

PROSPECTUS (ABRIDGED VERSION)

Credence First Shariah Unit Fund

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 Credence First Shariah Unit Fund (hereinafter the Fund) bear 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 investment 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 that amount will originally invested. When investing in the Fund, investors should carefully consider the risk factors outlined in the document.

The Sponsor, Asset Management Company or the Fund is not guaranteeing any returns.

Initial size of issue:

Initial size Tk. 100,000,000 (Taka Ten Crore) of 10,000,000 (One Crore) units of Tk. 10 (Taka Ten) each.

Initial / Opening price:

Tk. 10 (Taka Ten) per unit

Initial subscription period:

04 February, 2018



Sponsor and Asset Manager



Trustee & Custodian

Registered Office

Baitul View Tower (8th Floor)
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Date of publication of prospectus



Fund Highlights

Name	Credence First Shariah Unit Fund
Nature	Open-ended Mutual Fund
Life and Size of the Fund	Perpetual life and unlimited size
Sponsor	Credence Asset Management Limited (CAML)
Asset Manager	Credence Asset Management Limited (CAML)
Trustee	Investment Corporation of Bangladesh (ICB)
Custodian	Investment Corporation of Bangladesh (ICB)
Shariah Supervisory Board	The Fund will be managed under Islamic Shariah Law. To ensure that the fund is properly managed under Shariah Law, a supervisory board has been formed, which will work with CAML.
Initial Size of the Fund	Tk. 100,000,000/- (Taka ten crore) divided into 10,000,000 (one crore) Units of Tk. 10/- (Taka ten) each
Face Value	Tk. 10 (Taka ten) per Unit
Objective	The objective of the Fund is to provide attractive risk adjusted return to the unit holders by investing the proceeds in Shariah compliant instruments of the capital market and money market.
Minimum Application Amount in initial stage	Tk. 1,000/- per application (100 Units) for individuals Tk. 50,000/- per application (5,000 Units) for institutions Not applicable for SIP Investors
Transparency	NAV will be calculated on a weekly basis and shall be published on the website of the Fund Manager (www.credenceasset.com) as prescribed in the Rule.
Target Group	Individuals – both resident and non-resident, institutions – both local and foreign, mutual funds and collective investment schemes are eligible to subscribe & purchase the Units of the Fund.
Dividend	As per rule, the Fund shall distribute minimum 70% of the annual net income of the Fund as dividend in Bangladeshi Taka only at the end of each accounting year. The Fund shall create a dividend equalization reserve to ensure consistency in dividend payout.
Dividend Distribution	The dividend warrant will be distributed within 45 (Forty Five) days from the date of declaration.
Transferability	The Units of the Fund are transferable by way of inheritance/ gift and/or by specific operation of the law.
Encashment	The Unit holders can surrender and encash their Units to the Asset Manager and through the authorized selling agents appointed by the Asset Manager.



Prospectus, Reports and Accounts	Any investor can find the prospectus in at the AMC's Website (www.credenceasset.com). Every Unit holder is entitled to receive annual report along with the yearly and half-yearly statements of accounts as and when published from the website (www.credenceasset.com) of the Asset Manager.
Systematic Investment Plan (SIP) Facility	Systematic Investment Plan or SIP is a smart and hassle free mode for investing money in mutual funds. SIP allows the investor to invest a certain pre-determined amount at a regular interval (weekly, monthly, quarterly etc.). An SIP is a planned approach towards investments and helps unit holders inculcate the habit of saving and building wealth for the future. Investor can start SIP with a very small amount that is minimum Tk. 500.00.
Tax Benefits	<ol style="list-style-type: none"> 1) Income from a mutual fund or a unit fund up to Tk. 25,000.00 (Taka Twenty Five Thousand) is exempted from tax under Income Tax Ordinance, 1984. 2) Investment in the unit fund would qualify for investment tax credit under Section 44(2) of Income Tax Ordinance, 1984.

Risk Factors

Investing in the Credence First Shariah Unit Fund (hereinafter the Fund) involves certain risks normally associated with making investments in securities. There can be no assurance that the Fund will achieve its investment objectives. The value of the Fund can fluctuate to increased or decreased level. On redemption, there is no assurance that the investors will receive the amount originally invested. The Fund is suitable for investment by investors who understand the risks involved and who are willing and able to survive the loss of their investments. In particular, prospective investors should consider the following risks:

➤ General Risk

There is no assurance that the Fund will be able to meet its investment objectives and investors could potentially incur losses, including loss of principal when investing in the Fund. Investment in the Fund is not guaranteed by any government agency, the Sponsor or the AMC. Mutual Funds and securities investments are subject to market risks and there can be no assurance or guarantee that the Fund's objectives will be achieved. As with any investment in securities, the Net Asset Value of the Fund may go up or down depending on the various factors and forces affecting the capital markets. Investors should study this offer document carefully in its entirety before investing.



➤ **External Risk Factor**

Performance of the Fund is substantially dependent on the macroeconomic situation and in the capital market of Bangladesh. Political and social instability may have an adverse effect on the value of the Fund's assets. Adverse natural climatic condition may impact the performance of the Fund.

➤ **Market Risk**

Bangladesh capital market is highly volatile and prices of other 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.

➤ **Concentration Risk**

Due to the limited number of listed securities in both the stock exchanges (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 Islamic bond market in Bangladesh, it would be difficult for the Fund Manager to swap between asset classes, if and when required.

➤ **Dividend Risk**

Despite careful investment selection of companies in the Fund, if the companies fail to provide the expected dividend or fail to disburse dividends declared in a timely manner that will impact the income and the overall return of the Fund.

➤ **Underlying Liquidity Risk**

For investing in Pre-Public Offer Placement securities i.e. in the 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. While securities 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.

➤ **Investment Strategy Risk**

Since the Fund will be an actively managed 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.

➤ **Default Risk**

Since the Fund will seek to invest as per the Mutual Fund Regulations (2001) in both equity and Shariah compliant bonds, the credit risk of the Shariah compliant bonds is also associated with the Fund. Investment



in Shariah compliant bonds is subject to the risk of an issuer's inability to meet profit and principal payments on its obligations and market perception of the creditworthiness of the issuer.

➤ **Yield Risk**

The Net Asset Value (NAV) of the Fund is expected to increase consequent upon a fall in yield while it is supposed to fall with a rise in the profit rate to the extent it is invested in Islamic bond and Money Market securities. Also, zero coupon securities do not provide periodic payments to the holders and hence these are more sensitive to changes in yield level.

➤ **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, and 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.**

Chapter 1: Preliminary

1.1. Publication of Prospectus for Public Offering

Credence Asset Management Limited has received registration certificate from the Bangladesh Securities & Exchange Commission under Securities & Exchange Commission Act, 1993 and সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (সিউচিএল ফান্ড) বিধিমালা, ২০০১ made thereunder and also received consent for issuing prospectus for public offering. A complete copy of the prospectus is available for public inspection at Baitul View Tower (8th Floor), 56/1 Purana Paltan, Dhaka-1000, the corporate office of Credence Asset Management Limited – the asset manager of Credence First Shariah Unit Fund, hereinafter referred to as “the Fund”.

1.2. Consent of the Bangladesh Securities and Exchange Commission

“APPROVAL OF 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 (সিউচিএল ফান্ড) বিধিমালা, ২০০১. IT MUST BE DISTINCTLY UNDERSTOOD THAT IN GIVING THIS APPROVAL THE COMMISSION DOES NOT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL SOUNDNESS OF THE FUND, ANY OF ITS SCHEMES OR THE ISSUE PRICE OF ITS UNITS OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR



OPINION EXPRESSED WITH REGARD TO THEM. SUCH RESPONSIBILITY LIES WITH THE ASSET MANAGER, TRUSTEE, SPONSOR AND/OR CUSTODIAN."

1.3. Listing of the Fund and Operation Under CDBL

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

Units of the Fund will always be available for sale and surrender/ repurchase except on the last working day of every week and during book closure period/ record date of the Fund during first two weeks of July at the corporate office of the Asset Manager and the offices of authorized selling agents. The Asset Manager shall disclose selling price and surrender/ repurchase price of Units at the beginning of business operation on the first working day of every week as per the বিধিমালা. In case of sale/ purchase of unit of the funds by the investor, units will be transferred to the unit holders' BO accounts with CDBL.

1.4. Availability of Documents for Inspection

1. Copy of this prospectus will be available at the registered office of the Asset Manager and offices of the authorized selling agents of the Fund. This prospectus will also be available for viewing and downloading from the website of Bangladesh Securities and Exchange Commission (www.sechd.org) and the website of the Asset Manager (www.credenceasset.com).
2. Copy of the trust deed will be available for public inspection during business hours at the office of the asset manager of the Fund. Any interested person will be able to purchase a copy of the trust deed by paying the price as determined by the Asset Manager.

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

All the conditions under Section 2CC of Bangladesh Securities and Exchange Ordinance, 1969 are available in the full prospectus of Credence First Shariah Unit Fund.

1.6. General Information

The contents of this section are available in the full prospectus of Credence First Shariah Unit Fund.

1.7. Sale and Repurchase of Units

Sale and repurchase of Units of Credence First Shariah Unit Fund will commence at the counter of Credence Asset Management Limited, Baitul View Tower (8th Floor) 56/1, Purana Paltan, Dhaka-1000 and its authorized selling agents at the opening of banking business hours on and continue until winding up of the Fund.



1.8. Declarations

The declaration of responsibilities by the Sponsor, Trustee, Custodian and Asset Manager of the fund is available in the full prospectus of Credence First Shariah Unit Fund.1.9. Due Diligence Certificate

Chapter 2: Background

2.1. Formation of Credence First Shariah Unit Fund

Open-ended mutual fund is widely popular throughout the world among all kinds of investors. It is highly accepted and praised investment vehicle offering a lot more flexibility to the investors. Globally at present, most of the mutual funds are open ended ones. Even though the current capital market scenario of Bangladesh isn't yet the same, but the number of open ended funds is increasing. At present there are 32 open-ended funds in the market (as of October 2017). More funds are in the pipeline waiting to get the approval from the regulators.

Considering the vital role that open-ended mutual funds can play in improving the capital market efficiency, Credence Asset Management Limited (CAML), one of the growing asset managers, has come forward and sponsored an open-ended Shariah based mutual fund. CAML believes that introduction of open-ended Shariah based mutual funds will help to stabilize the prevailing fluctuating market and it will bring a large number of investors in the capital market who, otherwise, would have been left out of the market.

Credence Asset Management Limited, backed by a dedicated research team, is committed to the investors to provide them with the services of an experienced fund manager who handles the investment decisions based on the performance and prospects available in the market to achieve the objectives of the mutual fund scheme.

The constituents to the fund are: Credence Asset Management Limited as the Sponsor & the Asset Manager, Investment Corporation of Bangladesh (ICB) as the Trustee & the Custodian of the Fund.

2.2. The Capital Market

Bangladesh stock market has grown robustly in the last 12 years. However, the market capitalization to GDP ratio stands at around 19.50% in Bangladesh (as on June 2017). As such, we believe that here remains significant scope for development relative to many other markets, in term of increasing market turnover, depth and both local and foreign institutionalization of the market.

The Dhaka Stock Exchange (before 2013 'DGEN' & after 2013 'DSEX') rallied by 41.80% from the period 2005 to 2008. In 2007, the market rallied very strongly by 90.60%, and fell 7.10% in 2008. In 2009-10, the DSE enjoyed a strong bull rally, was up by 61.50% in 2009 and 81.50% in 2010. Subsequently, in 2011, 2012 and 2013 market provided a return of -36.70%, -21.70% and 5.20% respectively. In 2014, market gained some momentum with 13.50% return. In the year 2015 market generated a negative return of 6.30%. However, in 2016 market generated a positive return of 8.90% (Source: DSE).

The market is largely equity based, which provides ample opportunities for a Mutual Fund to make investment decisions. Large universes of stock to choose for in terms of long term holdings by a Mutual



Fund are available. It has been estimated that over 70% of corporates of Bangladesh are yet to be listed. For example, while 80% of exports are derived from the companies of apparel sector, it has been estimated that less than 5.00% companies of apparel sector are listed.

The market capitalization also rose due to listing of new companies. The total IPO amounted to BDT 10.50 billion during 2013 and BDT 9.90 billion during 2014. In the year 2015 and 2016 the amount raised through IPO were BDT 7.50 billion and 8.49 billion respectively.

The market has largely been dominated by local financial institutional and retail participation, with foreign investment estimated at between only 1-2% of the market and foreign turnover accounting currently for around 8.00% of total market turnover. As such the market remains uncorrelated with other international markets.

2.3. The Mutual Fund Industry

The Bangladesh stock market is generally characterized by volatility driven by the poor investment knowledge of the investors, where rumour, instead of analysis based trading dominates, shorter term investment strategies and weaker participation of the institutional investment, lead to excessive volatility of the market and the individual portfolios.

The current mutual funds in the market represent a very small percentage of the total market capitalization. As of June 2017, total Closed Ended Mutual Fund's market capitalization to Market Capitalization of the market ratio for Bangladesh remains low (only around 1.10%). Currently there are 36 closed-end funds (listed in the exchange) and around 32 open-end funds (not listed in the exchange) available in our capital market (as in October 2017).

2.4. Advantages of Investing in Credence First Shariah Unit Fund

Generally investment in mutual funds provides certain incremental advantages when compared to investment made directly in the capital market. Highlighted below are some of the advantages the investors may benefit from when investing in Credence First Shariah Unit Fund:

- ❖ One of the most intelligible benefits of the fund is that investment of the fund will be made as per the Islamic Shariah. This will relieve the investors who are concerned about investing in Shariah compliant stocks.
- ❖ Mutual funds generally lower investment risks for small and retail investors through diversification into multiple sectors, companies, securities, and via investing in various asset classes.
- ❖ Mutual funds through its diversified pool of investments will provide small investors access to returns of the wider market, which will be very costly for retail investors to achieve individually.
- ❖ Income Fund invests mainly in income generating assets (equities and listed property), with some exposure to growth assets (stock with high growing opportunity). Investors with low risk tolerance, who need regular return will be highly beneficial by investing in this type of fund.



- ❖ 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 the market.
- ❖ The Fund's performance will benefit from the Credence Asset Management Limited proprietary investment process and research tools for both fundamental and technical analysis. CAML has a highly skilled in-house research team who are experienced investment professionals dedicated to research the stock market, its scripts and the impact of the broader macro-economic factors that impact the market.
- ❖ In Bangladesh, mutual funds enjoy a 10% (ten percent) reserved quota for all Initial Public Offerings (IPOs). IPOs in Bangladesh have historically performed very well relative to the market index and have positively contributed to mutual fund performance.
- ❖ The investors will be able to save significantly in transaction costs as he/ she will have access to a large number of securities by purchasing a single unit of the mutual fund.
- ❖ Management and operations of mutual funds are subject to strict regulations from the BSEC and the Sponsor appointed Trustee, both of whom closely monitor the performance of the fund. The laws governing mutual funds require exhaustive disclosure to the regulator and general public. The strictness of regulation will ensure safety of the fund.
- ❖ Credence First Shariah Unit Fund offers the investors to choose between receiving cash dividends and cumulative investment plan (CIP). The latter allows the fund manager to reinvest the dividend in the market.
- ❖ Price of the Units of the fund won't be determined by demand and supply, rather by Net Asset Value (NAV).

2.5. Tax Benefits for Investing in Credence First Shariah Unit Fund

The investment tax benefits of the fund would always comply with country's Finance Act and government tax policies. However, currently the following benefits are available:

- 2.5.1. Tax Advantage on Income: Income from a mutual fund or a unit fund up to Tk. 25,000.00 (Taka Twenty Five Thousand) only is exempted from tax under Income Tax Ordinance, 1984.
- 2.5.2. Investment Tax Credit: According to the current Income Tax Ordinance, 1984, Section 44 (2), amended in 2016, amount of allowable investment is- actual investment or 25% of total taxable income or TK. 1,50,00,000, whichever is lower.

Chapter 3: The Fund

3.1. Formation of the Fund

'Credence First Shariah Unit Fund' is a trust property established through a deed of trust entered into between Credence Asset Management Limited (CAML) and Investment Corporation of Bangladesh (ICB) on October 04, 2017 under the Trust Act, 1882 and registered under the Registration Act, 1908.



The Fund was registered by the BSEC on October 29, 2017 under the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (নিউচ্যুয়াল ফান্ড) বিধিমালা, ২০০১. The BSEC has also provided consent on January 25, 2018 to raise subscription from the general investors through public offer.

3.2. Life of the Fund

The Fund will be an open ended mutual fund with a perpetual life. Institutional, local & foreign individual, resident & non-resident investors are eligible to invest in this Fund. The initial target size of the Fund will be Tk. 100,000,000 (Taka Ten Crore) only divided into 10,000,000 (One Crore) Units of Tk. 10 (Taka Ten) each. Size of the Fund will be increased from time to time by the Asset Manager subject to approval of the Trustee and with due intimation to the BSEC.

3.3. Face Value and Denomination

Face value of each Unit will be Tk. 10 (Taka Ten) only. Initially, unit holders of the Fund shall be issued with a Confirmation of Unit Allocation letter by the Asset Manager at the cost of the Fund in any denomination but not less than 100 (one hundred) units for individuals and 5,000 (Five Thousand) units for institutions in initial stage. But an investor can purchase only one unit later on.

3.4. Investment Objective

The fund is designed as a *Shariah-compliant Income Fund*. The objective of the fund is to generate regular income for the valued unit holders maintaining efficient risk management and making prudent investment decisions. The fund will invest mainly in high dividend paying stocks which are Shariah compliant.

3.5. Investment Policies

- i. The Fund shall invest subject to the বিধিমালা and only in those securities, deposits and investments approved by the Bangladesh Securities and Exchange Commission (BSEC) and/ or any other competent authority in this regards.
- ii. The Asset Manager of the Fund has appointed a Shariah Supervisory Board responsible for monitoring the investments in the shares and bonds only approved by that Shariah Board.
- iii. Not less than 60 (Sixty) percent of the total assets of the Scheme of the Fund shall be invested in capital market instruments out of which at least 50 (Fifty) percent shall be invested in listed securities.
- iv. Not more than 25 (Twenty Five) percent of the total asset of the Scheme of the Fund shall be invested in Shariah compliant bonds.
- v. Not more than 15 (Fifteen) percent of the total asset of the Scheme of the Fund shall be invested in pre-IPOs at a time.



- vi. All money collected under the Fund shall be invested only in encashable/ transferable instruments, securities whether in money market or capital market or privately placed pre-IPO equity, preference shares, debentures or Islamic bonds.
- vii. The Fund shall get the securities purchased or transferred in the name of the Fund.
- viii. Only the Asset Management Company will make the investment decisions and place orders for securities to be purchased or sold for the Scheme's portfolio.

3.6. Investment Restrictions

- i. The Fund shall not invest in any share and securities that is not approved by the Shariah Supervisory Board.
- ii. The Fund shall not invest in conventional Banks, Insurance and Leasing Companies, Alcohol, Pork related products, Tobacco, Weapons and Defense, Casinos/ Gambling, Hotels, Pornography, Music etc.
- iii. The Fund shall not invest more than 10 (Ten) percent of its total assets in any one particular company.
- iv. The Fund shall not invest in more than 15 (Fifteen) percent of any company's paid up capital.
- v. The Fund shall not invest more than 20 (Twenty) percent of its total assets in shares or other Shariah based instruments of a single company or group.
- vi. The Fund shall not invest more than 25 (Twenty Five) percent of its total assets in shares or other Shariah based instruments in any single industry.
- vii. The Fund shall not invest in, or lend to, another Scheme under the same Asset Management Company.
- viii. 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.
- ix. The Fund or the Asset Manager on behalf of the Fund shall not give or guarantee term loans for any purpose or take up any activity in contravention of the বিধিসম্মত.
- x. The Fund shall buy and sell securities on the basis of deliveries and shall, in all cases of purchases, take delivery of securities and in all cases of sale, deliver the securities on the respective settlement dates as per the custom and practice of the stock exchanges and shall in no case put itself in a position whereby it has to make short sale or carry forward transaction.
- xi. The Fund shall not involve in option trading or short selling or carry forward transaction.
- xii. The Fund shall not buy its own Unit. . It can only repurchase from the Unitholders.

3.7. Valuation Policy

- i. For listed securities, the average quoted 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.



- ii. For securitized debts, debentures, margin or fixed deposits, the accrued interest on such instruments on the date of valuation shall be taken into account in any calculation of Net Asset Value of such securities in the portfolio of the Fund.
- iii. The Fund shall fix the valuation method for the Scheme subject to the prior approval of the Commission.
- iv. The Fund shall follow the method approved by the Commission for valuation of the non-listed investment, if any, and the Asset Management Company and the Trustee shall periodically review the non-listed investment, if any, and the Trustee shall periodically review the value of such investments. The auditors shall comment in the annual report of the Scheme of the Fund.
- v. The valuation of listed securities not traded within previous one month will be made based on their reasonable value by the Asset Management Company and approved by the Trustee and commented upon by the auditors in the Annual Report of the Scheme of the Fund but shall not be more than the intrinsic value of the securities.
- vi. Once non-listed securities are valued, the valued amount will be considered for the purpose of valuing the Fund's assets in any interval of time until the securities are further revalued by the Asset Management Company.
- vii. Asset Management Company and Trustee will value the non-listed securities at least once in every three months.
- viii. In case of deferred expenses, accrued expenses for the period will be taken into account for determining total liabilities.
- ix. Net Asset Value (NAV) calculation

The Fund will use the following formula to derive NAV per Unit:

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

$$\text{NAV per Unit} = \text{Total NAV} / \text{Number of Units outstanding}$$

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

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

3.8. Limitation of Expenses

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

The total expenses charged to the Fund, except the amortization of initial issue expenses but 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 fee payable to the stock exchange(s), management fees payable to the Asset Manager, Trustee fees payable to the trustee, the annual registration fees payable to the Commission, audit fees, cost of publication of reports and periodicals, bank charge, etc., shall not exceed 4 (four) percent of the weekly average net asset outstanding during any accounting year.

3.9. Price Fixation Policy

After completion of initial subscription, the Fund will be opened to the investors for regular buy/ sale of Units. The date of re-opening shall be declared by the asset manager upon approval of the Trustee and with due intimation to the BSEC. The asset manager shall calculate the Net Asset Value (NAV) per unit on the last working day of every week as per formula prescribed in the বিধিমালা and shall disclose sales price and repurchase/ surrender price per unit determined on the basis of NAV before commencement of business operation of the first working day of the following week to the Commission and to the investors through at least one national daily, the website of the asset management company and the authorized selling agents of the Fund.

The difference between sales price and surrender value shall be within 3% percent (in normal situation) of the sale price of the Unit and may increase up to 5% of the sale price at the decision of the Board of Directors of the Asset Management Company with due intimation to the trustee justifying the ground of such decision. The difference between sales price and surrender value shall not exceed 5% of the sale price of the unit.

The unit holders may surrender their unit certificates during the business hour as specified by the Asset Management Company. The fund shall be liable to repurchase the units at the surrender value determined by the Asset Management Company. Sale and repurchase of unit certificates by Asset Management Company shall remain closed during first two weeks of July unless the Commission decides otherwise.

3.10. Sale & Repurchase Procedure

Sale and repurchase procedure is given below:

- i. The Units of Credence First Shariah Unit Fund may be bought/ surrendered through Credence Asset Management Limited and authorized selling agents appointed by the Asset Manager from time to time and any other procedure as prescribed by the Asset Manager. Surrender of units is allowed only through Credence Asset Management Limited or the selling agent from which the units are originally purchased.
- ii. During initial subscription minimum purchase amount for individual investors is 100 (One hundred) Units and for institutional investors is 5,000 (Five thousand) Units. For subsequent period any investor can purchase one unit of the fund.



- iii. Application for purchase of Units should be accompanied by an account payee cheque/ pay order/ bank draft/ electronic fund transfer in favor of 'Credence First Shariah Unit Fund' for the total value of Units.
- iv. After clearance/ encashment of cheque/ draft/ pay order/ received of fund, the applicant will be issued with a Confirmation of Unit Allocation against every purchase of Units he/ she/ the institutional investor applies for. If BO A/C is provided during the registration, the units will also be delivered to the Unit holder's BO A/C.
- v. Partial surrender (fraction of total units held under a Unit Allocation Confirmation) is allowed without any additional cost subject to minimum surrender quantity is 100 (one hundred) units for individuals and 5,000 (Five Thousand) units for institutions. Upon partial surrender, the Unit holder will be issued with a new Confirmation of Unit Allocation representing the balance of his Unit holding.
- vi. All payments/ receipts in connection with or arising out of transactions in the Units shall be in Bangladeshi Taka.

3.11. Systematic Investment Plan (SIP)

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

Buy and Surrender Under SIP Process:

An investor can invest through SIP either by auto debit system provided against investor's bank account or by providing monthly predetermined cheques via selling agents at a regular interval (weekly, monthly, quarterly etc). Investor must have a BO account. Investor will get SIP units in the BO account based on a discount from ongoing weekly sale price of the fund.

It is advisable to continue SIP investment with a long term perspective but there is no compulsion. Investor can discontinue the plan at any time. If an investor wants to terminate the SIP within 2 (two) years, a discount from the NAV will be applicable from total accumulated invested amount on the date of cancellation of the scheme. After maturity of SIP, the investor can easily surrender units through AMC or selling agents.

Benefits to be offered for Investors in SIP as follows:

An SIP is a flexible and easy investment plan. Unit holder's money is auto-debited from his/ her Bank account and invested into Credence First Shariah Unit Fund scheme. Unit holders are allocated certain number of units offering some discount from the ongoing market rate (called NAV or net asset value) of that day. If any fractional amount remains after issuing of units of fund, this amount will be added to the investors' account later on.

Every time Unit Holder invests money, additional units of the scheme are purchased at the market rate and added to his/ her account. Hence, units are bought at different rates and investors benefit from Taka-Cost Averaging and the Power of Compounding. Other benefits of SIP includes, but are not limited to –



- i. **Disciplined Saving**
- ii. **Flexibility in Investment Amount**
- iii. **Long-Term Gains**
- iv. **Convenience**
- v. **Sale at Discount and Premium at Surrender**
- vi. **CIP Option for the SIP Investors.**

3.11.1. Why SIP can be a Better Choice than FDR and DPS

Investors in SIP can be benefited in the following ways:

- i. The fixed-rate nature of FDR does not let the investors of the FDR reap the benefits of a growing economy.
- ii. Investors get the rewards (in terms of higher return) for added risks.
- iii. Unlike DPS, Investors in SIP are not penalized for missing any installment.
- iv. SIP is a better choice for people with moderate risk tolerance.
- v. SIP holders can also avail CIP benefits.

3.12. Fund Management

Credence Asset Management Limited shall conduct the day-to-day management of the Fund's portfolio as the Asset Manager subject to the provisions laid down in the বিধানা and trust deed or any general directions given by the Trustee and/ or the Commission. However, Credence Asset Management Limited shall have discretionary authority over the Fund's portfolio about investment decisions.

3.13. Dividend Policy

- i. The accounting year of the Fund shall be 1st July to 30th June;
- ii. As per the rule, the Fund shall distribute minimum 70%, or as may be determined by the বিধানা, of the annual net income of the Fund as dividend at the end of each accounting year after making provision for bad and doubtful investments. The Asset Manager may propose interim dividends such as monthly, quarterly or semiannually dividends and distribute the same with the approval of the Trustee.
- iii. Before declaration of dividend, the Asset Management Company shall make a provision in consultation with the auditors for revaluation of investments caused from loss if market value of investments goes beyond their acquisition cost, and the method of calculation of this provision will be incorporated in the notes of accounts;
- iv. The Fund shall create a dividend equalization reserve by suitable appropriation from the income of the Fund;
- v. Before registration for transfer of ownership, a transferee shall not possess the right to any dividend declared;



- vi. There will be a Cumulative Investment Plan (CIP) Scheme in this Unit Fund. Under this Scheme, a Unit holder instead of receiving dividend may reinvest such dividend income accrued for purchasing Units at a rate determined by Credence Asset Management Limited. The unit holders may change their dividend preference in future as per their need.
- vii. Dividend warrants will be dispatched within 45 (forty five) days from the declaration of dividend.

3.14. Winding up Policy

3.14.1. Procedure of Winding Up

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

3.14.2. Manner of Winding Up

- i. The Trustee shall call a meeting within 30 (thirty) days from the notice date of the Unit holders of a Scheme to consider and pass necessary resolutions by three-fourth majority of the Unit holders present and voting at the meeting for authorizing the Trustee to take steps for winding up of the Scheme. If it fails to have three fourth majority mandates, the Commission shall have the power to supersede the mandate if situation demands such.
- ii. The Trustee shall dispose of the assets of the Scheme of the Fund in the best interest of the Unit holders; provided that the proceeds of sale made in pursuance of the বিধিমালা shall in the first instance be utilized towards discharge of such liabilities as are properly due under the Scheme and after making appropriate provision for meeting the expenses connected with such winding up, the balance shall be paid to the Unit holders in proportion to their respective interest in the assets of the Scheme as on the date when the decision for winding up was taken.
- iii. Within thirty days from the completion of the winding up, the Trustee shall forward to the Commission and the Unit holders a report on the winding up containing particulars, such as circumstances leading to the winding up, the steps taken for disposal of assets of the Scheme before



winding up, expenses of the Fund for winding up, net assets available for distribution to the Unit holders and a certificate from the auditors of the Scheme of the Fund.

3.14.3. Effect of Winding Up

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

- i. cease to carry on any business activities of the open ended Fund;
- ii. cease to create and cancel Units of the open ended Fund;
- iii. cease to issue and redeem Units of the open ended Fund.

Chapter 4: The Shariah Supervisory Board

4.1. Members of the Shariah Supervisory Board

The current Shariah Supervisory Board consists of the following members –

Sl. No.	Name	Position in the Committee
1	Dr. Hafiz Muztaba Riza Ahmed, PhD	Chairman
2	Dr. Muhammad Zahirul Islam, PhD	Member
3	Mr. Md. Zakir Hossain, MBA	Member Secretary

Dr. Hafiz Muztaba Riza Ahmed, PhD

Dr. Hafiz Muztaba Riza Ahmed is the chairman of the Shariah Supervisory Board of Credence Asset Management Limited. He is currently a Professor of the Department of Islamic Studies, University of Dhaka. He was awarded Doctor of Philosophy (Ph.D.) on '*Microfinance System of Islamic Banks in Bangladesh for Poverty Alleviation*' from the University of Dhaka. He also completed M. Phil, MA (Islamic Studies) and BA (Honors) from the same University after completing SSC and HSC under Bangladesh Madrasa Education Board.

From the inception of his academic career, he has been actively involved in academic research in the field of Islamic Studies and Islamic Banking. Moreover, he has more than 8 years' professional experience in several Islamic banks of the country.

Dr. Muhammad Zahirul Islam, PhD

Dr. Muhammad Zahirul Islam is one of the members of the Shariah Supervisory Board of Credence Asset Management Limited. He is currently an Assistant Professor of the Department of Islamic Studies, University of Dhaka. He was awarded Doctor of Philosophy (Ph.D.) on '*Allama Zamakhshari and Mu'tazili beliefs in Tafseer Al -Kashshaf*' from the University of Dhaka. He has obtained Kamil (Hadith) and Kamil (Tafsir) in 1994 and 1998 respectively under Madrasa Education Board.



He also completed MA (Islamic Studies) and BA (Honors) from the University of Dhaka after completing SSC and HSC under Bangladesh Madrasa Education Board.

He started his career with Al-Arafah Islami Bank Ltd. in 1998 and served the bank till 2005 before joining University of Dhaka. As an active researcher, he has numerous publications and conference attendance on Islamic Shariah Issues.

Mr. Md. Zakir Hossain, MBA

Mr. Md. Zakir Hossain is a renowned Investment Banker in Bangladesh. He is the member secretary of the Shariah Supervisory Board of Credence Asset Management Ltd. He is also the Managing Director of Credence Asset Management Ltd. He possesses hands-on experience in capital market operation for over 15 years. He completed BBA and MBA majoring in Finance from Jahangirnagar University. Mr. Hossain started his career as Market Analyst with Capital Market Services Limited (CMSL). He is the pioneer to establish full-fledged Merchant Banking set-up in private sector in Bangladesh with Arab Bangladesh Bank Ltd. After that he also contributed to establish Merchant Banking setup with Prime Bank Ltd., and he served the bank as Assistant Vice President.

He completed Canadian Securities Course (CSC) from Canadian Securities Institute. He is the Marketing Director of World Financial Group. He is also a Member of Mutual Fund Dealer Association of Canada. He is an active investor of Toronto Stock Exchange and New York Stock Exchange. Besides, he has been an active participant in various business and professional organizations.

He participated in a number of seminars regarding Capital Market both at home and abroad.

4.2. Role of the Shariah Supervisory Board

'Shariah Supervisory Board' is a body of Shariah experts who ensures the Shariah compliance of a particular stock. A Shariah Supervisory Board performs the following responsibilities:

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



Chapter 5: Formation, Management and Administration

5.1. Sponsor of the Fund

Credence Asset Management Limited (CAML) is one of the growing asset management companies of the country. CAML, incorporated as a Private Limited Company, is established by a group of veteran capital market experts and seasoned business personalities with local institutional sponsor like Popular Life Insurance Company Ltd. It is established with a view to bringing positive change in the fund management segment of our capital market. CAML is the sponsor of the fund.

5.2. Asset Manager of the Fund

CAML started its journey in 2013 as Private Limited Company with a pre-operating phase of developing its innovative model and building up its Human Resources. Credence Asset Management Limited was incorporated on October 10, 2013 with Registrar of Joint Stocks Companies and Firms (RJSC). It received license from BSEC on February 25, 2016, as an Asset Management Company. CAML is the asset manager of the fund.

5.3. Trustee of the Fund

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

The Investment Corporation of Bangladesh (ICB) was established on October 01, 1976, under "The Investment Corporation of Bangladesh" Ordinance, 1976 (No. XL of 1976) with a view to encouraging and broadening the base of investment, develop the capital market, mobilize savings, promote and establish subsidiaries for business development & provide for matters ancillary thereto. Over the years, the activities of ICB have grown manifold, particularly in Merchant Banking, Mutual Funds operations and Lease Financing activities. In order to ensure maximum trust and confidence of the investors, supervisory bodies and the persons concerned towards the Fund, the Investment Corporation of Bangladesh (ICB) will act as the Trustee of the Fund. The trustee committee will comprise as follows –

1	General Manager, Admin	Member
2	General Manager, Trustee	Member
3	Deputy General Manager, Secretaries Division	Member
4	Deputy General Manager, Trustee Division	Member
5	Assistant General Manager, Trustee Division	Member Secretary



5.4. Custodian of the Fund

Investment Corporation of Bangladesh (ICB) has long and proven experience in advisory function, particularly in buying and selling of shares, corporate restructuring and engineering, offloading of government shares and hosts of other merchant bank related activities for the benefit of its clients. Since inception, ICB has been playing a unique role in the development of country's capital market. ICB will act as the Custodian of the Fund.

5.5. Investment Management

Credence Asset Management Limited, backed by a dedicated research team, is committed to the investors to provide them with the services of an experienced fund manager who handles the investment decisions based on the performance and prospects available in the market to achieve the objectives of the mutual fund scheme.

5.5.1. Investment Management Process

A top down and bottom up approach may adopt with the following investment analysis and risk control measures:

a) Top Down Approach

➤ Economic Analysis

- Analyze domestic and global Macroeconomic Indicators
- Forecast economic outlook of Domestic and Global Economy
- Review Monetary & Fiscal Policies and analyze their implication on macroeconomic condition

➤ Industry Analysis

- Identify the prospective industries aligned with positive economic outlook
- Understand the business dynamics of the industry and identify the key driving forces
- Review the economic history of the industry in other countries with comparable economic status
- Review the industry's compliance with the Islami Shariah

➤ Company Analysis

- Screen selected companies that are Islami Shariah compliant
- Understand the business dynamics of the covered company
- Comprehensively understand the Financials of the covered company
- Interview top level officials of the targeted companies to have complete understanding on their future outlook and strategic vision
- Apply multiple equity valuation models and estimate the intrinsic price of the stock

b) Supplementary Analysis

The Capital Market of Bangladesh is in an emerging phase and is neither strongly efficient nor very weak at present. Thus, the importance of the following supplementary analysis is very high.



➤ Technical Analysis

- Analyze the stock price data to identify key arbitrage opportunities
- Distinguish stocks which are fundamentally strong and hold positive outlook with technical analysis with other stocks

➤ Quantitative Analysis

- Build Time Series Econometric model to forecast the future price movement dynamics.

5.5.2. Portfolio Management Policy

1. Optimum sector-wise allocation of fund is the key factor of portfolio Management process.
2. Invest in sectors with positive outlook but maintain the Regulation of Mutual Funds 2001.
3. Focus on the nature of the Fund and make decision which is suitable for the total portfolio.
4. Must consider the market impact for the Investment Decision. Both buying and selling decision must have a significant implication on the overall market dynamics.
5. Market manipulation and utilizing nonpublic insider information is strictly forbidden.
6. The ethical standard and level of confidentiality of the Investment Manager and its research team are very important for the investors of the fund and for the integrity of the capital market.

5.5.3. Brief Profiles of Management

Md. Zakir Hossain, Managing Director

Mr. Zakir Hossain is a renowned Investment Banker in Bangladesh. He possesses hands-on experience in capital market operation for over 15 years. He completed BBA and MBA majoring in Finance from Jahangirnagar University. Mr. Hossain started his career as Market Analyst with Capital Market Services Limited (CMSL). He is the pioneer to establish full-fledged Merchant Banking set-up in private sector in Bangladesh with Arab Bangladesh Bank Ltd. After that he also contributed to establish Merchant Banking setup with Prime Bank Ltd., and he served the bank as Assistant Vice President.

He completed Canadian Securities Course (CSC) from Canadian Securities Institute. He is the Marketing Director of World Financial Group. He is also a Member of Mutual Fund Dealer Association of Canada. He is an active investor of Toronto Stock Exchange and New York Stock Exchange. Besides, he has been an active participant in various business and professional organizations.

He participated in a number of seminars regarding Capital Market both at home and abroad.

Abdul Ghafur Patwary, Compliance Officer and Company Secretary

Mr. Abdul Ghafur Patwary has been working as a Compliance Officer & Company Secretary in Credence Asset Management Ltd. He has experience in capital market for over 15 years. Mr. Patwary started his career as Assistant Secretary of Bangladesh Monospol Paper Mfg. Co. Ltd. (a joint venture company with BCIC). Then he was promoted to the Company Secretary of that company. He also served in Prime Insurance Company Ltd. as a Head of Share & Capital Market Wing. He served in Fareast Islami Life



Insurance Co. Ltd. as Joint Vice President & In-charge of Capital Market Operation. Prior to joining in CAML, he worked as a Company Secretary & Head of Administration, International Medicare Ltd. He completed Professional Training Course on "Company Secretarial Practice" organized by Institute of Chartered Secretaries & Managers of Bangladesh (ICSMB), Dhaka. He also completed of Training Program on "Compliance and Associated Issues" organized by DSE Training Academy of Dhaka Stock Exchange Ltd. (DSE). He completed Training Program on "Fundamentals on Capital Market Research" organized by Bangladesh Institute for Professional Development. He completed MBA majoring in Human Resource Management from Northern University Bangladesh (NUB).

M. M. Tanzir Hasan, Market Analyst

Mr. Tanzir Hasan works as a "Market Analyst" in Credence Asset Management Limited. He passed Level-I of CFA examination and he is a Level- II candidate for June 2018 in CFA Program, CFA Institute, Charlottesville, Virginia, USA. As a Market analyst, he is responsible for analyzing the economy and equity market of Bangladesh.

As part of his analysis he works with various sectors and companies in equity market. He performs both fundamental and technical analysis in selecting stocks. He also studies on listed Mutual Funds in the market. As the company is in initial stage, he also works in portfolio management. Prior joining in CAML, he worked as an Intern in Research & Investment Department, City Brokerage Limited from November 2015 to February 2016.

He completed BBA (Major in Finance & Banking) from Jahangirnagar University in 2015.

Md. Enayet Hossain, Market Analyst

Mr. Enayet Hossain is currently employed as a "Market Analyst" in Credence Asset Management Limited (CAML). As part of his role, he is responsible for analyzing the economy, industries and stocks to make investments based on that analysis. Before joining CAML, he served as an "Equity Research Intern" in IDLC Securities Limited.

He completed **BBA (Finance)** and **MBA (Finance)** from University of Dhaka.

Mirajus Salakeen, Accounts Executive

Mr. Mirajus Salakeen works as an "Executive - Accounts" in Credence Asset Management Limited (CAML). He passed seven papers of ACCA and also enrolled at level - 3 of ICMAB. He previously served as Executive - Finance at Appollo Ispat Complex Ltd. As an Executive - Accounts, he is responsible for managing an array of accounts of CAML.

He completed BBA (Accounting) from Ahsanullah University of Science and Technology and MBA (Finance) from University of Dhaka.

5.5.4. Investment Committee

As per the decision of the board, the investment committee consists of the following members –



- i. Mr. Md. Zakir Hossain, *Managing Director*
- ii. Mr. M. M. Tanzir Hasan, *Market Analyst*
- iii. Md. Enayet Hossain, *Market Analyst*
- iv. Mr. Mirajus Salakeen, *Accounts Executive*

5.6. Auditors

Ahmed Mashuque & Co., having office at 62/1 Purana Paltan, Level # 4, Motijheel C/A, Dhaka-1000, has been appointed as the auditor of the Fund for the first year. Subsequent auditors shall be appointed by the Trustee.

5.7. Fees and Expenses

The Fund will pay the fees of Asset Manager, the Trustee and the Custodian together with any other fees, commissions and expenses as may arise from time to time. The Fund will bear its own costs and expenses incurred / accrued in connection with its formation, promotion, registration, CDBL fees, public offering together with certain other costs and expenses incurred in its operation, including without limitation expenses of legal and consulting service, auditing, other professional fees and expenses, brokerage, share/ Islamic bond registration expenses and fees due to the BSEC. The Fund shall also bear all other incidental expenses including printing, publication and stationery relating to its smooth and fair operation. Major expenses of the Fund are detailed as follows:

5.7.1. Issue and Formation Expenses

Initial issue and formation expenses are estimated not to be over 5 (five) percent of the collected fund. The issue and formation expenses will be amortized within 7 (seven) years on a straight-line method. The estimated expenses for the issue and formation of the Fund are presented below:

SL	Type of expenses	Percentage of total target fund	Total Tk.	Sub Total Details	Description
1	Formation fee payable to AMC	1.00%	1,000,000	Set-fee	Formation fee to AMC on collected fund of approved fund size
2	Management fee for pre-scheme formation period	1.00%	1,000,000	On scheme	Management fee of AMC for pre-Scheme formation period (approximate) as per BSEC Directive (no. SEC/CMRRCD/2009-193/160) dated May, 28, 2014
3	Legal & Compliance related expenses	0.37%	327,500		



	(Application, Registration fees etc.)				
				10,000	BSEC Application fees
				2,00,000	BSEC Registration fees (0.20% of initial fund size)
				17,500	CDBL fee (Distribution of 1 cr Units X Tk. 10X0.00015 CDBL fee rate = Tk. 15,000); CDBL documentation fee = Tk. 2,500
				100,000	Trust deed registration fee
4	Printing & Publication	1.70%	1,700,000		
				300,000	Printing of prospectus
				550,000	Publication of abridge version of prospectus and IPO notification on daily newspaper
				800,000	Road show for IPO
				50,000	Courier and distribution expenses
5	Other expenses	0.55% '4%	400,000		
				100,000	Post issue manager/ data entry, data processing and other related job
				200,000	Stationery Expense
				100,000	Other/ misc.
	Total	4.43%	4,427,500		

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

5.7.2. Asset Management Fee

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

5.7.3. Trustee Fee

The Trustee shall be paid an annual Trusteeship fee @ 0.15% of the Net Asset Value (NAV) of the Fund on semiannual in advance basis, during the life of the Fund or as may be agreed upon between the parties.



5.7.4. Custodian Fee

The Custodian shall have physical possession of the stock and securities of the Fund and be responsible for safekeeping of the securities. The Fund shall pay to the Custodian a safekeeping fee @ 0.15% per annum on balance worth of securities held by the Fund, calculated on the basis of average market value per month. The fee for Custodian services will be realized semi-annually.

5.7.5. CDBL Fee

The fixed Annual fee of CDBL will be Tk. 50,000 plus VAT. Annual Central Depository System (CDS) connection fee will be Tk. 6,000 plus VAT.

5.7.6. Fund Registration and Annual Fee

The Fund has paid Tk. 2,00,000 (Taka two lac) only to the Bangladesh Securities and Exchange Commission as registration fee. In addition, the Fund will have to pay @ 0.10 percent of the Fund value or Tk. 50,000 (Taka fifty thousand), whichever is higher, as annual fee in terms of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (সিউক্সাল ফান্ড) বিধিমালা, ২০০১.

5.7.7. Commission Payable to Selling Agent(s)

The Fund shall pay commission to the selling agent (Individual and Institution) to be appointed by the Asset Manager at a rate of 1% of the fund invested. The selling agent will also get 1% p.a. commission in the next two years (at the end of the investment year) provided that the fund remains invested till that period.

5.7.8. Audit Fee

The audit fee will be Tk. 50,000 (Taka Fifty Thousand) only including VAT, for the first accounting year and the Trustee will fix fees for subsequent years.

5.7.9. Brokerage Fee

The fund will pay to the stock broker commission of 0.23%-0.30% of the total amount of transaction including Howla, Laga, CDBL fees and any other associated costs.

5.7.10. Amortization of Issue and Formation Expenses

The initial issue expenses in respect of the fund shall not exceed 5 (five) percent of the collected amount of the fund raised under the scheme and will be amortized within 7 (seven) years on a straight-line method. The total expense charged to the fund, except the amortization of initial issue expenses but including transaction cost in the form of stock brokerage against buy and sell of securities forming a part of acquisition and disposal cost of such securities, trusteeship fee payable to the trustee, transaction fee payable to the custodian against acquisition or disposal of securities, the annual registration fees payable to the commission, audit fees, cost for publication of reports and periodicals, bank charge, etc.



shall not exceed 4 (Four) percentage of the weekly average net asset outstanding during any accounting year.

Chapter 6: Size of the Fund and Rights of Unit holders

6.1. Size of the Issue

The initial size of the Fund shall be Tk. 100,000,000 (Taka Ten Crore) only divided into 10,000,000 (One Crore) Units of Tk. 10 (Taka ten) each which may be increased from time to time by the Asset Manager subject to approval of the Trustee with due intimation to the Commission till liquidation of the Fund. The initial distribution of the Fund's Unit holding shall be as follows:

Subscriber	Number of units	Face value	Amount (Tk.)	Status
Sponsor				
Credence Asset Management Limited	1,000,000	10	10,000,000	Subscribed
General Investors	9,000,000	10	90,000,000	Yet to be Subscribed
Total	10,000,000	10	100,000,000	

6.2. Sponsor's Subscription

Credence Asset Management Limited, the sponsor, has already subscribed Tk. 10,000,000 (Taka One Crore) only worth of Units equivalent to 1,000,000 (Ten Lac) Units of Tk. 10 (Ten) each at par on October 04, 2017; the effective date as per সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (নিউজ্যুয়াল ফান্ড) বিধিমালা, ২০০১.

6.3. Rights of the Unit holders

6.3.1. Voting Rights

All the Unit holders shall have usual voting rights. Voting right can be exercised in person or by proxy in a meeting held in connection with any proposal to amend the characteristics of the Fund or any other agenda of meeting called by the Trustee in the circumstances mentioned in the Trust Deed or the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (নিউজ্যুয়াল 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.

6.3.2. Transfer of Units

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

6.3.3. Dividend

All the Unit holders have equal but proportionate right in respect of dividend.



6.3.4. Periodic Information

All the Unit holders of the Fund shall have the right to receive the annual report and audited accounts of the Fund. Moreover, the Unit holders shall be informed of the NAV of the Fund on weekly basis through newspaper, the website of the Asset Manager, the Selling Agent(s) to be appointed by the Asset Manager from time to time and any other means as the Asset Manager may deem fit.

6.3.5. Accounts and Information

The Fund's financial year will be closed on 30 June every year and the first year will end on 30 June, 2019. Annual report or major head of income and expenditure account and balance sheet in line with schedule VI of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (সিউইসিআল ফাউন্ড) বিধিমালা, ২০০১ will be published within 45 (forty five) days from the closure of each accounting year. Furthermore, the NAV of the Fund, NAV per Unit, any suspension or alteration of the calculation of NAV of the Fund will be published by the asset manager as per বিধিমালা.

6.3.6. Beneficial Interest

1. The unit holders shall preserve only the beneficial interest in the trust properties on pro rata basis of their ownership of the Fund.
2. Furthermore, the NAV, NAV per unit, and any suspension or alteration of the calculation of NAV of the Fund will be published/ notified to the DSE and CSE by the Asset Management Company.

Chapter 7: Unit Subscription

Terms and Conditions of Unit Subscription

- i. The Units of Credence First Shariah Unit Fund may be bought and surrendered/ repurchased through Credence Asset Management Limited (CAML) and its authorized Selling Agents appointed by CAML from time to time.
- ii. Application must be made by an individual (both resident and non-resident), a corporation or company (both local and foreign), a trust or a society (registered in or outside Bangladesh) and not by a firm, minor or persons of unsound mind.
- iii. Joint application by two persons is acceptable. In such cases, registration and issuance of Confirmation of Unit Allocation will be in favor of principal applicant while dividend and other benefits, if any, will be addressed to bank account of principal applicant mentioned in the application form/ bank account mentioned in BO account. In case of the death of any of the joint holders, only the survivor shall be recognized as having any title to the Units. On death of both the joint holders, the title to the Units will bestow upon the nominee mentioned in the application form.
- iv. Minimum purchase amount for individuals is 100 (one hundred) Units and for institutions is 5,000 (five thousand) Units for initial subscription. Then an investor can purchase only one unit.



- v. Application for purchase of Units should be accompanied by an account payee cheque/ pay order/ bank draft/ electronic fund transfer in favor of '**Credence First Shariah Unit Fund**' for the total value of the Units.
- vi. After clearance/ encashment of cheque/ draft/ pay order/ received of fund, the applicant will be issued with a Confirmation of Unit Allocation against every purchase of Units he/ she/ the institutional investor applies for. If BO A/C is provided during the registration, the units will also be delivered to the unit holder's BO A/C in demat form.
- vii. Partial surrender is allowed without any additional cost subject to minimum surrender quantity is 100 (One hundred) units for individuals and 5,000 (Five Thousand) units for institutions. Upon partial surrender, the Unit holder(s) will be issued with a new Confirmation of Unit Allocation representing the balance of his/ her/ their Unit holding.
- viii. The Units may be transferred by way of inheritance/ gift and/or by specific operation of the law. In case of transfer, the Fund will charge a nominal fee as decided by the Asset Manager from time to time except in the case of transfer by way of inheritance.
- ix. Dividend may be delivered in cash or by way of Units under Cumulative Investment Plan (CIP) as the applicant gives option in the application form. The unit holders may change their dividend preference in future as per their need.
- x. All payments/ receipts in connection with or arising out of transactions of the Units applied for shall be in Bangladeshi Taka.

Chapter 8: Sales Agents

8.1. Selling agent

Initially only the Asset Management Company has appointed Vision Capital Management Ltd. as its Selling Agent with the approval of the Trustee and with due intimation to the BSEC.

Address of Selling Agent:

Vision Capital Management Limited (VCML)

All Branches of VCML

Head Office:

Sara Tower (14th Floor)

11/A Toyenbee Circular Road, Motijheel, Dhaka-1000.

PABX: 47110675, 47117664, 57164429.

Fax: 88-02-57164429

Email: info@visioncapital.com.bd

