission (Mutual Fund) Rules, 2001, Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015, Dhaka Stock Exchange (Listing) Regulations, 2015, Chittagong Stock Exchange (Listing) Regulations, 2015, and the Rules, guidelines, circulars, orders and directions that may be issued by the Bangladesh Securities and Exchange Commission from time to time in this respect.

**WE CONFIRM THAT:**

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

For the Asset Manager

Sd/-

Ehsanul Kabir  
CEO (Current In-charge)  
Strategic Equity Management Limited

## 2 Background

### 2.1 Formation of the SEML IBBL Shariah Fund

Mutual Fund is a fund pooled from a group of investors and invested across a wide range of securities including stocks, bonds, other securities or assets, or some combination of these investments. The collection of all these securities of the mutual fund is known as its portfolio. Mutual funds are managed by a group of professional investment analysts whose aim is to maximize the risk adjusted return for the investors.

Mutual Fund is immensely popular in the global capital market. There are many countries where asset under management of mutual funds are almost half of the total market capitalization. Whether the investor is experienced or a new, mutual fund always has the potential of being value additive. A mutual fund certainly provides advantages which other instruments may not:

1. **Diversification:** By purchasing one unit of mutual fund, an investor can become owner of hundreds of different types of securities managed by that fund. To reach the same level of diversification without investing in mutual fund, an investor would require much more money.
2. **Professional fund management:** Mutual funds are managed by qualified investment professionals who do all the research and analysis on investors' behalf.
3. **Efficiency:** Mutual funds pool money from many investors so that each investor can participate in a well-diversified portfolio of shariah compliant bond/money market instruments, stocks and other equities. In addition, the cost of trading these equities is minimal when compared with individuals making their own trades.
4. **Transparency:** Mutual funds are highly regulated investment vehicles and operate under strict rules and regulations by the Bangladesh Securities and Exchange Commission.

Islami Bank Bangladesh Limited (IBBL), one of the largest and leading banks in the country, has decided to sponsor a shariah based mutual fund. Its senior management believes that returns from the mutual fund are expected to help diversify IBBL's revenue stream. In addition, by launching the SEML IBBL Shariah Fund, IBBL also looks to do its part to improve the efficiency of the Bangladeshi capital market. Therefore, SEML IBBL Shariah fund will provide an opportunity for the investors.

### 2.2 Formation of the proposed mutual fund in the context of present market scenario

Over the past decade, mutual funds have become the investor's vehicle of choice for long -term investing. A Mutual Fund pools the savings of a number of investors who share a common financial goal. Mutual Fund is one of the most preferred investment alternatives for the risk avert investors as it offers chance to invest in a diversified, professionally handled portfolio at low cost. With emphasis on increase in domestic savings and increase in investment through capital market, the need and scope for mutual fund operation has increased tremendously.

Growth and developments of various mutual funds products in the Bangladesh capital market has demonstrated to be one of the most important instruments in generating significant growth in the capital market.

A mutual fund is formed in trust that pools money from many investors and invests the money in stocks, bonds, short-term money-market instruments, other securities or assets, or some combination of these investments.

Size of MF industry in Bangladesh is very small. Currently 35 closed end mutual funds trade in the markets with Asset under Management (AUM) is over Tk. 50 billion. The AUM of mutual fund accounts for around 2.0% of total market capitalization which is very insignificant in compared to those of other developed markets.

Mutual funds have emerged as the best in terms of variety, flexibility, diversification, liquidity as well as tax benefits. Besides, through mutual funds 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' needs, however, the key is to do proper selection and have a process for monitoring and controlling. In Bangladesh, the mutual fund industry is at a growing stage and it is expected to incorporate a higher number of new funds each year.

For broadening the depth of the capital market, it is necessary to float more mutual funds, since these are good instruments of mobilizing savings and providing investment opportunities to small savers. Although still small in size, mutual funds have contributed toward broadening the base of the country's capital market and helped the investors to gain high and relatively secure returns. Despite enormous prospects of mobilizing savings and providing investment opportunities to small savers and the ability to meet different risk profiles through providing a wide range of products, one major factor as to why the mutual funds have not emerged as a preferred saving mode is the lack of availability of quality securities and the underdeveloped state of the capital market.

### 2.3 Advantages in Investing in SEML IBBL Shariah Fund

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

- **Diversified portfolio, minimized risk:** Strategic Equity Management Limited will invest the fund in a diversified portfolio, which may include investment across multiple companies, sectors, securities and different asset classes. Such diversification will minimize the investment risk for the investors while ensuring optimum risk-return tradeoff.
- **Cost effective investment:** By purchasing one unit of SEML IBBL Shariah Fund, investors will have access to a wide range of securities. This will drive down their transaction costs greatly.
- **Enhanced liquidity:** Greater participation of mutual funds will add to enhanced liquidity to the overall market and, since most mutual funds are long term investment vehicles, this will create price stability and better price discovery and reduce short term volatility in market.
- **Highly capable research team:** SEML IBBL Shariah Fund provides access to extensive local research and investment experience. The Funds Manager, SEML has developed deep insight into the dynamics of the local capital markets. The in house research team of SEML are highly capable of conducting superior market research, i.e. fundamental analysis, shariah screening analysis, quantitative analysis, risk analysis etc. and motivated in ensuring the maximized risk adjusted return for the investors. In addition, members of shariah board, who have extensive knowledge and research experience will give necessary guidance to carry out research in selecting best kind of securities according to shariah principle. Such expertise and drive will relieve the investors from any kind of emotional stress which stems from day-to-day management of individual portfolio. Investment management usually requires a significant

amount of time-consuming research; and the analysis required to identify the highest-quality securities may not be found doable for the general investor and is, therefore, best left to professional investment managers.

- **Favorable law:** Income will be tax free up to a certain level, as permitted under the Finance Act. Investment in the Fund would qualify for investment tax credit under section 44(2) of the Income Tax Ordinance, 1984.
- **High level of transparency:** Management and operations of mutual funds are subject to strict regulations from BSEC and the Trustee. BSEC closely monitors the performance of the Fund. The laws governing mutual funds require exhaustive disclosure to the regulator and general public. This makes mutual funds one of the most transparent and accountable investment instruments in Bangladesh.
- **Benefits in Shariah Mode of Investing:** The basis of Shariah based equity investing is derived by considering the established sources of Islamic Law in the following order:
  - The Holy Qur'an,
  - The Hadith - the recorded statements and practices of Prophet Muhammad (PBUH),
  - The general consensus of the Islamic Scholars and analogies from the Holy Qur'an and Hadith.

Muslims are prohibited from participating in interest-based transactions, gambling, creating or consuming products made from pork, supporting the creation of weapons of mass destruction, and more. Just this abbreviated list of prohibitions offers an idea of why Shariah Compliant Muslims can't put their money into conventional banks or purchase conventional investment instruments. However, their need for investment remains unmet. This fund will assist them to channelize their funds into Shariah Complaint Securities.

In addition to that, Islamic funds confirm that the investee company's financial position are in compliance with Shariah rules. When companies pass the Shariah screening process, they are generally found having with sound balance sheet. Strong asset bases companies are better able to protect themselves during economic downturn. Ultimately, the Islamic funds perform better in long run. That is why greater demand for Islamic Funds have been seen during global financial crisis during 2007-08.

Islamic investments are based on business contracts that increase transparency and reduce speculation so that all contract partners know what to expect and what risks are involved. Investors can expect these companies are better governed in the fund.

Islam promotes awareness of and shared responsibility for the hardships experienced by the poor. Greater implementation of Islamic principles in the financial markets can result in investments that benefit people at all points on the wealth spectrum. The potential rewards of such movement regionally, nationally, and globally are substantial and may include less violence and greater stability.

- **Other advantages:** In Bangladesh, mutual funds enjoy a 10% (ten percent) reserved quota for all Initial Public Offerings (IPOs). Given the lack of supply of high-quality scripts in the Bangladeshi stock market, IPOs in Bangladesh have historically performed very well relative to the market index and therefore, have been a major source of outperformance for the mutual fund industry in Bangladesh



- **Conversion:** On maturity i.e on completion of 10 years, fund is supposed to be liquidated or redeemed, but it can also be converted by three- fourth majority unit holders into the Open End Scheme by taking the acceptance proposal of conversion as per the rules subject to approval of the Commission.
- **Tax exemption:** Income of fund is fully tax exempted.

## 2.4 The Constitutions of the Fund

- SEML IBBL Shariah Fund has been constituted through a Trust Deed entered into between Islami Bank Bangladesh Limited (IBBL) and Investment Corporation of Bangladesh (ICB) on 26 June 2016 under the Trust Act, 1882 and Registration Act, 1908.
- The Fund was registered by the BSEC on 12 July 2016 under the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১.

## 2.5 Life of the fund

The Fund will be a closed-end mutual fund of 10 (Ten) years tenure, established with a view to broaden the base of shariah compliant investment instruments & thus to develop the capital market.

The fund may be redeem on its predetermine maturity at the end tenth year but the fund can be converted into the open end scheme by taking the acceptance proposal of conversion as per BSEC rules and subject to the approval of the commission.

## 2.6 Size, face value and market lot of the fund

- Total Fund is fixed at 10,00,00,000 (ten crore) units of Tk. 10 each totaling Tk. 100,00,00,000/-(Taka one hundred crore).
- The Sponsor's portion of the Fund is 5,00,00,000 (five crore) units of Tk. 10 each totaling Tk. 50,00,00,000/-(Taka fifty crore).-
- Size of the Pre-IPO Private Placement is 2,50,00,000 (two crore fifty lac) units of Tk. 10 each totaling Tk. 25,00,00,000/- (Taka twenty five crore)
- Size of the Initial Public Offering (IPO) is 2,50,00,000 (two crore fifty lac) units, each worth Tk. 10, totaling Tk. 25,00,00,000/- (Taka twenty five crore) available as public offering to general public, NRBs, Mutual Funds and Affected Small Investors and collective investment scheme.
- The market lot will be of 500 (five hundred) units, each worth Taka 10.00 (ten), totaling of Tk. 5,000/- (Taka five thousand only).

### 3 Investment objectives and policies

#### 3.1 Investment objective

The objective of the SEML IBBL Shariah Fund is to achieve superior risk adjusted return in the forms of capital appreciation, dividend income, and to provide attractive dividend payments to the unit holders, by investing the fund only in Shariah Compliant instruments of capital and money markets.

#### 3.2 Investment policies

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

- **Investment Exposure and Liquidity**

- The Schemes of the Fund shall not invest more than 10% of its total assets in any one particular shariah compliant company.
- The Schemes of the Fund shall not invest in more than 15% of any shariah compliant company's paid-up capital.
- The Schemes of the Fund shall not invest more than 20% of its Assets in shariah compliant shares, debentures or the other securities of a single or group.
- The Schemes of the Fund shall not invest more than 25% of its total assets in shariah compliant shares, debentures or other securities in any one industry.
- Not less than 60% of the total assets of the Fund shall be invested in shariah compliant capital market instruments out of which at least 50% will be invested in listed securities.
- Not more than 25% of the total asset of the Fund will be invested in shariah board approved fixed income securities.
- Not more than 15% of the total asset of the Fund shall be invested in shariah compliant pre-IPOs at one time.

- **Investment Decision**

- Only the Asset Management Company will make the investment decisions and place orders for securities to be purchased or sold by the Fund.
- The fund shall follow the investment objectives and investment restrictions as per the Rule. However, the AMC shall follow the Shariah guidance suggested by the Shariah Advisory Board for investment selections within the Rules.

### 3.3 Investment restrictions

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

1. The scheme has been designed for a specific objective i.e. to provide interest-free return to the investors by investing the Fund only in Shariah compliant investments.
2. The Fund shall invest both in listed and non-listed securities and other instruments as per Rules and also follow all the investment restrictions specified in the Rules/ বিধিমালা. While investment / investment restriction in securities and other instruments are subject to the investment guidelines/screening process as to be designed by the Shariah Advisory Committee of the fund.
3. The Schemes of the Fund shall not invest more than 10% of its total assets in any one particular shariah compliant company.
4. The Schemes of the Fund shall not invest in more than 15% of any shariah compliant company's paid-up capital.
5. The Schemes of the Fund shall not invest more than 20% of its Assets in shariah compliant shares, debentures or the other securities of a single or group.
6. The Schemes of the Fund shall not invest more than 25% of its total assets in shariah compliant shares, debentures or other securities in any one industry.
7. The fund shall not invest in or lend to another scheme under the same Asset Management Company.
8. 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.
৯. 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 সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১.
10. All money collected under the Fund except for the part of shariah compliant bond shall be invested only in en-cashable/transferable shariah compliant instruments, securities whether in money market or capital market or privately placed Pre-IPO equity, preference shares, and debentures or securitized bonds.
11. The Fund shall not involve itself in option trading or short selling or carry forward transaction.
12. The Fund shall not buy its own unit.
13. The Fund shall not take any loan

### 3.4 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 as per বিধি ৬০ of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১ by the total number of units outstanding. As per section 58 of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা,

২০০১, the valuation policy of investment of the Fund needs to be approved by the Commission in the Trust Deed as follows:

1. For listed securities, the average quoted closing market price on the stock exchanges on the date of valuation shall form the basis of any calculation of Net Asset Value of such securities in the portfolio of the Fund.
2. The Fund shall fix the valuation method for each of the schemes subject to prior approval of the Commission.
3. The Fund shall follow the method approved by the Commission for valuation of the non- listed investment, if any, and the Asset Management Company and the Trustee shall periodically review the value of such investment. The auditors shall comment on such investment in the annual reports of the Fund.
4. When the securities were not traded in the Stock Exchanges on the particular valuing date, immediate previous average price, which one is nearer, but no longer than 30 (thirty) days to the valuing date will be taken into account.
5. The valuation of Listed Securities not traded within previous one month will be made within reasonable standards by the Asset Management Company and approved by the Trustee and commented upon by the Auditors in the Annual Report of the mutual fund but shall not be more than the intrinsic value of the securities.
6. The valuation of investment made under Shariah complaint investments e.g. Mudaraba, Musharika, Murabaha etc. will be made by Asset Management Company in consultation with the Trustee and Shariah Advisors. The auditors will comment on the policy of valuation in the Audit Report;
7. Following the valuation criteria as set forth above, the Fund will use following formula to derive NAV per unit:

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

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

$$V_A = \text{Value of Total Assets of the Fund as on date}$$

$$L_T = \text{Total liabilities of the Fund as on date}$$

*V<sub>A</sub> = 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 + yield/profit receivables, net of tax + Issue expenses amortized as on date + Printing, publication and stationery expenses amortized as on date.*

*L<sub>T</sub> = Value of all securities payable + Payable against purchase of investments + Payable as brokerage and custodial charges + All other payable related to printing, publication and stationery + Accrued deferred expenses with regard to management fee, trustee fee, annual fee, audit fee and safe keeping fee, etc.*

### 3.5 Investment management

Strategic Equity Management Limited will have discretionary authority over the Fund's portfolio about investment decision. Strategic Equity Management Limited 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 সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১ and Trust Deed or any general directions given by the Trustee and/or by the Commission.

### 3.6 Dividend Policy

1. The accounting year of the Fund shall end on June 30 of every calendar year or as determined by the Commission.
2. In accordance with the বিধিমালা subject to approval of the Trustee and as per the declaration of the dividend in the prospectus or offer document after closing of annual accounts, the fund will declare & distribute cash dividend or re-investment units or combination of both among the unit holders of the relevant scheme which shall not be less than 70% of annual profit of that scheme or as determined by the Commission from time to time. The fund shall declare and pay dividend in cash or re-investment or both to the unit holders annually from the distributable profit, if any.
3. Before declaration of dividend, the Asset Management Company shall make a provision with agreement of the auditors for revaluation of investments caused from loss if market value of investments goes below the acquisition cost, and the method of calculation of this provision must be incorporated in the notes of accounts.
4. The Fund shall create a dividend equalization reserve by suitable appropriation from the income of the Fund to ensure consistency in dividend.
5. The Asset Management Company shall dispatch the dividend warrants at the expense of the Fund, within 45 days of the declaration of the dividend and shall submit a statement within next 7 (seven) days to the Commission, the Trustee and the Custodian.
6. Before record of ownership by the CDBL, a transferee shall not possess the right to any dividend declared by the Fund.

## 4 Risk considerations

### 4.1 Risk Factors

*Investing in the **SEML IBBL Shariah Fund** (hereinafter the Fund) involves certain risks that investors should carefully consider before investing in the Fund. Investment in the capital market and in the Fund bears certain risks that are normally associated with making investments in securities including loss of principal amount invested. There can be no assurance that the Fund will achieve its investment objectives. The Fund value can be volatile and no assurance can be given that investors will receive the amount originally invested. When investing in the Fund, investors should carefully consider the risk factors outlined below, which are not necessarily exhaustive or mutually exclusive:*

1. **General:** There is no assurance that the Fund will be able to meet its investment objective and investors could potentially incur losses, including loss of principal when investing in the Fund. Investment in the Fund is not guaranteed by any Government Agency, the Sponsor or the AMC. Mutual funds and securities investments are subject to market risks and there can be no assurance or guarantee that the Fund's objectives will be achieved. As with any investment in securities, the Net Asset Value of the Fund may go up or down depending on the various factors and forces affecting the capital market and money Market. Past performance of the Sponsors and their affiliates and the AMC do not indicate the future performance of the Fund. Investors should study this Offer Document carefully before investing.
2. **External Risk Factor:** Performance of the Fund is largely dependent on the macroeconomic situation and in the capital market as well as money market of Bangladesh. Political and social instability may have an adverse effect on the value of the Fund's assets. Adverse natural calamities may impact the performance of the Fund.
3. **Market Risk:** The Bangladesh capital market is highly volatile and mutual fund prices and prices of securities can fluctuate significantly. The Fund may lose its value or incur a sizable loss on its investments due to such market volatility. Stock market trends indicate that prices of majority of all the listed securities move in unpredictable direction which may affect the value of the Fund. Furthermore, there is no guarantee that the market prices of the units of the Fund will fully reflect their underlying Net Asset Values.
4. **Concentration Risk:** Due to a limited number of listed shariah compliant securities in both the DSE and CSE, it may be difficult to invest the Fund's assets in a widely diversified portfolio as and when required to do so. Due to a very thin secondary bond/debt market in Bangladesh, it would be difficult for the Fund Manager to swap between asset classes, if and when required. Limited options in shariah based money market instruments will narrow the opportunity of short term or temporary investments of the Fund which may adversely impact the returns.
5. **Dividend Risk:** Despite careful investment selection of companies in the Fund, if the companies fail to provide the expected dividend or fail to disburse the dividends declared in a timely manner, this will impact the income of the Fund and the overall return of the Fund.
6. **Underlying Liquidity Risk:** For investing in Pre-Public Offer Placement securities i.e. in unlisted equity securities by the Fund, may involve liquidity risk. In addition, market conditions and investment allocation may have an impact on the ability to sell securities during periods of market volatility. Bond/Money Market securities, while somewhat less liquid, lack a well-developed secondary market, which may restrict the selling ability of the Fund and may lead

to the Fund incurring losses till the security is finally sold. While securities that are listed on the stock exchange carry lower liquidity risk, the ability to sell these investments is limited by the overall trading volume on the stock exchanges and may lead to the Fund less liquid and incurring losses till the security is finally sold.

7. **Investment Strategy Risk:** Since the Fund will be an actively managed investment portfolio; the Fund is subject to management strategy risk. Although the AMC will apply its investment process and risk minimization techniques when making investment decisions for the Fund, there can be no guarantee that such process and techniques will produce the desired outcome.
8. **Credit Risk:** Since the Fund will seek to invest as per the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (নিউচ্যুয়াল ফান্ড) বিধিমালা, ২০০১ in both equity and shariah compliant bond; the credit risk of the shariah compliant bond issuers is also associated with the Fund. Investment in shariah compliant bond are subject to the risk of an issuer's inability to meet repayments on its obligations and market perception of the creditworthiness of the issuer.
9. **Yield Risk:** The Net Asset Value (NAV) of the Fund, to the extent invested in shariah compliant bond and Money Market instruments, will be affected by changes in the general level of yield. The NAV of the Fund is expected to increase from a fall in yield level in the economy while it would be adversely affected by an increase in the level of yield rates. In addition, zero coupon securities do not provide periodic repayments to the holder of the security; these securities are more sensitive to changes in yield level in the economy. Therefore, the yield risk of zero coupon securities is higher. The AMC may choose to invest in shariah compliant zero coupon securities that offer attractive yields. This may increase the risk of the portfolio.
10. **Issuer Risk:** In addition to market and price risk, value of an individual security can, in addition, be subject to factors unique or specific to the issuer, including but not limited to management malfeasance, lack of accounting transparency, corporate governance, management performance, management decision to take on financial leverage. Such risk can develop in an unpredictable fashion and can only be partially mitigated, and sometimes not at all, through research or due diligence. To the degree that the Fund is exposed to a security whose value declines due to issuer risk, the Fund's value may be impaired.

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

#### 4.2 Expected market performance of the fund

1. Mutual fund industry is still at early development stage in Bangladesh and represents around 2% of market capitalization. It is possible that demand for the SEML IBBL Shariah Fund units will be substantially match the supply of units.
2. As the overall stock market index is comparatively low now, the Fund should be able to construct portfolio at a relatively cheaper cost base.
3. Brand name of Islami Bank Bangladesh Limited (IBBL) as sponsor, Investment Corporation of Bangladesh (ICB) as Trustee and Custodian may motivate investors to invest in this Fund.
4. Strategic Equity Management Limited, one of the experienced and highly qualified investment management teams in Bangladesh as a new-generation Asset Management Company (AMC) would attract investors to invest in this Fund.



### 4.3 Who to Invest and How Much to Invest

1. Individuals who do not have tolerance of bearing risk and know nothing about the functioning of the capital market need not apply for the units of the Fund.
2. Individuals who are looking for long-term capital growth and dividend payment through investing in shariah compliant financial instruments and are comfortable with the risk associated with equity investments should consider investing in the Fund. An individual should also consider investing in the Fund if he/she 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.
3. 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.
4. Investors who are interested to grow their fund over a period of time and expecting a yearly risk adjusted return from a diversified shariah based investment portfolio, should invest in this fund as per their own investment capability.

## 5 Formation, management and administration

### 5.1 Sponsor of the Fund

#### Introduction

Islami bank Bangladesh Limited (IBBL) established in 1983, is the first Shariah based financial institution in Bangladesh which is also first of its kind in South East Asia. It is committed to conduct all banking and investment activities on the basis of interest-free profit-loss sharing system. In doing so, it has unveiled a new horizon and ushered in a new silver lining of hope towards materializing a long cherished dream of the people of Bangladesh for doing their banking transactions in line with what is prescribed by Islam. With the active co-operation and participation of **Islamic Development Bank (IDB)** and some other Islamic banks, financial institutions, government bodies and eminent personalities of the Middle East and the Gulf countries, **Islami Bank Bangladesh Limited** has by now earned the unique position of a leading private commercial bank in Bangladesh. At present IBBL is the largest private bank in the country.

#### Corporate Profile

Islami Bank Bangladesh Limited is a Joint Venture Public Limited Company engaged in commercial banking business based on Islamic Shari'ah with 60.54% foreign shareholding and 39.46% local shareholding as on July 2016. IBBL have largest branch network among the private sector Banks in Bangladesh. Up to December 2015, IBBL has 304 branches including 57 AD Branches & 03 Offshore Banking Units as well as has 13,622 staffs. In addition to that, IBBL maintains its own around 500 ATM Booths, over 50 IDM (IBBL Deposit Machine) along with 6,000 shared ATM network across the country. IBBL mobilizes over 25% of the country remittance. It is listed with both Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. Authorized Capital of the Bank is Tk. 20,000.00 Million and Paid-up Capital is Tk. 16,099.91 Million having over 50,000 shareholders as on 31st December 2015. Current market capitalization of IBBL is around Tk. 47.66 Billion.

#### Mission

The mission of Islami Bank Bangladesh Limited is to establish Islami Banking through the introduction of a welfare oriented banking system and also ensure equality and justice in the field of all economic activities, achieve balanced growth and equitable development through diversified investment operations particularly in the priority sectors and less development areas of the country to encourage socio-economic upliftment and financial services to the low-income community particularly in the rural areas.

#### Vision

The vision of Islami Bank Bangladesh Limited is to always strive to achieve superior financial performance, be considered a leading Islami Bank by reputation and performance. Their goal is to establish and maintain modern banking techniques, to ensure soundness and development of the financial system based on Islamic Principles and to become a strong and efficient organization with highly motivated professionals, working for the benefit of people, based on accountability, transparency and integrity to ensure stability of the financial systems.

#### Corporate Social Responsibility

**Islami Bank Bangladesh Limited** is dedicated itself towards the welfare for the society. It has formed a separated foundation named Islami Bank Foundation in order to conduct social-welfare activities on a broad scale. Since then, **Islami Bank Foundation** is carrying the social welfare, education, health and Medicare activities on behalf of **Islami Bank Bangladesh Limited (IBBL)**.

## Recognition

IBBL is recognized as best Managed Bank in Bangladesh by Asian Banker, a Singapore based strategic banking intelligence provider in 2016. In addition, IBBL was awarded Gold medal as “Branding Bangladesh Award” by Center for Non- Resident Bangladeshi in 2014. IBBL has been selected as the only bank from Bangladesh in top 1000 banks in the world by a UK based century old finance magazine, ‘The Banker’ published the list in its 2012 session. The Global Finance a reputed USA-based Finance Magazine, adjudged IBBL as the best Islamic Financial Institution of Bangladesh for the years 2008, 2009, 2010, 2011 & 2013.

## 5.2 Trustee & Custodian of the Fund

### Introduction

In the backdrop of rapid changes in economic policy, the Investment Corporation of Bangladesh (ICB) was established on 1 October 1976 under "The Investment Corporation of Bangladesh Ordinance, 1976" (No. XL of 1976). The establishment of ICB was a major step in a series of measures undertaken by the government to accelerate the pace of industrialization and to develop a well-organized and vibrant capital market, particularly the 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.

### Objectives

- To encourage and broaden the base of investments
- To develop the capital market
- To mobilize savings and
- To provide for matters ancillary thereto

### Operation

It is mainly an investment bank operating in Bangladesh, established to accelerate the pace of industrialization and to develop a sound securities market in Bangladesh. ICB is a leading investment banker so far engaged in Issue Management, Underwriting, Portfolio Management, Merchant Banking, Fund Management, Brokerage, Trustee and Custodian service activities and are qualified and capable to act as the Trustee & Custodian of a mutual fund.

### Recognition

Investment corporation of Bangladesh (ICB) received World Finance banking award 2013 as Best Investment Bank for the contribution in capital market development and Best Private Bank for the contribution in private sector development. ICB also received Best Presented Annual Report Awards & SAARC Anniversary Awards for Corporate Governance Disclosures-2013 Presented by SAFA and ICMAB Award of Excellence in 2014. Apart from this ICB received so many awards for their contribution in developing financial market from different bodies.

## 5.3 Asset Manager of the Fund

SEML was awarded the Asset Management Company (AMC) license from Bangladesh Securities and Exchange Commission (BSEC) in December 17, 2013. A highly capable professionals came together to form the core team of SEML. SEML has started its journey with the vision to provide unique, innovative, trustworthy solutions for both capital and money market instruments. The management team of SEML possesses world-class experience having an extensive knowledge in local business

relationship on investment management. The management is highly qualified in fund management as well as has vast knowledge in both money and capital market instruments. The Analyst team consists of highly capable young Bangladeshi talent, trained to international standards. As professional, all team members have strong background on customized and application software related to this segment of business.

In January 2016, SEML has successfully completed the listing of its first mutual fund namely SEML Lecture Equity Management Fund. The size of the fund is Tk. 50 Crore. The fund is sponsored by Lecture Publications which is the largest publication house of the country. SEML has also received the Fund Manager license from Bangladesh Securities and Exchange Commission for Alternative Investment Fund Management (AIFM), the first of this kind of license in the country to manage private equity and venture capital fund in the country. In this endeavor, SEML has formed a fund named as “Alternative Investment Fund of Bangladesh” which is the only registered Alternative Investment Fund by BSEC in the country. The targeted fund corpus of this unique investment vehicle stands at BDT 500 crore (\$62.5 Million) of which BDT 100 crore (\$12.5 Million) has already been raised. The objective of the fund is to develop private equity market in the country through equity participation with high growth potential relatively young unlisted companies.

### 5.3.1 Investment Objective

The investment objective of the fund is to provide superior risk adjusted returns over a medium to long term by investing in strong shariah compliant companies, with good management and at a great price by leveraging our time tested investment process. The investment specialists seek to provide consistent out-performance over time to its investors with a strong attention to risk management. We believe our investment process, grounded in the importance of fundamental research, allows our experienced investment professionals to identify quality growth opportunities in the capital markets.

### 5.3.2 Investment Philosophy

Our investment philosophy is that consistent and attractive risk adjusted returns can only be generated by applying a robust investment process that identifies macroeconomic trends, sector drivers, expert company analysis, and effective capital allocation on an ongoing basis.

### 5.3.3 Investment Process of SEML

The investment management operation of SEML is managed by a team of investment professionals and is guided by an Investment Committee. The Investment Committee reviews the Fund portfolio selection process to ensure Shariah compliance with the objectives set out in the Trust Deed. In addition, SEML Investment Committee pays special attention to the BSEC and shariah committee guidelines regarding restriction on investments/investment limits as prescribed from time to time; these restrictions relate to exposure to single company/group investments, investments in associate companies etc.

For selection of securities, SEML primary depends on their Shariah screening process and fundamental analysis for those Shariah complaint securities. SEML follows a bottom-up process based on a disciplined evaluation of securities. Stock selection is the major source of alpha. SEML estimates a company’s worth in two stages, quality and valuation. Quality is defined in reference to shareholder & management profile, company reputation & brand image, business focus, and corporate governance. Relative valuation is determined through comparing various ratios in terms of market, peer group and business prospects. To analyze the risk, the standard deviation, betas of the individual companies are taken into consideration along with comparing to those of market, sector

standard deviation and beta. Moreover, to minimize the risk, portfolios are well diversified across the securities and sectors. In screening the security, the liquidity is also taken into consideration.

SEML employs a five-step investment process:

- **Step 1: Quantitative Screen**

SEML creates an initial investable universe of fundamentally good companies through an investment process that begins with screening off securities as per the Shariah law and is approved by the Shariah advisory committee. SEML research team gauges' companies' future earnings and cash flows, analyze their strengths and weaknesses, and assess industry dynamics. SEML screen eliminates companies that exhibit high leverage, deep cyclicity, high capital intensity or low return on equity and Shariah non-compliant investments.

- **Steps 2: Qualitative Analysis**

SEML analyzes both past business performance and potential future opportunities. The investment team puts greater emphasis on understanding underlying business features as well as the relevant accounting issues. In addition, an in-depth evaluation of the certainty of the long-term economic characteristics of each business and the quality of its management in terms of its ability to realize the full potential of the business is conducted.

- **Step 3: Valuation**

To be qualified to portfolio, the market price of each company should have a significant discount to future earnings, cash flow and/or net asset value.

- **Step 4: Portfolio Construction**

SEML seeks to add alpha through Top-down and Bottom-up stock selection. Guidelines ensure stock selection drives performance while providing adequate diversification. Generally, no single holding accounts for more than specific percentage set by regulator and/or Investment committee of SEML in the portfolio. SEML always invests in both capital market and shariah based money market instruments at an optimum level which helps to hedging the risk of the portfolio.

- **Step 5: Monitoring and Performance evaluation of the portfolio**

Since capital market of Bangladesh is comparatively volatile, Investment Committee of SEML reviews the performance of the portfolio on weekly, monthly and quarterly basis. Investment Committee of SEML with the recommendation of Research Team ensure that the asset allocation of the portfolio between the various asset classes (shares, bonds and cash, etc.) is continually managed and rebalanced according to the changing economic cycles and financial markets.

### 5.3.4 Investment Committee

The Investment Committee (IC) of SEML is responsible for assisting the Board of Directors (BOD) in achieving the objectives of the undertaken funds by understanding the relationship between the fund disbursement and the investment policy as instructed by the BSEC, Trust Deed, সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১, shariah guidelines & other rules and regulations as imposed by competent authorities. The committee is in control of formulating the overall investment policies of the fund, subject to consent of the board, and establishing investment guidelines in continuation of the investment policies. Along with making decisions for the best asset allocation method, IC is liable for monitoring and managing the portfolio for compliance with the fund's investment guiding principles. The committee also keeps tracks of the fund's compliance with

performance objectives over time and takes action accordingly. IC stays updated of the appropriate risk management policies and takes suitable measures to minimize, to the extent possible, market, liquidity, operational, credit, diversification, dividend, strategic and other investment and asset management risks. With the help and resources of carefully selected finance professionals, IC is committed to maximize the portfolio return given the constraints of the market limitations and regulatory compliances provided by the BSEC. The foremost objective of IC is to build the value of the fund at the optimum rate possible, commensurate with the appropriate level of risk and long-term growth of capital, consistent with preservation of capital. IC is consisted with the following personnel:

1. Chief Executive Officer (CEO)
2. Chief Investment Officer (CIO)
3. Head of Research & Development

CEO chairs the committee and has the absolute rights to amend investment decisions as he deems fitting in accordance with the BOD guidelines. The decision will indeed be made on the ground of the respective policies of সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (সিউসিআইফা) বিধিমালা, ২০০১, shariah guidelines and parameters set in the Investment Policy approved by the Board of Directors (BOD) of SEML. To act outside the boundary of the proper framework, CEO must consult the BOD for instructions. IC members will have meetings on a regular basis to analyze the local and worldwide current and imminent micro and macroeconomic phenomena in order to forecast the fund's performance as a part of the ongoing research and act aptly as the situation arises. Apart from resolving investment issues, the IC has the following duties to perform:

- Reviewing overall investment policies and fund performance, portfolio construction and reconstruction, asset allocation, asset allocation ranges, prohibited investments and program expenses, and conduct ongoing manager due diligence
- Monitoring the management of the funds by reviewing written reports from investment staff and by discussions with investment staff at committee meetings that focus on the primary determinants of returns, including asset allocation and investment strategy
- Devising schemes in the categories of long term, midterm and short term investments to yield the maximum return and minimize the risk
- Overseeing investment objectives, reinvestment, accurate financing of the fund
- Improving the liquidity, cash flow and Net Asset Value (NAV) of the fund
- Evaluating investment performance of the fund based on a comparison of actual returns with the fund's absolute return objective, and with such other benchmarks as the board or committee may from time to time select. The evaluation will take into account compliance with investment policies and guidelines and risk levels
- To perform such other duties and responsibilities as are enumerated in and consistent with this charter or as delegated by the Board

#### Responsibilities of IC Members:

Members of IC	Responsibility in IC
<b>Chief Executive Officer (CEO)</b>	: Chair of IC & Monitoring
<b>Chief Investment Officer (CIO)</b>	: Compliance & Investment Management
<b>Head of Research &amp; Development</b>	: Market Research



### 5.3.5 Shariah Committee

The first shariah advisory board of the fund shall be constituted with the following members:

1. Dr. Muhammad Monjur E Elahi
2. Dr. Hasan Mohd. Moinuddin
3. Md. Mukhlesur Rahman
4. Md. Abul Hossain
5. Dr. A.K. M Mahibullah

However, any change in the Shariah Advisory Committee is subject to compliance of the “Shariah Supervisory Guidance” and intimate it to the Commission.

**Dr. Mohammad Manzur-E-Elahi** is the Assistance Professor, Dept. of Islamic Studies, National University of Bangladesh, Gazipur. He was awarded his Doctor of Philosophy degree (Ph.D.) on Islamic Shariah with specialization on Usulul Fiqh from University of Madinah. He was the President of the Association of Bangladeshi Students at Islamic University of Madinah from 1994 to 1996. He has participated in discussion and talk shows on various Islamic topics at leading and well known TV channels in Bangladesh.

**Dr. Hafez Hasan Muhammad Moinuddin** is the Associate Professor department of Islamic Studies Asian University, Dhaka. He was awarded his Doctor of Philosophy degree (Ph.D.) on the topic “Islamic Philosophy” from Ummul Qura University, Holy Makkah, K.S.A. on 1997. He has been involved in various activities as Islamic researcher and columnist. He was also an Ex-Chairman, Bangladesh Students Association, Ummul Qura University, Makkah from 1994-1997.

**Md. Mukhlesur Rahman** is the former Secretary General, Central Shariah Board for Islamic Banks of Bangladesh. He completed his M.A. in Islamic Studies from University of Dhaka in 1995. In addition, he participated in professional Course on Arabic Language and Islamic Affairs organised by Imam Mohammad Ibn Saud Islamic University, Riyadh, K.S.A. held in Dhaka in 1993. He was selected by Ministry of Foreign Affairs, Government of Bangladesh to visit Saudi Arabia and study to improve foreign remittance flow and find out easier ways to send remittance from Saudi Arabia to Bangladesh. He also attended in 3rd Shari’ah Conference on Shari’ah Boards of Islamic Financial Institutions in Bahrain held on 05 & 06 October 2003 and organized by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) at Manamah, Bahrain.

**Md. Abul Hossain** is the Deputy Managing Director (DMD) of Bangladesh Krishi Bank (BKB). He also performed the role of General Manager (GM) of Investment Corporation of Bangladesh (ICB) and worked as the representative director of ICB on the Board of Islami Bank Bangladesh Limited (IBBL) for several years. He was also a member of Executive Committee of IBBL. He completed his M.Sc. in Statistics from Jahangirnagar University, Dhaka, Bangladesh. He has expertise in System Analysis, Development, Implementation and Management of Database System. He was holding the position of Chairman in ICB Asset Management Company Ltd., ICB Securities Trading Company Ltd. and Aziz Pipes Ltd. as part of his job in Investment Corporation of Bangladesh (ICB). He was actively involved in mutual fund management, especially in Islamic Mutual Fund managed by ICB.

**Dr. A.K.M Mahibullah** is the Assistant Professor of Department of Islamic Studies of Asian University of Bangladesh, Dhaka. He was awarded his Doctor of Philosophy (Ph. D) on Arabic Literature from Aligarh Muslim University, India, 2001. He has published several publication regarding Gulf crisis & welfare under Kuwait Embassy. He is also famous for writing, translating and editing Islamic books for many years.



**The Shariah Advisory Committee shall perform the following responsibilities:**

- a. Advising the Asset Manager on matters relating to preparation of guidelines for selection/screening of acceptable companies/ instruments as per Shariah Law;
- b. Recommending general investment guidelines consistent with the Shariah Law;
- c. Approving the criteria of identifying the Haram income and recommending distribution of those income to the charitable or other institutions;
- d. Issuing certificates to the effect that the investment has been made as per Shariah Law at the end of each accounting year;
- e. 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;
- f. Trustee will determine the Shariah Advisory fee from time to time.

## 5.4 Brief profile of Directors and Senior Managements

### **Md. Ghulam Hussain, Chairman**

Mr. Md. Ghulam Hussain, the former Secretary last being the secretary of -Internal Resources Division, Ministry of Finance and ex-officio Chairman, National Board of Revenue, Government of the People's Republic of Bangladesh; an eminent figure in the field of economic and administrative reform of Bangladesh, has served the country for more than 30 years. Mr. Hussain accomplished his B. S. S. (Hons.) and M.S.S. in Economics from Dhaka University.

To mention few of his notable positions he had held throughout his entire career out of many others, Mr. Md. Ghulam Hussain worked as the Secretary of Ministry of Commerce, Additional Secretary of Ministry of Home Affairs and Director of Prime Minister's office. He was also a Project Consultant of International Trade Center, UNCTAD in Geneva, and Commercial Counselor of Bangladesh Embassy in Washington D.C. He has traveled many foreign countries for the purpose of attending important training courses, workshops, seminars and conferences. He also led delegates of several official visit to different countries represents the Government of Bangladesh.

Before joining the government services in 1982, Mr. Hussain worked in couple of international organizations as an economist/researcher. While working as a member of the Customs and Excise Cadre during 1982 to 1996, he developed a natural inclination towards resolving problems associated with the use of prohibitive tools of trade and tariffs to raise revenue. Mr. Hussain returned from USA in 2003 and joined the Ministry of Commerce and led the Ministry to the groundbreaking creation of the Public-Private Partnership (PPP) as the forerunner of this unique concept through formation of several Business Promotion Councils with the objectives of making export entities competitive. He led the councils for more than five years since inception in 2003. Mr. Hussain also worked directly with UNDP, ILO, USTR, Ministry of Labor, RMG industry and the buyers to help the industry to develop an uniform code of conduct and compliance standard. During 2007 and 2008, Mr. Hussain, as Project Director, worked for International Trade Center, UNCTAD in Geneva for leather sector development.

Among other notable assignments, Mr. Hussain Chaired the Committee of the whole of the 68th regional conference of ESCAP held in Bangkok in 2012. As Chairperson, moderated all key meetings including the inaugural and concluding sessions. Mr. Hussain also visited UNESCAP, Bangkok, and many other countries several times to participate in seminars as resource

persons/panelist/moderators. He has numerous lauded publications presented at the national and international seminars. A few of his worth mentioning publications are: “Post-MFA Issues and Challenges: Social Dimension”, published in Social Compliance and Decent Work: ILO in July 2007; “An Analytical Review on the Non-Formal Rural Credit Studies in Bangladesh”, published for Ford Foundation in 1994; “Investment Opportunities in Bangladesh: Leather & Leather Product Industries Organized by China Council for the Promotion of International Trade” on Guangdong Sub-council in November 2007; “SMEs in the Development of Bangladesh”, paper presented at a seminar organized by Commonwealth & Singapore government in Singapore, 2004 etc.

### **Professor A.S.M. Sirajul Haque, Director**

Professor A.S.M. Sirajul Haque is an outstanding and commendable personality, well known for his pedagogical career in Bangladesh. His vast expertise in the fields of financial service and academic arena has made him a valuable contributor and a charismatic leader. He has proven track record from leading financial consulting firms, as strategic consultant, advising top management on investment strategy, operational strategy, funding and administration. Professor A.S.M. Sirajul Haque is widely reputed for crafting vital strategic vision to achieve business goals.

In his most recent roles serving as a consultant in financial sectors, he advised various aspects of financial business lines in formulating strategic plans, policies to implement activities of the company and working actively with the board to give firm strategic direction to the organization, setting overall policy and guidelines, defining goals & setting divisional targets. His consistent excellence in performance has been crucial in establishing sound public relationship between the company and stakeholders. He has also played an instrumental role in automating the value chain of the organization.

Professor A.S.M. Sirajul Haque completed his B.A. (Hons.) and M.A. from University of Rajshahi. Apart from his much admired consultancy services in financial sector, he had also been a respected academician who contributed substantially in the education sector of Bangladesh. His appearance in the field of education is well appraised as he made notable contribution for education of children and adults in rural areas, those who live below the poverty line. Professor A.S.M. Sirajul Haque has also finished a myriad of valuable training programs and workshops.

### **Ehsanul Kabir, CEO (Current In-Charge)**

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. As recognition to his contribution towards the bank, Mr. Kabir was awarded the best employee award of EBL in 2007.

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 also successfully led IT team to build customized software package- a complete solution on portfolio construction, performance tracking and risk management.

In October 2011, Mr. Kabir joined Cosmopolitan Finance Limited (CFL), the merchant banking wing of Summit Group as the Head of Corporate Finance. During his tenure, he designed numerous Structured Financial Products such as Bonds, Private Equity, Mezzanine Capital, Zero Coupon Bond customized for leading local companies. He led the team to successful commencement of Merchant Banking operation in April 2012. He took a pioneer role in executing the JV with leading software company, Leads Corporation Ltd to develop a state of art 2nd generation analytical MB software,

Capita. He was instrumental in IPO closure of “Summit Purbanchol Power Company Limited”, having an Issue Size of Tk. 120 Crore.

Before joining Strategic Equity Management Ltd. (SEML), Mr. Kabir took the charge of Cosmopolitan Traders (Pvt) Limited (CTPL), the Brokerage Wing of Summit Group in May 2014. He successfully inaugurated the operation of CTPL. In less than a year, the Asset under Management (AUM) of CTPL crossed over Tk. 50.00 cr. with no of total customers exceed 500 marks.

Mr. Kabir has successfully launched a Mutual Fund of Tk. 50.00 crore, namely SEML Lecture Equity Management Fund. The Fund is sponsored by The Lecture Publications Ltd., the largest publications house of the country. The Fund has already been listed in the both Stock Exchanges of the country i.e. DSE and CSE and started its operation from January 2016. Mr. Kabir has also played the key role to launch the first ever Alternative Investment Fund in the country, namely Alternative Investment Fund of Bangladesh. The target size of the Fund is Tk. 500.00 crore of which Tk. 100.00 has already been subscribed by the Sponsor. The objective of the Fund is to invest and develop the private equity market in the country.

## 5.5 Auditors

Mahfel Haq & Co. has been appointed as the Auditor of the Fund for the first accounting year. Established in 1958, it is one of the oldest and most reputable auditing firms and is recognized as one of the leaders in contributing to professional practice for various undertakings in the public as well as private finance and other relevant sectors. The Trustee will continue to appoint the Fund Auditor throughout the tenure of the Fund.

## 5.6 Fees and expenses

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

Keeping in mind, the **fund size of Taka 100 (One Hundred) crore**, Strategic Equity Management Limited has estimated the normal annual operating expenses of the Fund, which will not exceed 4% of the weekly average NAV of the Fund. However, there may be variation in the actual operating expenses of the Fund. Major expenses of the Fund are detailed as follows:

1. **Issue and Formation Expenses:** Issue and formation expenses are estimated to be not over 5% of collected amount. The expenses will be amortized within 10 (Ten) years on a straight-line method. The estimated expenses for the issue and formation of the Fund are presented below with the assumption of Taka 100,00,00,000.00 (Taka One Hundred crore) to be collected:

SL	Type of Expenses	Percentage of total target fund	Total Tk.	Sub Total/Details	Description
1	Formation Fee Payable to AMC	1.00%	10,000,000	Set-fee	Formation fee to AMC on collected fund of approved fund size.
2	Management Fee for Pre-scheme formation period	0.55%	5,475,342	On Scheme	Management fee of AMC for pre-Scheme formation period as per BSEC directive (No-SEC/CMRRCD/2009-193/160) dated 28 May 2014.
3	Trustee Fee for Pre-scheme formation period	0.04%	356,849	On Scheme	Trustee Fee expense for pre-listing period.
4	Legal & Compliance related Expenses (Listing, Registration fees etc.)	0.77%	7,660,000		
				10,000	BSEC Application Fee
				2,000,000	BSEC Registration Fees
				1,600,000	DSE Listing Fees
				1,600,000	CSE Listing Fees
				200,000	DSE Data Transmission Fee
				200,000	CSE Data Transmission Fee
				50,000	DSE Fees (Prospectus Scrutiny)
				50,000	CSE Fees (Prospectus Scrutiny)
				350,000	CDBL Fees (IPO Fee)
				100,000	Trust Deed Registration fee
				1,500,000	Legal advisory Fee
4	Printing & Publication	0.55%	5,450,000		
				2,200,000	Publication of Abridged Version Prospectus, IPO notification in daily newspaper.
				250,000	Publication of PSI, Public notices etc. (If any)
				3,000,000	Printing of Prospectus
5	Other expenses	0.83%	8,300,000		
				3,000,000	Post Issue Manager, Data entry, Data processing & other related job
				500,000	Lottery Conduction costs
				300,000	Courier & distribution Expense
				2,500,000	Other marketing expense
				2,000,000	Misc. Expenses
	<b>Total</b>	<b>3.72%</b>	<b>37,242,192</b>		

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

2. **Management Fee:** As per সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১ the Asset Management Company shall be paid annual management fee @ 2.50% per annum of the weekly average NAV up to Tk. 5,00,00,000/- (Taka five crore) and @ 2.00% per annum for additional amount of the weekly average NAV above Tk. 5,00,00,000/- (Taka five crore) up to Tk. 25,00,00,000/- (Taka twenty five crore) and @ 1.50% per annum for additional amount of the weekly average NAV above Tk. 25,00,00,000/- (Taka twenty five crore) up to Tk. 50,00,00,000/- (Taka fifty crore) and @ 1.00% per annum for additional amount of the weekly average NAV over Tk. 50,00,00,000 (Taka fifty crore) accrued and payable half yearly.
3. **Trustee Fee:** The Fund shall pay an annual trusteeship fee of @ 0.15% of the Net Asset Value (NAV) of the fund, payable semiannually in advance during the life of the Fund.
4. **Shariah Advisory Fee:** The Shariah Advisory fee shall be determined by the Trustee from time to time.
5. **Custodian Fee:** The Fund shall pay to the custodian for safekeeping of securities @ 0.15% of balance (dematerialized and non-dematerialized) securities held by the Fund calculated on the basis of average month-end value per annum. In addition, any out of pocket expenses may be applicable to the Fund operation from time to time.
6. **CDBL Fee:** For listing with the Central Depository of Bangladesh Limited (CDBL) there are both initial and recurring expenses. An amount of Tk. 5,00,000.00 (Taka five lac) as security deposit shall be kept with the CDBL without interest during the whole life of the Fund, while an IPO fee of Tk. 2,50,000.00 (Taka two lac fifty thousand) will be paid during the public subscription. Depository connection fee is Tk. 6,000.00 (Taka six thousand) per annum. Annual fee on Face Value of Issued Eligible Security is Tk. 1,00,000.00 (Taka one lac). Documentation Fee is Tk. 2,500.00 (Taka twenty-five hundred).
7. **Fund Registration and Annual Fee:** The Fund has paid Tk. 20,00,000.00 (Taka twenty lac) (at the rate of 0.20% of the fund size) to the Bangladesh Securities and Exchange Commission (BSEC) as registration fee. In addition to that the Fund will pay an annual registration fees as per terms of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১.
8. **Listing Fee:** The usual listing fees to DSE, CSE and CDBL, annual renewal fees and other charges are to be paid by the Fund to the stock exchanges.
9. **Audit Fee:** The audit fee will be Tk. 50,000.00 (Taka fifty thousand) only for the first year and Trustee will fix audit fees for subsequent years.
10. **Brokerage Fee:** The Fund will pay to the stock broker commission of 0.20%-0.50% of the total transaction.
11. **Other Expenses:** As per terms of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১ and trust deed, AMC may charge the expense for fund launching. Those Expense are reimbursable to the AMC.

## 5.7 Limitation of expenses

1. The initial issue expenses in respect of the Fund shall not exceed 5.0% of the collected amount of the Fund. The details of which are provided in this Prospectus.
2. The total expenses charged to the Fund (except the amortization of initial issue expenses) 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, CDBL Charges, listing fees payable to the Stock Exchange(s), remuneration/fees payable to Asset Manager and the Trustee, meeting expenses (whenever held), Shariah advisory fees, the annual registration fees payable to the Commission, audit fees, cost for publication of reports & periodicals, bank charges, and all other expenses related to the operations of the Fund etc shall not exceed 4% of the weekly average value of the outstanding net assets during any accounting year.



## 6 Capital Structure, Tax Status and Rights of unit holders

### 6.1 Issue of units

The size of the Fund shall be Tk. 100,00,00,000/- (Taka One Hundred Crore only) divided into 10,00,00,000 (Ten crore) units of Tk. 10.00 each. The total distribution of units shall be as follows:

Subscribers		No of Units	Face Value (Tk.)	Amount (Tk.)	Remarks
Sponsor*		50,000,000	10.00	50,00,00,000	Subscribed
Pre-IPO Placement**		2,50,00,000	10.00	25,00,00,000	Subscribed
<b>Sub Total</b>		<b>7,50,00,000</b>		<b>75,00,00,000</b>	
<b>Under Initial Public Offering (IPO)</b>					
Mutual Funds	<b>Eligible Investors (EIs)***</b>	25,00,000	10.00	2,50,00,000	Yet to be subscribed
Other Eligible Investors		1,00,00,000	10.00	10,00,00,000	Yet to be subscribed
Non-Resident Bangladeshis (NRBs)	<b>General Public</b>	25,00,000	10.00	2,50,00,000	Yet to be subscribed
General Public		1,00,00,000	10.00	10,00,00,000	Yet to be subscribed
<b>Sub Total</b>		<b>2,50,00,000</b>		<b>25,00,00,000</b>	
<b>Total</b>		<b>10,00,00,000</b>	<b>10.00</b>	<b>100,00,00,000</b>	

\* Unit Certificates of the Sponsor's contribution amounting to Tk. 50,00,00,000/- (Fifty crore) only shall be subject to a lock-in period of one year from the date of listing in the Stock Exchange(s) and 10% of the Sponsor's contribution amounting to Tk. 5,00,00,000/- (Five Crore) only shall be subject to a lock-in period of full time of the Fund.

\*\* All Pre-IPO Placement Investments are subject to a 06 (six) months lock-in effective from date of listing of SEML IBBL Shariah Fund units on the Stock Exchanges.

\*\*\*25% Shares allotted to Eligible Investors (EI) through Initial Public Offering (IPO) shall be subject to lock-in for 03 (three) months and other 25% shares allotted to them shall be subject to lock-in for 06 (six) months from date of issuance of prospectus.

### 6.2 Pre-IPO placement

#### 6.2.1 Subscription from sponsor

Islami Bank Bangladesh Limited (IBBL), the Sponsor, has already subscribed Tk. 50,00,00,000/- (Taka fifty crore only) for 5,00,00,000 units of Tk. 10.00 each at par as per Rule 9 of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১.

#### 6.2.2 Pre-IPO investors

Investment Corporation of Bangladesh (ICB) has already subscribed Tk. 25,00,00,000/- (Taka Twenty-Five Crore Only) for 2,50,00,000 (Two crore fifty lac) units from its ICB Unit Fund with each unit worth Tk. 10.00 (Taka ten) at par. These investments are subject to a 06 (six) months lock-in from the date of listing of the SEML IBBL Shariah Fund on the Stock Exchanges.



### 6.3 Public offer

Category	Particulars	Number of units	Issue Price Unit	Amount in BDT
<b>Eligible Investors (EIs)</b>	10% of IPO i.e. 25,00,000 units shall be reserved for Mutual Fund	25,00,000	10.00	2,50,00,000
	40% of IPO i.e. 1,00,00,000 units shall be reserved for other Eligible Investors (EIs)	1,00,00,000		10,00,00,000
<b>General Public</b>	10% of IPO i.e. 25,00,000 units shall be reserved for Non-Resident Bangladeshis (NRBs)	25,00,000		2,50,00,000
	40% of IPO i.e. 1,00,00,000 units shall be reserved for General Public ক্ষতিগ্রস্ত ক্ষুদ্র বিনিয়োগকারী	1,00,00,000		10,00,00,000
<b>Total</b>		<b>2,50,00,000</b>		<b>25,00,00,000</b>

### 6.4 Tax exemption

- a) Income from a mutual fund or a unit fund up to tk. 25,000.00 (Twenty-Five Thousand) is exempted from tax under Income Tax Ordinance 1984.
- b) Any sum invested by an assessee, being an individual, in the acquisition, of any Ordinance 1984 qualify for tax exemption.
- c) Gain Tax is fully exempted for the investment in Mutual Fund according to এস, আর, ও নং ১৯৬-আইন/আয়কর/২০১৫.

### 6.5 Rights of the unit holders

- Unit holders of the Fund have a proportionate right in the beneficial ownership of the assets of the Fund.
- Dividend:** All the unit holders have equal but proportionate right with respect to dividend. Dividend will be paid in Bangladeshi Taka only.
- Transfer of units:** Units are transferable. The transfer will be made by CDBL under electronic settlement process.
- Voting Right:** All the unit holders shall have usual voting rights. Voting right can be exercised in person or by proxy in a meeting held in connection with any proposal to amend the characteristics of the Fund or any other agenda of meeting called by the Trustee in the circumstances mentioned in the Trust Deed or the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১ In case of show of hands, every unit holder present 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.

5. **Encashment:** The units will be listed with DSE and CSE. So investment in Fund will easily be encashable.

## 6.6 Beneficial interest

1. **Ownership:** The unit holders shall preserve only the beneficial interest in the trust properties on pro rata basis of their ownership of the Fund.

2. **Periodic Information:** All the unit holders of the Fund shall have the right to receive the Annual Report & Audited Accounts of the Fund. The Fund will calculate their NAV each week. Moreover, NAV of the Fund (according to cost and market price) will be informed to the Commission and to the DSE/CSE on the first business day of the week before the beginning of the trading hour. Furthermore, weekly NAV of the Fund is to be published in the notice board and website of the AMC's and as a press release to at least one daily national newspaper which covers capital market news.

3. **Accounts and Information:** The Fund's financial year will be closed on June 30th of every calendar year or as determined by the Commission. Annual report or major heads of Income & Expenditure A/C and Balance Sheet in line with schedule VI of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (নিউচ্যুয়াল ফান্ড) বিধিমালা, ২০০১, will be published within 45 (forty five) days from the closure of each accounting year.

Furthermore, the NAV, NAV per unit, any suspension or alteration of the calculation of NAV of the Fund will be published/ notified to DSE and CSE by the Asset Management Company.

## 7 Redemption/Winding up policy

### 7.1 Procedure of redemption/ winding up

1. The Fund shall be wound up on the expiry of the ten-year tenure of the Fund from the date of first listing.
2. The Fund may also 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;
3. The Fund may also be wound up if 75% of the unit holders of the scheme pass a resolution that the fund should be wound up;
4. The Fund may also be wound up if the Commission so directs in the interest of the unit-holders;
5. Where the 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 the Stock Exchange(s) and if winding up is permitted by the Commission, shall publish in two national daily newspapers including a Bengali newspaper having circulation all over Bangladesh.

### 7.2 Manner of redemption/winding up

1. The Trustee shall call a meeting of the unit holders within the period stipulated by the বিধিমালা from the date of notice to consider and pass necessary resolutions by three-fourth majority of the unit holders present and vote at the meeting for authorizing the Trustee and/or AMC or the person authorized 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.
2. The Trustee shall dispose of the assets of the Fund at the best interest of the unit holders, provided that the proceeds of sale made in pursuance of the বিধিমালা, shall in the first instance be utilized towards discharge of such liabilities as are properly due under the Fund 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 Fund as on the date when the decision for winding up was taken.
3. Within the period stipulated by the বিধিমালা 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 Fund before winding up, expenses of winding up, net assets available for distribution to the unit holders and a certificate from the auditor of the Fund.

### 7.3 Effect of redemption/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

1. Cease to carry on any business activities of the Fund.
2. Cease to create and cancel units of the Fund.
3. Cease to issue and redeem units of the Fund.

### 7.4 Conversion

The conversion of close-end Mutual Fund units to open-end Mutual Fund shall be done to comply with the conversion guideline issued by the BSEC.

## 8 Condition for public offer, allotment and application of units

### 8.1 Disclosure in respect of issuance of security demat form

As per provisions of the ডিপজিটরি আইন, ১৯৯৯, and regulations made there under, unit of the Fund will be issued in dematerialized form, only and, for this purpose, SEML IBBL Shariah Fund will sign an agreement with the Central Depository Bangladesh Limited (CDBL). Therefore, all transfers/transmissions, splitting or conversions will take place in the CDBL system.

### 8.2 Condition for Public Offer, Allotment and Application of units

#### 8.2.1 Issues of units

Subscribers		No of Units	Face Value (Tk.)	Amount (Tk.)	Remarks
Sponsor		50,000,000	10.00	50,00,00,000	Subscribed
Pre-IPO Placement		2,50,00,000	10.00	25,00,00,000	Subscribed
<b>Sub Total</b>		<b>7,50,00,000</b>		<b>75,00,00,000</b>	
<b>Under Initial Public Offering (IPO)</b>					
Mutual Funds	<b>Eligible Investors (EIs)</b>	25,00,000	10.00	2,50,00,000	Yet to be subscribed
Other Eligible Investors		1,00,00,000	10.00	10,00,00,000	Yet to be subscribed
Non-Resident Bangladeshis (NRBs)	<b>General Public</b>	25,00,000	10.00	2,50,00,000	Yet to be subscribed
General Public		1,00,00,000	10.00	10,00,00,000	Yet to be subscribed
<b>Sub Total</b>		<b>2,50,00,000</b>		<b>25,00,00,000</b>	
<b>Total</b>		<b>10,00,00,000</b>	<b>10.00</b>	<b>100,00,00,000</b>	

### 8.3 Minimum subscription for the issue

The target amount to be raised in respect of the Fund is Tk. 100,00,00,000/- (Taka One Hundred crore only) including Sponsors contribution and Pre-IPO Placement. As per সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (নিউচুয়াল ফান্ড) বিধিমালা, ২০০১, the minimum subscription will be 50 per cent of the Fund's target amount or minimum fund size of Tk. 50,00,00,000.00 (fifty crores) including Sponsor's contribution and pre-IPO Placement, whichever is higher. The Trustee and Asset Management Company shall be liable to refund to the entire amount collected if subscription stands below Tk. 50,00,00,000/-.

### 8.4 Conditions of allotment

1. 25,00,000 units of Tk. 10 each will be allotted among the Mutual Funds, 1,00,00,000 units Tk. 10 each will be allotted among other Eligible Investors (EIs), 25,00,000 units of tk. 10 each will be allotted among the Non-Resident Bangladeshis (NRBs), 1,00,00,000 units of Tk. 10 each will be allotted among the General Public including affected investors.

2. In case of over subscription in general public category, The Asset Management Company shall conduct an open lottery. In case of over subscription in the eligible investor's category, securities shall be allotted on pro- rata basis.

## 8.5 Public Offer distribution system

### 1. Public Offer system

- a. Out of public offering of **Tk. 2,50,00,000.00 (two crore fifty lac)** only shall be reserved for Mutual fund, **Tk. 100,000,000 (ten crore)** only shall be reserved for Eligible Investors (IEs), **Tk. 2,50,00,000 (two crore fifty lac)** only for non-resident Bangladeshi (NRB) and the remaining unit of **Tk. 10,00,00,000 (ten crore)** only shall be reserved for subscription by other General Public including ক্ষতিগ্রস্থ ক্ষুদ্র বিনিয়োগকারী ;
- b. All securities/units stated in Para (a) shall be offered for subscription and subsequent allotment by the Asset Management Company subject to any restriction which may be imposed from time to time by the Bangladesh Securities and Exchange Commission;
- c. In case of **over subscription in all of the 4 (Four) sub categories** mentioned in Para (a), the Asset Management Company shall conduct an open lottery of all the applications received under each category **separately** in accordance with the BSEC's instructions;
- d. **20% of the securities reserved for other general public shall be reserved for ক্ষতিগ্রস্থ ক্ষুদ্র বিনিয়োগকারী. In case of under-subscription under any of sub-categories of eligible investor's category or general public category, the unsubscribed portion shall be added to the other sub-category of the same category. And even after adding unsubscribed portion of the sub-category with other sub-category under the same category, if the category is still remain unsubscribed, the unsubscribed portion shall be fulfilled by oversubscribed portion (if any) of other category. In case of over-subscription in general public category, The Asset Management Company shall conduct an open lottery. In case of over subscription in the eligible investor's category, securities shall be allotted on pro-rata basis;**
- e. The lottery as stated in Para (c) and (d) shall be conducted in presence of the authorized representatives of the BSEC, Stock Exchange(s) concerned, Sponsor, Asset Management Company, Trustee and the applicants

## 8.6 Application for subscription

1. Application for units may be made for a minimum lot of 500 (five hundred) units to the value of Tk. 5,000/- (five thousand). Prospectus may be obtained from the registered office of the Asset Management Company, TREC Holders of the Dhaka Stock Exchange Limited, the Chittagong Stock Exchange Limited or Merchant Banks. Any application/buy instruction not meeting this criterion will not be considered for allotment purpose.
2. An applicant for units of mutual fund shall submit application/buy instruction to the Stockbroker/ Merchant Banker where the applicant maintains customer account, within the cut-off date (i.e. subscription closing date).
3. The application/buy instruction may be submitted in prescribed paper or electronic form, which shall contain the Customer ID, Name, BO Account Number, Number of Securities applied for, Total Amount and Category of the Applicant.
4. Application/buy instruction must be in full name of individuals or limited companies or trusts or societies and not in the name of firms, minors or persons of unsound mind. Application/buy instruction from insurance, financial and market intermediary companies and limited companies must be accompanied by Memorandum and Articles of Association.
5. Application must not be for less than 500 units and must be for multiples of 500 units. Any Application not meeting the above criteria will not be considered for allotment purpose.

6. Joint Application form for more than two persons will not be accepted. In the case of a joint Application each party must sign the Application form.
7. **Making of any false statement in the application or supplying of incorrect information therein or suppressing any relevant information shall make the Application liable to rejection and subject to forfeiture of Application money and/or forfeiture of the unit before or after issuance of the same by the Asset Management Company. The said forfeited Application money or unit will be deposited in account specified by the BSEC. This may be in addition to any other penalties as may be provided for by law.**
8. **An applicant cannot submit more than two applications, one in his/her own name and another jointly with another person. In case, an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, whole or part of application money may be forfeited by the Commission.**
9. Bangladeshi Nationals (including Non-Resident Bangladeshis residing/working abroad) shall be entitled to apply for Units.
10. Non-resident Bangladeshi (NRB) and Foreign applicants shall submit bank drafts (FDD), issued in favor of the Issuer/Mutual Fund for an amount equivalent to the application money, with their application to concerned Stockbroker/Merchant Banker. The draft (FDD) shall be issued by the Bank where the applicant maintains NITA/Foreign Currency account debiting the same account. No banker shall issue more than two drafts from any NITA/Foreign Currency account for any public issue. At the same time, the applicant shall make the service charge available in respective customer account maintained with the Stockbroker/ Merchant Banker.
11. The bank draft (FDD) shall be issued considering TT Clean exchange rate of Sonali Bank Ltd. on the date of publication of abridged version of prospectus.
12. The IPO subscription money collected from successful applicants (other than NRB applicants) by the Stockbrokers/Merchant Bankers will be remitted to the **Fund Manager's A/C No: 011613100000778, Account Name: SEML IBBL SHARIAH FUND (ESCROW A/C), with The Premier Bank Ltd.,** Islami Banking Branch, Mohakhali, Dhaka, Bangladesh for this purpose.
13. The IPO subscription money collected from successful NRB **applicants** in US Dollar or UK Pound Sterling or EURO shall be deposited to three FC accounts opened by the Company for IPO purpose are as follows:

SI No	Name of the FC Accounts	Account No	Bank & Branch	Currency
1	SEML IBBL SHARIAH FUND (ESCROW A/C)	011615100000105	The Premier Bank Ltd. Islami Banking Branch Mohakhali	US Dollar
2	SEML IBBL SHARIAH FUND (ESCROW A/C)	011615300000013	The Premier Bank Ltd. Islami Banking Branch Mohakhali	GBP
3	SEML IBBL SHARIAH FUND (ESCROW A/C)	011615400000012	The Premier Bank Ltd. Islami Banking Branch Mohakhali	EURO

১৪. তালিকাভুক্ত ক্ষতিগ্রস্ত ক্ষুদ্র বিনিয়োগকারীগণ সকল পাবলিক ইস্যুতে একক অথবা যৌথ হিসাবের যে কোনটি অথবা উভয়টি হতে সংরক্ষিত ২০% কোটায় আবেদন করতে পারবেন। তবে তারা ইচ্ছা করলে ক্ষতিগ্রস্ত সংরক্ষিত ২০% কোটায় আবেদন না করে সাধারণ বিনিয়োগকারীদের জন্য নির্ধারিত কোটায় আবেদন করতে পারবেন।”

**APPLICATIONS NOT IN CONFORMITY WITH THE ABOVE REQUIREMENTS AND THE INSTRUCTIONS PRINTED ON THE APPLICATION FORM ARE LIABLE TO BE REJECTED.**

## 8.7 Allotment

The AMC of the mutual fund reserves the right of accepting any application, either in whole, or in part. Within 02 (two) working days of conducting lottery, AMC shall issue allotment letters in the names of successful applicants in electronic format with digital signatures and send those to respective stock exchange(s) in electronic form on the next working day, stock exchanges shall distribute the information and allotment letters to the TREC Holders/ Merchant Bankers concerned in electronic format. The TREC Holders/ Merchant Bankers shall inform the successful applicant about the allotment of the units.



