

PROJECTS (Abridged Version) UFS-PADMA LIFE ISLAMIC UNIT FUND

Paramount Heights, Level -11, 65/2/1, Box Culvert Road, Purana Paltan, Dhaka-1000
Phone :+88(02) 7122152, +88(02) 9587880, Fax: +88(02) 9513934, E-mail : info@uflsbd.com, Web : www.uflsbd.com

Size of Issue : Initial Size BDT 50,00,00,000 (BDT Fifty Crore), Total Number of Units 5,00,00,000 (Five Crore) Units of Tk. 10 (Taka Ten) each

Initial/Opening Price : Tk. 10 (Taka Ten) per Unit Subscription Opens: 10 July 2016

Asset Manager

Sponsor

UFS Universal Financial Solutions Limited



Padma Islami Life Insurance Limited

Trustee and Custodian



Investment Corporation of Bangladesh

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

THE SPONSOR, AMC OR THE FUND IS NOT GUARANTEEING ANY RETURNS

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

FUND HIGHLIGHTS	
Name	UFS-PADMA LIFE ISLAMIC UNIT FUND
Type	Open-End Mutual Fund
Life and Size of the Fund	Perpetual life and unlimited size
Sponsor	Padma Islami Life Insurance Limited
Asset Manager	Universal Financial Solutions Limited (UFS)
Trustee	Investment Corporation of Bangladesh (ICB)
Custodian	Investment Corporation of Bangladesh (ICB)
Initial Size of the Fund	Tk. 50,00,00,000 (Taka Fifty crore) divided into 5,00,00,000 (Five crore) Units of Tk.10 (Taka ten) each Tk.10 (Taka ten) per Unit
Face Value	Tk.10 (Taka ten) per Unit
Objective	The objective of the UFS-PADMA LIFE ISLAMIC UNIT FUND is to achieve superior risk adjusted return in forms of capital appreciation, dividend income and to provide attractive dividend payments to the unit holders by investing the fund only in Shariah compliant instruments of capital market and money market.
Minimum Application Amount	Tk.5,000.00/- per application (500 Units) for individuals Tk.50,000.00/- per application (5,000 Units) for institutions
Transparency	NAV will be calculated on a weekly basis and shall be published on the web-site of the Fund manager (www.uflsbd.com) and 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 the Units of the Fund.
Shariah Advisory Board	The Fund shall be managed under Shariah Law. In this regard, a "UFS Shariah Supervisory Guideline" was established to ensure the compliance of Shariah Law which was submitted to Trustee and BSEC. Under this Guideline, a Shariah Supervisory board consisting renowned by this board of Bangladesh is formed. This board will work with UFS to ensure compliance of investment management as per Shariah Law.
Dividend	Minimum 70 (seventy) percent of realized income of the Fund will be distributed as dividend in Bangladesh Taka in each accounting year.
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 their units through the Asset Manager and through the Selling Agents appointed by the Asset Manager. So, investment in the Fund will be easily encashable. 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.uflsbd.com). Every investor shall have the right to get quarterly statements of portfolio in UFS's official website.
Reports and Accounts	Income shall be tax free up to certain level, which is permitted as per Finance Act. Investment in the Fund would qualify for investment tax credit under section 44(2) of the Income Tax Ordinance, 1984.
Tax Benefit	

RISK FACTORS

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

- 1. General:** There is no assurance that the Fund will be able to meet its investment objective and investors could potentially incur losses, including loss of principal when investing in the Fund. Investment in the Fund is not guaranteed by any government agency, the money market while somewhat less liquid, lack a well-developed secondary 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 and Money Markets. Past performance of the Sponsors and their affiliates and the AMC do not indicate the future performance of the Fund. Investors should study this Offer Document carefully before investing.
- 2. External Risk Factor:** Performance of the Fund is substantially dependent on the macro economy situation and market volatility, bond money market while somewhat less liquid, lack a well-developed secondary 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 and Money Markets. Past performance of the Sponsors and their affiliates and the AMC do not indicate the future performance of the Fund. Investors should study this Offer Document carefully before investing.
- 3. Market Risk:** The Bangladesh capital market is highly volatile and mutual fund prices and prices of securities can fluctuate significantly. The Fund may lose its value or incur a sizable loss on its investments due to such market volatility. Stock market trends indicate that prices of majority of all the listed securities move in unpredictable directions which may affect the value of the Fund. Furthermore, there is no guarantee that the market prices of the units of the Fund will fully reflect their underlying Net Asset Values.
- 4. Concentration Risk:** Due to a limited number of listed securities in both the DSE and CSE, it may be difficult to invest in the Fund's assets in a widely diversified portfolio as and when required to do so. Due to a very thin secondary bond/money market in Bangladesh, it would be difficult for the Fund Manager to swap between asset classes, if and when required. Limited options in the money market instruments will narrow the opportunity of short term or temporary investments of the Fund which may adversely affect the returns. Therefore, the yield/risk of zero coupon securities is higher. The AMC may choose to invest in Shariah compliant zero coupon securities that offer attractive yields. This may increase the risk of the portfolio.
- 5. 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 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.
- 6. Underlying Liquidity Risk:** For investing 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. Although the AMC will apply investment and risk minimization techniques to reduce the risk, which may restrict the selling ability of the Fund and may lead to the Fund incurring losses till the security is finally sold. While securities that are listed on the stock exchange carry lower liquidity risk, the ability to sell these investments is limited by the overall trading volume on the stock exchanges and may lead to the Fund incurring losses till the security is finally sold.
- 7. Investment Strategy Risk:** Since the Fund will be an actively managed investment portfolio, the Fund is subject to market performance risk. Although the AMC will apply investment and risk minimization techniques to reduce the risk, which may restrict the selling ability of the Fund and may lead to the Fund incurring losses till the security is finally sold.
- 8. Credit Risk:** Since the Fund will seek to also invest as per the সিউসিএফসি ও এক্সচেঞ্জ কমিশন (সিউসিএফসি) বিধিমালা, ২০০১ in both equity and Shariah compliant bonds, the credit risk of the Shariah compliant issuers is also associated with the Fund. Investments in bonds may be subject to credit risk. The AMC will seek to invest in securities with high credit ratings to reduce the credit risk of the portfolio. The AMC may choose to invest in Shariah compliant zero coupon securities that offer attractive yields. This may increase the risk of the portfolio.
- 9. Yield Risk:** The Net Asset Value (NAV) of the Fund, to the extent invested in Shariah compliant bonds and Money Market securities will be affected by changes in the general level of yield. The NAV of the Fund is expected to increase from a fall in yield level in the economy while it would be adversely affected by an increase in yield. In addition, zero coupon securities do not provide periodic interest payments to the holder of the security; these securities are more sensitive to changes in yield available in the economy. Therefore, the yield/risk of zero coupon securities is higher. The AMC may choose to invest in Shariah compliant zero coupon securities that offer attractive yields. This may increase the risk of the portfolio.
- 10. Issuer Risk:** In addition to market and price risk, value of an individual security can, in addition, be subject to factors unique or specific to the issuer, including but not limited to management malfeasance, lack of accounting transparency, management performance, and management decision to take 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.

CHAPTER 1: PRELIMINARY

1.1 Publication of Prospectus for Public Offering
Universal Financial Solutions Limited (UFS) is licensed from Bangladesh Securities & Exchange Commission under Securities & Exchange Commission Act, 1993 and সিউসিএফসি ও এক্সচেঞ্জ কমিশন (সিউসিএফসি) বিধিমালা, ২০০১ under and also received consent for issuing prospectus for public offering. A complete copy of the prospectus is available for public inspection at Paramount Heights, level-11, 65/2/1, Box Culvert Road, Purana Paltan, Dhaka-1000, the registered office of UFS, the asset manager of UFS-PADMA LIFE ISLAMIC UNIT FUND, hereinafter referred to as the Fund.

1.2 Consent of the Bangladesh Securities and Exchange Commission
"APPROVAL OF THE BANGLADESH SECURITIES AND EXCHANGE COMMISSION HAS BEEN OBTAINED TO THE ISSUE/OFFER OF THE FUND UNDER THE SECURITIES AND EXCHANGE ORDINANCE, 1969 AND THE সিউসিএফসি ও এক্সচেঞ্জ কমিশন (সিউসিএফসি) 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 Fund
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 at the office of the Asset Manager and the office so of authorized selling agents. 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 Rule.

1.4 Availability of Documents for Inspection

- i. 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 at the website of Bangladesh Securities and Exchange Commission (www.sec.gov.bd), Universal Financial Solutions Ltd (www.uflsbd.com) and Padma Islami Life Insurance Ltd. (www.padmalife.com);
- ii. Copy of the trust deed will be available for public inspection during business hours at the office of the asset manager of the Fund. One 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 & Exchange Ordinance, 1969

- i. The Fund shall not accept for any upward revaluation of its assets creating reserve without clearance from Bangladesh Securities and Exchange Commission;
- ii. The Fund shall not be involved in option trading, short selling or carry forward transaction;
- iii. A confirmation of Unit Allocation shall be issued at the cost of the Fund at par value of Tk. 10.00 (Taka ten) each within 90 (ninety) days from the date of sale of such Units;
- iv. Money receipt/acknowledgment slip issued at the time of sale of Units will be treated as allotment letter, which shall not be redeemable/transferable;
- v. The annual report of the Fund/or its abridged version will be published within 45 (forty five) days of the closure of each accounting year of the Fund;
- vi. An annual report and details of investment and savings of the Fund shall be submitted to the Commission, Trustee and Custodian within 7 (seven) days of dividend distribution.
- vii. Half-yearly accounts/financial results of the Fund will be published in at least one English and another Bangla national daily newspapers within 30 (thirty) days from the end of the period;
- viii. Dividend shall be paid within 45 (forty five) days of its declaration, and a report shall be submitted to BSEC, Trustee and Custodian within 7 (seven) days of dividend distribution.
- ix. Net Asset Value (NAV) of the Fund shall be calculated and disclosed publicly at least once a week.
- x. After initial public subscription, the sale and repurchase/surrender price of Units will be determined by the Asset Manager Company. NAV at market price calculated on a date shall from the sale price of units by rounding up the amount and shall be effective up to next calculation of NAV of the Fund. Difference between sale and repurchase price shall primarily be Tk.0.30, which may be changed in future, but not be over 5% of the sale price of the Unit;
- xi. BSEC may appoint auditors for special audit/inspection on the affairs of the Fund, if it so desires;
- xii. The Fund shall maintain separate bank account(s) to keep the sale proceeds of Units and to meet up day-to-day transactions including payment against Repurchase of Units. All transactions of the account shall be made through banking channel and shall be properly documented;
- xiii. The prospectus/abridged version of the prospectus shall be published in one widely circulated Bangla national daily newspaper. Provided that information relating to publication of prospectus be published in 2 national daily newspapers (Bengali and English);
- xiv. If an abridged version of the prospectus is published in the newspaper, complete prospectus shall be made available to the applicants;
- xv. If the Fund manager fails to collect the minimum 40% of the initial target amount under সিউসিএফসি ও এক্সচেঞ্জ কমিশন (সিউসিএফসি) বিধিমালা, ২০০১ will refund the subscription money within 30 days without any deduction. In case of failure, the Fund manager will refund the same with an interest @18 percent per annum from its own account within ten days;
- xvi. On achievement of 40% of the initial target amount, the Fund is allowed to commence investment activities of the Fund with permission of the Trustee;
- xvii. The size of the Fund may be increased from time to time by the AMC subject to approval of the Trustee and with intimation to the Commission;
- xviii. Confirmation of Unit Allocation of the sponsor's contribution amounting to Tk 5,00,00,000/- (BDT Five Crore) only shall be subject to a lock-in for a period of minimum three years from the date of formation of the Fund and after that period, entire holding may be transferred to any eligible institution who has the qualificaion to be a sponsor of a mutual fund with prior permission of BSEC;

- xix. A Confirmation of Unit Allocation amounting Tk. 5,00,00,000/- (10% of the Fund) will be issued in favor of the sponsor. The said confirmation letter shall be in the custody of the Trustee. No splitting of the Unit of Sponsor shall be made without prior approval of the Commission.
- xx. Please ensure that the following are accurate:
 - (a) As per provisions contained in the সিউসিএফসি ও এক্সচেঞ্জ কমিশন (সিউসিএফসি) বিধিমালা, ২০০১ regarding limitation of time on closure of subscription, the initial public subscription will remain open for forty five days or for a period up to achievement of the initial target amount, whichever is earlier;
 - (b) The paper cutting of the published prospectus and all other published documents/notifications regarding the Unit Fund shall be submitted to the Commission within 24 hours of publication thereof;
 - (c) The Asset Management Company shall submit 40 (forty) copies of printed prospectus to the Commission for official record;
 - (d) The Asset Management Company shall ensure in writing to the Commission that the prospectus/ abridged version is published correctly and is a verbatim copy of the prospectus/abridged version vetted by the Commission;
 - (e) The expiry date of the sponsors' locked-in portion shall be specially mentioned on the body of the jumbo confirmation of Unit allocation;
 - (f) The AMC shall apply the same buy-back rule (TT clean) of Sonali Bank prevalent on the date of opening of subscription for conversion of foreign currencies;
 - (g) The AMC shall submit to the Commission a diskette containing the vetted prospectus and its abridged version;
 - (h) All conditions imposed under Section 2CC of the Securities and Exchange Ordinance, 1969 must be complied with and the incorporated in the body of the prospectus and its abridged version;
 - (i) After the approval by the Trustee regarding issue and formation expenses, the AMC shall submit in details to the Commission regarding issue and formation expenses within 15 days of fund operation.

1.6 General Information
i. This prospectus has been prepared by Universal Financial Solutions Limited based on the Trust Deed executed between the Trustee and the Sponsor of the Fund, which is approved by the Commission and available publicly. The information contained herein is true and correct in all material aspects and there are no other material facts, the commission of which would make any statement herein misleading.
ii. No person is authorized to give any information to make any representation not contained in this prospectus and if so given or made, such information or representation must not be relied upon as having been authorized by Universal Financial Solutions Limited.
iii. The issue as contemplated in this document is made in Bangladesh is subject to the exclusive jurisdiction of the court of Bangladesh. Forwarding this prospectus to any person residing outside Bangladesh in no way implies that the issue is made in accordance with the laws of that country or is subject to the jurisdiction of the laws of that country.

1.7 Sale and Repurchase of Units
UFS will maintain two BO Accounts with Investment Corporation of Bangladesh, custodian of UFS-Padma Life Islamic Unit Fund for creation and redemption of units namely "UFS-Padma Life Islamic Unit Fund - Sale of units" and "UFS-Padma Life Islamic Unit Fund - Repurchase of units".
For sale of units UFS will issue a certificate for the units sold and send it to ICB for setting-up of demat request. After the acceptance of demat request by UFS from its custodian ICB will debit the unit certificate from the investor's BO Accounts and transfer it to UFS-Padma Life Islamic Unit Fund - Repurchase of units account. Simultaneously, the payment will be made through A/C payee Cheque or funds will be transferred to investor's Bank Account through BEFTN as per the request of the client

1.8 Declarations
Declarations about the Responsibility of the Sponsor
The Sponsor, whose name appears in this prospectus, accepts full responsibility for the authenticity and accuracy of the information contained in this prospectus and other documents regarding UFS-PADMA LIFE ISLAMIC UNIT FUND. To the best of the knowledge and belief of the Sponsor, who has taken all reasonable care to ensure that all the conditions and requirements concerning this public offer and all information contained in this document, drawn up by virtue of the Trust Deed of the Fund by the entrusted Asset Management Company have been met and there is no other information or document, the omission of which may make any information or statements therein misleading. The Sponsor also confirms that full and fair disclosures have been made in this prospectus to enable the investors to make a decision for investment.

Declarations about the Responsibility of the Custodian
We, as Custodian of the UFS-PADMA LIFE ISLAMIC UNIT FUND, accept the responsibility and confirm that we shall: i. Keep all the securities in safe custody and shall provide the highest security for the assets of the Fund; and ii. Preserve necessary documents and records so as to ascertain movement of assets of the Fund as per সিউসিএফসি ও এক্সচেঞ্জ কমিশন (সিউসিএফসি) বিধিমালা, ২০০১

Declarations about the Responsibility of the Trustee
We, as Trustee of the UFS-PADMA LIFE ISLAMIC UNIT FUND, accept the responsibility and confirm that we shall i. be the guardian of the Fund, held in trust, for the benefit of the Unit holders in accordance with the Rules and the Trust Deed;

Declarations about the Responsibility of the Asset Manager
This Prospectus has been prepared by us based on the Trust Deed, the Investment Management Agreement, the সিউসিএফসি ও এক্সচেঞ্জ কমিশন (সিউসিএফসি) বিধিমালা, ২০০১ and other related agreements and examination of other documents as relevant for adequate disclosure of the Funds objectives and investment strategies to the investors. We also confirm that, i. The prospectus is in conformity with the documents, materials and papers related to the public offer; ii. All the legal requirements of the public offer have been duly fulfilled; and iii. The disclosures made are true, fair and adequate for investment decision.

Investors should be aware that the value of investments in the Fund could be volatile and such no guarantee can be made about the returns from the investments that the Fund will make. Like any other equity investment, only investors who are willing to accept a moderate degree of risk, should invest in the Fund. Investors are requested to pay attention to the details set out in the Risk-Factor section and to take proper cognizance of the risks associated with any investment in the Fund.

Declarations about the Responsibility of the Trustee
We, as Trustee of the UFS-PADMA LIFE ISLAMIC UNIT FUND, accept the responsibility and confirm that we shall i. be the guardian of the Fund, held in trust, for the benefit of the Unit holders in accordance with the Rules and the Trust Deed; ii. always act in the interest of the Unit holders; iii. take all reasonable care to ensure that the Fund floated and managed by the Asset Management Company are in accordance with the Trust Deed and the Rules;

Declarations about the Responsibility of the Asset Manager
This Prospectus has been prepared by us based on the Trust Deed, the Investment Management Agreement, the সিউসিএফসি ও এক্সচেঞ্জ কমিশন (সিউসিএফসি) বিধিমালা, ২০০১ and other related agreements and examination of other documents as relevant for adequate disclosure of the Funds objectives and investment strategies to the investors. We also confirm that, i. The prospectus is in conformity with the documents, materials and papers related to the public offer; ii. All the legal requirements of the public offer have been duly fulfilled; and iii. The disclosures made are true, fair and adequate for investment decision.

Investors should be aware that the value of investments in the Fund could be volatile and such no guarantee can be made about the returns from the investments that the Fund will make. Like any other equity investment, only investors who are willing to accept a moderate degree of risk, should invest in the Fund. Investors are requested to pay attention to the details set out in the Risk-Factor section and to take proper cognizance of the risks associated with any investment in the Fund.

CHAPTER 2: BACKGROUND

2.1 Preamble to Formation of UFS-PADMA LIFE ISLAMIC UNIT FUND
Open-end unit fund is a collective investment scheme which can issue and redeem shares at any time. An investor will generally purchase shares in the fund directly from the fund itself rather than from the existing shareholders. By investing in an open-end unit fund, the investors gain access to a thoroughly researched and professionally managed capital market portfolio, thereby increasing their diversity and reducing the overall risk associated with the capital market investments. Such funds allow the small investor to reap the benefits of a large diversified and professionally managed portfolio.

The UFS-PADMA LIFE ISLAMIC UNIT FUND will provide an investment alternative for the existing retail investors in the Bangladesh. It will also encourage new investors to join in and enjoy the returns of the capital market with minimal risk. The parties to the fund are, Padma Islami Life Insurance Limited as Sponsor, Universal Financial Solutions Limited (UFS) as the Asset Manager, Investment Corporation of Bangladesh (ICB) as the Trustee and the Custodian of the Fund.

2.2 Capital Market of Bangladesh
Bangladesh Capital Market consists of the Dhaka Stock Exchange (DSE) & the Chittagong Stock Exchange (CSE) which were incorporated in 1954 & 1995 respectively. The Bangladesh Securities & Exchange Commission (BSEC) supervises activities of the bourses and its members. The Capital Market of Bangladesh is still in the developing phase, in terms of quality of capital, quality & quantity of investable instruments, efficiency and regulatory strength.

After the Stock Market Crash of 2010, the Bangladesh capital market has witnessed a turbulent period for the next few years. It stabilized around the first quarter 2014. The BSEC has taken a number of steps to restore investor confidence, including, but not limited to, the demutualization of the bourses, introducing faster and more reliable trading platform, unveiling of a more sophisticated surveillance system, encouraging more public issues to increase market depth.

UFS, in conjunction with Padma Islami Life Insurance Limited, has taken an initiative by introducing the UFS-PADMA LIFE ISLAMIC UNIT FUND for the benefit of investors from all walks of life. The idea is to help transform the capital market from a speculative hub to a savings hub.

2.3 Advantages of Investing in UFS-PADMA LIFE ISLAMIC UNIT FUND
Following are the advantages the investors of UFS-PADMA LIFE ISLAMIC UNIT FUND may enjoy:
i. **Diversification:** Diversification is often thought of as the key to smart investing. Well-conceived portfolio diversification often results in achieving better results. Diversified portfolio, to be developed for the Fund, will help in lowering investment risk of the investors, who will be able to minimize or even eliminate their individual exposure to company-specific risks.
ii. **Professional Management:** The Fund will be managed by qualified professionals, who take investment decisions based on their continuous research of the economy, the market and the companies. The professionals at Universal Financial Solutions Limited use a host of investment strategies while managing the investment keeping in mind the objective of the Fund.
iii. **Le Emotional Stress:** Investment management often results in emotional stress for the individual who manages the investment. Trying to balance between personal and professional life and at the same time managing investment might have its impact on a person, who is not a professional in the field of investment management and ultimately result in emotional stress. On the other hand asset managers are the one who specializes in investment management. Asset managers engage themselves in an organized and disciplined way of investment management based on relevant education, years of hands on experience and skills. Allowing the asset manager to take the responsibility of managing investment and dealing with it professionally can release investor from the emotional stress.
iv. **Trading at Close to NAV:** Price of the Units of the Fund will not be determined by demand and supply function, rather than the Net Asset Value (NAV).
v. **Cumulative Investment Plan (CIP):** UFS-PADMA LIFE ISLAMIC UNIT FUND offers the investors to choose either to receive dividend or to allow the Fund manager, to reinvest their dividend in the market. This flexibility allows investors to choose a plan according to their preference.

2.4 Transparency & Extensive Disclosures: Formation, management and operation of UFS-PADMA LIFE ISLAMIC UNIT FUND adheres to সিউসিএফসি ও এক্সচেঞ্জ কমিশন (সিউসিএফসি) বিধিমালা, ২০০১ and are monitored by the BSEC and the Commission of Investment Management and the Trustee, BSEC and the public as prescribed in the সিউসিএফসি ও এক্সচেঞ্জ কমিশন (সিউসিএফসি) বিধিমালা, ২০০১

Investment Instruments: However, their need for investment remains unmet. This Fund will assist them to channelize their funds into Shariah Compliant Securities. In addition to that, Islamic funds ensure that balance sheets of the companies chosen are in compliance with Shariah rules. When companies pass Shariah rules, they are usually found having strong balance sheet. These companies are better able to protect themselves during economic downturn. Ultimately, the Islamic funds perform better in long run. That is why greater demand for Islamic Funds have been seen during global financial crisis during 2007-08. Islamic investments are based on business contracts that increase transparency and reduce speculation so that all contract partners know what to expect and what risks are involved. Investors can expect these companies are better governed in the fund.
Islamic promotes awareness of and shared responsibility for the hardships experienced by the poor. Greater implementation of Islamic principles in the financial markets can result in investments that benefit people at all points on the wealth spectrum. The potential rewards of such movement regionally, nationally, and globally are substantial and may include less violence and greater stability.

2.4 Tax Advantage of Investing in UFS-PADMA LIFE ISLAMIC UNIT FUND: Investment in the Fund would qualify for investment tax credit under section 44 (2) of the Income Tax Ordinance 1984.

CHAPTER 3: THE FUND

3.1 Formation of the Fund
The trust deed of the Fund was registered on 15 February, 2016 under the Trust Act, 1882 and Registration Act, 1908. The Fund was registered by the BSEC on 08 March, 2016 under the সিউসিএফসি ও এক্সচেঞ্জ কমিশন (সিউসিএফসি) বিধিমালা, ২০০১

3.2 Life of the Fund
The Fund will be an open-end mutual fund with a perpetual life. Institutional, local and foreign, and individual investors, resident and non-resident, are eligible to invest in this Fund. The initial target size of the Fund will be Tk 50,00,00,000 (Taka Fifty crore) only divided into 5,00,00,000 (Five 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 500 (five hundred) units for individuals and 5,000 (five thousand) units for institutions.

3.4 Investment Objective
The objective of the UFS-PADMA LIFE ISLAMIC UNIT FUND is to achieve superior risk adjusted return in forms of capital appreciation, dividend income, and to provide attractive dividend payments to the unit holders, by investing the fund only in Shariah Compliant instruments of capital and money market.

3.5 Investment Policies
i. The Fund shall invest subject to the সিউসিএফসি ও এক্সচেঞ্জ কমিশন (সিউসিএফসি) বিধিমালা, ২০০১ and only in those securities, deposits and investments approved by Bangladesh Securities and Exchange Commission and/or the Bangladesh Bank and/or the Insurance Development & Regulatory Authority (IDRA) of Bangladesh or any other competent authority in this regard.
ii. Not less than 60% of the total assets of the Scheme of the Fund shall be invested in capital market instruments out of which at least 50% shall be invested in listed securities.

- iii. Not more than 25% of the total asset of the Scheme of the Fund shall be invested in Shariah Advisory Board approved Term Deposits.
- iv. Not more than 15% of the total asset of the Scheme of the Fund shall be invested in Pre-IPOs at one time.
- v. The Fund shall not invest more than 10% of its total assets in any one particular company.
- vi. The Fund shall not invest in more than 15% of any company's paid up capital.
- vii. The Fund shall not invest more than 20% of its total assets in Shariah compliant shares, debentures or other securities of a single company or group.
- viii. The Fund shall not invest more than 25% of its total assets in Shariah compliant shares, debentures or other securities in any one industry.

- ix. The fund shall follow the investment objectives and investment restrictions as per the Rule. However, the AMC shall follow the Shariah guidance suggested by the Shariah Advisory Board for investment selections within the Rules; x. The Asset Management Company will make the investment decisions based on best judgment supported by documents and analysis wherever possible;
- xi. The Fund shall not purchase securities on margin;
- xii. The Fund shall not involve in option trading or short selling or carry forward transactions;
- xiii. The Fund shall not invest in or lend to another scheme under the same Asset Management Company. However, the inter Fund transactions can be made through stock exchanges;
- xiv. The Fund shall not acquire any asset out of the Fund's deliveries and shall, in all cases of purchases, take delivery liability or shall result in encumbrance of the Trust property in any way;
- xv. The Fund or the Asset Management Company on behalf of the Fund shall not give or guarantee term loans for any purpose or take up any activity in contravention of the সিউসিএফসি ও এক্সচেঞ্জ কমিশন (সিউসিএফসি) বিধিমালা, ২০০১
- xvi. The Fund shall get the securities purchased or transferred in the name of the Mutual Fund;
- xvii. Only the Asset Management Company will make the investment decisions and place orders for securities to be purchased or sold by the Fund;
- xviii. The Asset Management Company will choose broker(s) for the purchase and sale of securities for the Fund's portfolio;
- xix. Settlement of transaction will take place as per the customs and practice of the stock exchanges in the country;
- xx. The Fund shall not invest in 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.

3.6 Investment Restrictions

- 3.6.1 The Fund has been designed for a specific objective i.e. to provide interest-free return to the investors by investing the Fund only in Shariah compliant investments. Necessary declaration about the objective of the Fund shall be disclosed in the prospectus.
- 3.6.2 The Fund shall invest both in listed and non-listed securities and other instruments as per Rules and also follow the principles of Bai Mu'ajala, Bai Salam, Istisna'a, Mudaraba, Murabaha and Musharaka. Mutual investment in securities and other instruments the following criteria shall be observed as per Shariah guidance.
I. Primary Selection Companies
The basic business of the company should be in consistency with the Shariah Law. Although no universal consensus exists among the Trustee and Shariah scholars on the investment in companies, most Shariah Boards have advised against investment in companies involved in the activities of
 - > Conventional Banks, Insurance and Leasing Companies;
 - > Alcohol;
 - > Pork and its by-products;
 - > Tobacco;
 - > Weapons and Defense;
 - > Entertainment (Hotels, Casinos/Gambling, Cinema, Pornography, Music etc.).
II. Screening of Acceptability
After removing companies with unacceptable primary business activities, the Fund may invest in the remaining companies or industries if:
> The total debt of the investee company is equal to or less than 33% of the trailing 12 months average market capitalization of the company.
> The sum of cash and interest bearing securities of the investee companies is less than or equal to 33% of the trailing 12 months average market capitalization of the company.
> The Accounts Receivable is less than or equal to 45% of the Total Assets of the company.
3.6.3 The Fund may also invest in other Shariah Compliant instruments as and when they are available for investment. Specifically:
a. In Participation Term Certificates, Mudaraba Certificates, Musharika, Murabaha, Term Finance Certificates and all other asset backed securities;
- b. In contracts, securities or instruments of companies, organizations and establishments issued on the basis of the principles of Bai Mu'ajala, Bai Salam, Istisna'a, Mudaraba, Murabaha and Musharaka;
- c. 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;
- d. In any instrument or investment which may be allowed by the সিউসিএফসি ও এক্সচেঞ্জ কমিশন (সিউসিএফসি) বিধিমালা, ২০০১ and confirmed as Shariah Compliant by the Fund's Shariah Advisor from time to time;

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. When the securities were not traded either at DSE or CSE on the particular valuing date, immediate previous average price, which is nearer, but not longer than 30 days, to the valuing date will be taken into account.
- iii. When the securities were not traded either at DSE or CSE for a period for over 30 days, the Fund shall follow the method approved by the Commission for valuation of the non-traded investment and the Trustee shall periodically review the value of such investments;
- iv. The valuation of non-traded securities will be made with 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 Mutual Fund but shall not be more than the intrinsic value of the securities;
- v. The valuation of non-listed securities will be made by the Asset Management Company with their reasonable value, which is nearer, but not longer than 30 days, to the valuing date will be taken into account.
- vi. Once non-listed securities are valued, the valued amount will be considered for purpose of valuing the Fund's assets in any interval of time until the securities are further revalued by the Asset Management Company.
- vii. The valuation of investment made under Shariah compliant investments e.g. Mudaraba, Musharika, Murabaha etc. will be made by Asset Management Company with the approval of the Trustee and in consultation with the Shariah Advisor. The auditors will comments on the policy of valuation in the Audit Report;</