بسم الله الرحمن الرحيم

In the name of Allah, the Most Gracious, the Most Merciful

Report of the Shari'ah Supervisory Board to the Unit Holders and Stakeholders of IDLC Asset Management Shari'ah Fund on the State of Compliance with Shari'ah Principles and Rules for the Financial Year 2025-2026

Introduction

We, the Shari'ah Supervisory Board ("SSB") of IDLC Asset Management Shariah Fund ("the Fund"), having been appointed in accordance with the Trust Deed, Prospectus and the Shariah Supervisory Guideline of the Fund are responsible for providing independent Shari'ah guidance and oversight. The Asset Manager is responsible for implementing and maintaining Shari'ah compliance in the Fund's day-to-day activities, investments, contracts, transactions and operational processes. We have discharged our responsibilities in this regard and are pleased to issue this report.

Opinion

Primary opinion

During the financial year from 1 July 2025 to 30 June 2026, we convened four (4) SSB meetings. In carrying out our responsibilities, we reviewed, as considered appropriate:

- The Fund's portfolio holdings and compliance with the approved Shari'ah screening criteria;
- The calculation, approval of dividend income requiring Shari'ah purification and disbursement to charity;
- The Fund's cash balances, deposits, liquidity placements and other investment arrangements;
- Dividend income, capital gains and other income received by the Fund;
- The implementation of the resolutions and directions issued by the SSB; and
- Such supporting records, reports, representations and explanations as we considered necessary for the purpose of our review.

Based on the scope of our review and the records, reports, representations, information and explanations provided to us by the management, we report that, in our opinion, except for the effect of any exceptions and limitations (if any) disclosed below, the Fund's activities, investments, contracts and transactions for the year ended 30 June 2026 were, in all material respects, conducted in accordance with the Shari'ah principles and rules approved by the SSB. In particular:

- The activities and investments of the Fund were conducted in accordance with the applicable Shari'ah principles and rules during the period;
- The investments made and held by the Fund satisfied the applicable Shari'ah screening criteria; and
- The returns earned by the Fund were generated from Shari'ah-compliant investments and activities, subject to the purification of any incidental non-permissible income identified through the approved screening and purification process.

Exceptions

Based on the reports and information presented to us, no material Shari'ah non-compliance event came to our attention during the period that remained unresolved.

Limitations

The compliance of the Shari'ah screening criteria as per the Fund's Shariah Supervisory Guideline, purification calculations and related underlying data were prepared and internally verified by the Asset Manager. Our review was conducted on the basis of the records, reports and information submitted to us and such enquiries and examinations as we considered appropriate. Management remains responsible for the completeness, accuracy and reliability of the information provided. The SSB did not independently perform or re-verify the underlying data or calculations itself. This is an inherent limitation of the SSB's oversight function and its report.

Additional opinions

We further report that, in our opinion:

- Any incidental income from non-permissible sources was identified and adequately accounted for as Shari'ah non-compliant (non-permissible) income. The related purification amounts were calculated in accordance with the methodology approved by the SSB and were approved for disbursement to eligible charity in line with the Fund's approved purification policy;
- As informed by the management, Zakat has not been calculated or disbursed centrally on behalf of the Fund; accordingly, each Muslim unit holder remains responsible for determining and discharging his or her own Zakat liability in respect of the units held, based on the applicable Zakat method

Our responsibilities

Shari'ah principles and rules as applicable to the Fund

Our opinion is based on the hierarchy of Shari'ah principles and rules applicable to the Fund, comprising: (a) the Fund's Shariah Supervisory Guideline as approved by the SSB (b) the AAOIFI Shari'ah Standards; (c) the applicable regulatory Shari'ah requirements of the jurisdiction; and (d) the approvals, Fatwas and rulings given by this SSB.

Functions relied upon

In forming our opinion and preparing this report, we have relied, after due deliberation on the quality and independence of the respective functions and reports, on:

- the internal Shari'ah audit / compliance function and its reports as relevant to the period; and
- reports and communications from the Asset Manager's Shari'ah compliance function to the SSB.

Inherent limitations of the SSB's function and its report

Our function and, consequently, this report, have certain inherent limitations. Our involvement with the affairs of the Fund is in an independent, non-executive capacity and is subject to constraints of time and resource availability; we therefore place reliance on the functions and reports referred to above. Our responsibility relates primarily to the design of contracts, transactions and process flows, whereas the Asset Manager remains responsible for ensuring Shari'ah compliance in the implementation of contracts, transactions and day-to-day operations.

SSB's independence and ethical considerations

We confirm that we exercised independent judgement and complied with all applicable ethical and independence requirements during the period covered by this report and up to its date of issuance, including the relevant AAOIFI Governance Standards and the AAOIFI Code of Ethics for Islamic Finance Professionals. The Asset Manager provided access to the information requested by the SSB for the purpose of our review.

The responsibilities of those charged with governance and the management

The responsibilities of those charged with governance (TCWG)

Those charged with governance of the Fund and the Asset Manager have an oversight responsibility to ensure that an effective and robust Shari'ah compliance environment and culture exists, including establishing a sound governance and control framework and a strategy for compliance with Shari'ah principles and rules, and overseeing management's implementation of the same.

Responsibilities of the management

The Asset Manager is responsible for implementing the Shari'ah governance framework and embedding Shari'ah compliance in the Fund's day-to-day operations. This includes ensuring that the Fund's investments, financial arrangements, contracts and transactions are, in substance and legal form, compliant with applicable Shari'ah principles and rules, and designing, implementing and maintaining appropriate internal controls, monitoring procedures and accounting records.

Other significant reporting matters

The following matters are brought to the attention of stakeholders; they do not affect our overall opinion on the state of the Fund's compliance with Shari'ah principles and rules.

Key Shari'ah non-compliance risks with weak internal controls

No Shari'ah non-compliance risks arising from weak internal controls were observed during the period.

Significant instances of Shari'ah non-compliance, identified and later resolved

During the period, BDT 308,836 was identified as non-permissible income requiring purification. The corresponding amount was calculated by the Asset Manager, reviewed and approved by the SSB, and directed for disbursement to eligible charities in accordance with the Fund's approved purification policy. As at 30 June 2026, BDT 231,862 had been disbursed and BDT 76,974 remained payable. These details should be read together with Note 25 to the financial statements.

Key observations on the overall Shari'ah governance and control mechanism

The overall Shari'ah governance and control mechanism of the Fund appeared adequate during the period.

Disclosures relating to the SSB

In line with applicable disclosure requirements, the following information is provided:

- Composition, qualifications and areas of expertise of SSB members: The Shariah Supervisory Board collectively comprises eminent Islamic scholars, academicians, and Islamic finance professionals with extensive expertise in Shariah governance, Islamic banking and finance, accounting, auditing, and regulatory oversight. The Board includes members serving on Bangladesh Bank's Central Shari'ah Advisory Board, AAOIFI working groups, and Shari'ah supervisory boards of leading Islamic financial institutions. Collectively, the members possess internationally recognized qualifications, including PhD, CSAA, CIPA, and FCMA, alongside extensive academic, research, and practical experience in Shari'ah governance. Accordingly, the composition of the Board complies with the qualification requirements stipulated in Fund's approved Shariah Supervisory Guideline.

- Appointment or change of SSB members during the year: The tenure of five of the six Shariah Supervisory Board (SSB) members expired in Q3 of FY2025–26. However, due to changes in certain Rules regarding the constitution of the Shariah Supervisory Board in the BSEC Mutual Fund Rules, 2025 and the pending appointment of new members in compliance of the Rule, the outgoing members of the Fund will continue their Shariah oversight responsibilities and attend the SSB meetings, until further guidance is received by the Asset Manager from the Trustee and the BSEC.
- Any material financing, deposit relationship, or conflict of interest involving SSB members: One member of the Shariah Supervisory Board has an investment in the Fund under the same terms and conditions applicable to all investors. This investment does not impair the member's independence or give rise to any material conflict of interest.
- Number of SSB meetings held during the year: Four (4) meetings were held during the period.
- Number and nature of Shari'ah non-compliance events during the period and their resolution: Certain instances requiring purification of dividend income were identified during the period; the corresponding amounts were computed and disbursed to charity in accordance with the Fund's approved purification policy.

Conclusion

May Allah SWT bless us with the knowledge and patience to attain His satisfaction through achieving Shari'ah compliance in every sphere of our lives. Aameen.

Report approval and authentication

This report has been duly reviewed, unanimously approved and signed by all members of the SSB

Allah knows best.

We pray that Allah Almighty grants success to the Fund and all its stakeholders in maintaining the highest standards of Shariah compliance, integrity and fiduciary responsibility.

On behalf of the Shariah Supervisory Board,

Dr. Sayed Muhammad Emdad Uddin
Chairman