

IDLC ASSET MANAGEMENT SHARIAH FUND SHARIAH COMPLIANCE REPORT

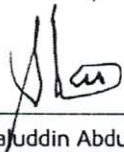
IDLC Asset Management Shariah Fund is an Open-end Mutual Fund which is a professionally managed portfolio of shariah complied securities. The objective of the Fund is to generate profit by investing in a portfolio of Shariah compliant securities as per Shariah Supervisory Guidelines.

The Asset Manager, IDLC Asset Management Limited is recommending the overall compliance status of the fund regarding investment & financial activities of the fund for the year ended September 30, 2023 in respect of Shariah Supervisory Guidelines.

Sl. No.	Compliance Criteria	Guideline of the compliance	Status
01.	Business Activities Based Screening	<p>The basic business of the investee company should be in consistence with the Shariah Law. Although no universal consensus exists among contemporary Shariah scholars on the prohibition of companies, most Shariah Boards have advised against investment in companies involved in the activities of:</p> <ul style="list-style-type: none"> ▪ Advertising and Media (newspapers are allowed, sub-industries are analyzed individually) ▪ Alcohol ▪ Embryonic or stem cell research and cloning ▪ Financials (Conventional Banks, Insurance and Leasing/Finance Companies) ▪ Gambling ▪ Pork ▪ Pornography ▪ Tobacco ▪ Trading of gold and silver as cash on deferred basis 	Complied
02.	Accounting-Based Screening	After removing companies with non-compliant business activities, the rest of the companies are examined for compliance in financial ratios, as certain ratios may violate compliance measurements. Three areas of focus are leverage, cash, and the share of revenues derived from non-compliant activities. All of these are subject to evaluation on an ongoing basis.	Complied (Investment made as per DSE Shariah Index)
03.	Cash Management	The Fund shall keep its cash in the form of Riba-free cash deposits with Islamic Banks or financial institutions with the object of maintaining sufficient liquidity to meet the day-to-day requirement and to take advantage of suitable investment opportunities as and when they arise;	Complied (EXIM Bank limited, DBH Islamic, Islamic High Value A/C with the City Bank Ltd., Islamic & Saadiq A/C with SCB)

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04.	Other Shariah Compliant Instruments	<p>The Fund may also invest in other Shariah Compliant instruments as and when they are available for investment, specifically:</p> <ul style="list-style-type: none"> ▪ In particular Term Certificates, Mudaraba Certificates, Musharika, Murabaha, Term Finance Certificates and all other asset backed securities; ▪ In contracts, securities or instruments of companies, organizations and establishments issued on the principles of Bai' Mu'ajjal, Bai' Salam, Istisna'a, Mudaraba, Murabaha and Musharika; ▪ In other instruments that may be allowed and confirmed as Shariah Compliant by the Fund's Shariah Supervisory Board from time to time; 	Complied
05.	Purification Process	<p>Purification is the cleansing process which removes any impure returns that is not permissible under Shariah Law and dispose of the non-permissible portion through donation to charitable organizations.</p> <p>The Fund shall separate the impure earnings from the Capital Gains and / or dividends and / or income and distribute the rest to the investors. Impure earnings from Investments are to be purified through donation to charitable organizations and will be adjusted with the next published NAV immediately after the approval of the Shariah Supervisory Board.</p>	Complied

On behalf of Shariah Supervisory Board,



Dr. Sayed KamaJuddin Abdullah Zafree
Chairman