

DIVIDEND DISTRIBUTION POLICY

OF

IDLC ASSET MANAGEMENT LIMITED

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1. PREAMBLE

1.1. Introduction

IDLC Asset Management Limited (IDLCAML), a wholly owned subsidiary of IDLC Finance Limited, is a leading asset management company in Bangladesh. Incorporated with the Registrar of Joint Stock Companies (RJSC) vide registration no. C-127068/2015 dated November 22, 2015 under the companies Act, 1994, and licensed by Bangladesh Securities and Exchange Commission (hereinafter referred to as 'Commission' or 'BSEC') on June 07, 2016 vide registration code: BSEC/Asset Manager/2016/25 to be established as company and to operate as a full-fledged asset management company respectively.

IDLCAML manages funds as per the regulation of BSEC. Its fund management services include management of Mutual Fund, Alternative Investment fund and Discretionary Portfolios of corporate bodies.

1.2. Purpose

This Dividend Distribution Policy (the 'Policy') has been formulated by IDLC Asset Management Limited (hereinafter referred to as the 'Asset Manager') to stipulate the criteria and parameters that are to be considered by:

- the Board of Trustee of the mutual fund(s) while deciding on the declaration of Dividend from time to time,
- the Asset Manager of the mutual fund(s) while deciding on the manner in which the Company will disburse/distribute the dividend to the unit holders.

This Policy is applicable in the matter of dividend declaration/recommendation on the units of any scheme of IDLCAML's Mutual Funds.

1.3. Scope of the Policy

This Policy is aimed at meeting the expectations of the unit holders by giving the unit holders the scope of taking better investment decisions with a knowledge of whether or not their expectations will be effectively met by the issuer/trustee. In this manner, this Policy is designed to bridge any gap between the expectations of the unit holders and the ideology of issuer/trustee in respect of the payment of dividend and establish a balance between the dual objectives of appropriately rewarding unit holders through dividends and retaining profits so that a healthy reserve is maintained to support future growth.

1.4. Amendment of the Policy

This Dividend Distribution Policy will be amended, revised, refined, and readjusted as deemed necessary by the asset manager to accommodate related changes in the Capital Markets condition, government policy, BSEC Regulations/Directives/Orders. For this purpose, the Asset Manager will review this policy at least annually and make necessary amendment.



2. LEGAL FRAMEWORK

Bangladesh Securities and Exchange Commission vide its Directive, “**BSEC/CMRRCD/2021-386/03**”, dated January 14, 2021, has directed the stock exchange(s), the depository, the issuer of listed & OTC securities and the issuer or the asset manager or the trustee of any scheme of a mutual fund to formulate a Dividend Distribution Policy.

3. EFFECTIVE DATE

This Policy shall become effective immediately.

4. APPLICABILITY

4.1. This Policy will be applicable in respect of distribution of annual/interim dividend(s) of IDLCAML’s Mutual Funds declared by the board of trustee of the fund(s).

4.2. This Policy will not be applicable in determination and/or calculation of dividend on any scheme of any mutual fund or fund(s) other than mutual fund(s) managed by the Asset Manager.

5. DIVIDEND DISTRIBUTION

5.1. Dividend declaration and disbursement for any mutual fund(s) will be in accordance with the applicable provisions of সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১ along with the relevant Rules and Directives framed time to time and the opinion of the board of trustee of the fund(s).

5.2. The board of trustee may declare annual or interim dividend;

5.3. Minimum 70 percent (for IDLC Growth Fund: minimum 50 percent) of realized income of any mutual fund will be distributed as final dividend in cash (Bangladeshi Taka) or as Cumulative Investment Plan (CIP), based on investors’ preference; only at the end of each accounting year.

5.4. The Annual or Interim Dividend on any scheme of a mutual fund shall be paid off/disbursed by the Asset Manager of the Fund to entitled unit-holders within 45 (forty-five) days of approval by the board of trustee.

5.5. The fund(s) shall create a dividend equalization reserve to ensure consistency in dividend.

5.6. Cash dividend shall be distributed in the following manner and procedures, namely: -

5.6.1. Within 10 days of declaration of cash dividend by the board of trustee of a fund, an amount equivalent to the declared cash dividend payable for the concerned year shall be kept in a separate bank account of the fund, dedicated for this purpose.



5.6.2. The Asset Manager shall pay off cash dividend directly to the bank accounts of the entitled unit holders as available in the BO account maintained with the depository participant (DP), or the bank accounts as provided by the unit holders in paper form, through Bangladesh Electronic Fund Transfer (BEFTN).

Provided that the Asset Manager may pay off such cash dividend through bank transfer or any electronic payment system as recognized by Bangladesh Bank, if not possible to pay off through BEFTN.

5.6.3. The Asset Manager, in case of non-availability of bank account information or not possible to distribute cash dividend through BEFTN or any electronic payment system, shall issue cash dividend warrant and shall send it by post to the unit holder(s);

5.6.4. The Asset Manager shall pay off cash dividend to non-resident unit holder(s) or foreign portfolio investor (FPI) through the security custodian in compliance with the rules or regulations in this regard;

5.6.5. The Asset manager immediately after disbursement of cash dividend and issuance a certificate of tax deducted at source, if applicable, shall intimate to the unit holders through a short message service (SMS) to the mobile number or email address as provided by the unit holders;

5.6.6. The Asset Manager shall maintain detailed information of unpaid or unclaimed dividend and rationale thereof, as per BO account number-wise or name wise or folio number-wise of the unit holders; and shall also disclose the summary of aforesaid information in the annual report and shall also report in the statements of financial position (quarterly/annually) as a separate line item 'Unclaimed Dividend Account':
Provided that the Asset Manager shall publish the year wise summary of this unpaid or unclaimed dividend in the website:

Provided further that any unpaid or unclaimed dividend including accrued interest (after adjustment of bank charge, if any) thereon, if remains, shall be transferred to a separate bank account of the Asset Manager as maintained for this purpose, within 1 (one) year from the date of declaration or approval, as the case may be.

5.7. The Asset Manager shall submit **Dividend Distribution Compliance Report** to the Commission, Trustee and Custodian in a specified format provided in **Annexure-A** of BSEC Directive No. **BSEC/CMRRCD/2021-386/03** within 7 (seven) working days of completion of dividend distribution:

Provided that the Asset Manager shall publish the compliance report in its website.



5.8. The issuer/fund(s)/Asset Manager shall not forfeit any unclaimed cash dividend till the claim becomes barred by the law of land in force.

5.9. If any cash dividend remains unpaid or unclaimed or unsettled including accrued interest (after adjustment of bank charge, if any) thereon for a period of three years from the date of declaration or approval or record date, as the case may be, shall be transferred by the issuer/Asset Manager to the Fund as directed or prescribed by the Commission:

Provided that if any unit holder claims his cash dividend after transfer of such dividend to the Fund, within 15 (fifteen) days of receiving such claim, the Asset Manager shall, after proper verification of the claim shall pay off such cash dividend to the claimant in accordance with the provisions and procedures as directed or prescribed by the Commission.

5.10. The Asset Manager shall maintain detailed information of BO account, bank account, mobile phone number, email and address of the unit holders at least once in a year.

6. DISCLOSURE

This Policy will be disclosed in the annual report and on the official website of the Asset Manager, as required under the relevant Regulations and Directives.

7. POLICY REVIEW

The Asset Manager may bring changes or modification to this Policy from time to time in pursuance of regulations, directives or any amendment made by the Commission or any other relevant law for the time being in force.

8. DISCLAIMER

Through this document, IDLCAML does not guarantee any returns (in any form) for investments in the mutual funds. Any related regulatory orders will supersede anything mentioned herein.

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