

Bangladesh Securities and Exchange Commission

Enforcement Division

Enforcement Department

Market, Market Intermediaries and Other Affairs Section

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নং- বিএসইসি/এনফোর্সমেন্ট/৩৫৬৪/২০২৪/৩৬৫

তারিখ: মে ২১, ২০২৬

Vanguard Asset Management Limited (Asset Manager)

Symphony (Level-6), Plot #SE (F) 9,

Road #142, South Avenue,

Gulshan - 1, Dhaka - 1212.

বিষয়: আদেশ।

কমিশনের আদেশ নং- বিএসইসি/এনফোর্সমেন্ট/৩৫৬৪/২০২৪/৩৬৪ তারিখ: মে ২১, ২০২৬ এর সত্যায়িত অনুলিপি

আপনার অবগতি ও প্রয়োজনীয় ব্যবস্থা গ্রহণের জন্য এতদসঙ্গে সংযুক্ত করা হলো।

বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশনের পক্ষে,



মোঃ সুলতান সালাহ উদ্দিন

উপপরিচালক (এনফোর্সমেন্ট)

IP PABX: 88-02-09609-100600, Ext- 1220

ই-মেইল- ssuddin@sec.gov.bd

অবগতির জন্য অনুলিপি:

১. চেয়ারম্যান মহোদয়ের দপ্তর, বিএসইসি।
২. পিও টু সকল কমিশনার, এনফোর্সমেন্ট, বিএসইসি।
৩. পিও টু নির্বাহী পরিচালক, এনফোর্সমেন্ট, বিএসইসি।
৪. পিও টু নির্বাহী পরিচালক, আইএমডি, বিএসইসি। [Ref: BSEC/MF&SPV/MF-111/2013]
৫. পিও টু নির্বাহী পরিচালক, এমআইএস, বিএসইসি।

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তারিখঃ মে ২১, ২০২৬

আদেশ

যেহেতু, Securities and Exchange Ordinance, 1969 এর Section 2 (cc) মোতাবেক কমিশন অর্থ বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন যা বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন আইন, ১৯৯৩-এর অধীনে গঠিত;

যেহেতু, Vanguard Asset Management Limited ০১ জানুয়ারি ২০২২ থেকে ৩১ ডিসেম্বর ২০২২ পর্যন্ত সময়ের জন্য Vanguard AML Rupali Bank Balanced Fund -এর নিরীক্ষিত আর্থিক বিবরণী ১৯ মার্চ ২০২৩ তারিখে জমা দিয়েছে;

যেহেতু, Vanguard AML Rupali Bank Balanced Fund-এর নিরীক্ষিত আর্থিক বিবরণীতে দেখা গেছে যে Vanguard AML Rupali Bank Balanced Fund হতে প্রি-আইপিও প্লেসমেন্টে বিনিয়োগ হিসেবে ২০১৭ সালে AFC Health Limited-এ ৬.০০ কোটি টাকা এবং ২০১৩ সালে Bengal Poly & Paper Sack Ltd.-এ ১.৫০ কোটি টাকা বিনিয়োগ করা হয়েছে। উহাতে আরও উল্লেখ করা হয়েছে যে, AFC Health Limited-এর ৪৮.০০ লক্ষ সাধারণ শেয়ার এবং Bengal Poly & Paper Sack Ltd.-এর ৬.০০ লক্ষ সাধারণ শেয়ার এই তহবিলের মালিকানাধীন, যার মূল্য যথাক্রমে ৬.০০ কোটি টাকা এবং ১.৫০ কোটি টাকা মোট ৭.৫০ কোটি টাকা, AFC Health Limited-এর প্রতি শেয়ারের অভিহিত মূল্য ১০.০০ টাকা এবং শেয়ার প্রিমিয়াম ২.৫০ টাকা এবং Bengal Poly & Paper Sack Ltd.-এর প্রতি শেয়ারের অভিহিত মূল্য ১০.০০ টাকা এবং শেয়ার প্রিমিয়াম ১৫.০০ টাকা;

যেহেতু, Vanguard AML Rupali Bank Balanced Fund-এর ০১ জানুয়ারি ২০২২ থেকে ৩১ ডিসেম্বর ২০২২ পর্যন্ত সময়ের নিরীক্ষিত আর্থিক বিবরণীতে, প্রি-আইপিও প্লেসমেন্ট 'AFC Health Limited'-এ Vanguard AML Rupali Bank Balanced Fund হতে করা বিনিয়োগ থেকে অর্জিত কোনো আয় দেখানো হয়নি, অপর পক্ষে প্রি-আইপিও প্লেসমেন্ট 'Bengal Poly & Paper Sack Ltd.-এ Vanguard AML Rupali Bank Balanced Fund হতে করা বিনিয়োগ থেকে অর্জিত লভ্যাংশ আয় হিসাবে ৩.০০ লক্ষ টাকা দেখানো হয়েছে।

যেহেতু, উপরোক্ত বিবেচনায়, Vanguard Asset Management Limited (Asset Manager of Vanguard AML Rupali Bank Balanced Fund) এবং Investment Corporation of Bangladesh (Trustee of Vanguard AML Rupali Bank Balanced Fund) এর কাছে Vanguard AML BD Finance Mutual Fund One হতে প্রি-আইপিও প্লেসমেন্ট (AFC Health Limited ও Bengal Poly & Paper Sack Ltd.) -এ বিনিয়োগের বিষয়ে ব্যাখ্যা এবং প্রাসঙ্গিক নথি চাওয়া হয়েছিল। জবাবে, Vanguard Asset Management Limited কিছু বিষয় ব্যাখ্যা করেছে এবং কিছু নথি প্রদান করেছে। উক্ত নথি পর্যালোচনা ও কমিশনের পরামর্শক্রমে নিজে পরিশোধিত করে উপস্থাপন করা হলো:

Description of alleged violation of securities laws:

Whereas, Vanguard Asset Management Limited (VAML) (Asset Manager) submitted the Auditors' Report of 'Vanguard AML Rupali Bank Balanced Fund' dated 19 March 2023 for the period from 01 January 2022 to 31 December 2022. In this report, the auditor (Zoha Zaman Kabir Rashid & Co.) mentioned this given following:

Quoted:

Emphasis of Matter....

2. The fund has investment 4,800,000 no. of shares at price TK.12.50 each in AFC Health Ltd. (The company), representing 3.31 percent of total shareholding of the company.

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Based on the audited financial statements of the company as at June 30, 2021, the NAV per share of the company was TK. 13.12 and Earnings per Share (Basic) TK. 0.15. The said investment are valued at lower of cost and NAV per share of the company. **We could not conduct any other due diligence and verification in this regard.**

3. The fund has investment 600,000 no. of shares at price TK. 25 each in Bengal Poly & Paper Sack Ltd. (The company), representing 2.14 percent of total shareholding of the company. Based on the audited financial statements of the company as at June 30, 2022, the NAV per share of the company was TK. 40.54 and Earnings per Share TK. 2.77. The said investment are valued at lower of cost and NAV per share of the company. **We could not conduct any other due diligence and verification in this regard.**

Other Matter Paragraph

According to sec. 58(2) of Bangladesh Securities and Exchange Commission Mutual Fund Bidhimala (Rules), 2001, **the trustee and the asset management company shall jointly perform the valuation of the investment in non-listed securities on quarterly basis.** During our audit, **no such report was received.** However, the Board of Trustee has approved these Financial Statements dated: February 13, 2023 where such valuation is incorporated. Our opinion is not qualified in respect of these matters.

Unquoted:

VAML submitted the 'Portfolio Statement Report of Vanguard AML Rupali Bank Balanced Fund' dated 05 October 2023. In this document, it has been noticed that there was investment of Tk 6.00 crore in AFC Health Ltd. and Tk 1.50 crore totaling to Tk 7.50 crore both as 'Cost value' and 'Fair value/ Market Value' as Investments in Pre-IPO Placement from Vanguard AML Rupali Bank Balanced Fund.

VAML also submitted the 'Quarterly Reporting on Composition of Portfolio other than Capital Market Investment' and mentioned this given following:

Quoted:

1. Invest. in Ordinary Shares of 'Bengal Poly & Paper Sack Ltd.' for 6,00,000 nos. acquisition cost of **Tk. 25.00** and revalued rate for **Tk. 40.54** on Audited financial statement as on June 30, 2022 and the Unrealized Gain for **Tk. 93,24,000.00.**
2. Investment in Ordinary Shares of 'AFC Health Ltd.' for 48,00,000 nos. **acquisition cost of Tk. 12.50** and revalued rate for **Tk. 13.11** on Audited Financial Statement as at June 30, 2021 and the Unrealized Gain for **Tk. 29,23,000.00.**

The fund has not recognized the unrealized gain Total **Tk. 1,22,52,000.00** of '**Bengal Poly & Paper Sack Ltd.**' and '**AFC Health Ltd.**' due to **conservative policy.** The said unrealized gain will be recognized as and when it is realized.

Unquoted:



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Additionally, in the audited financial statements of *Vanguard AML Rupali Bank Balanced Fund* for the period of 01 January 2022 to 31 December 2022, it has been noticed that there was investment of Tk **6.00 crore** in '*AFC Health Ltd.*' and Tk **1.50 crore** in '*Bengal Poly & Paper Sack Ltd.*' totaling to Tk **7.50 crore** as Investments in Pre-IPO Placement from *Vanguard AML Rupali Bank Balanced Fund*.

It is also mentioned there that the fund holds **48.00 lac ordinary shares** in *AFC Health Ltd.* at a cost of total Tk **6.00 crore** what posits that Tk 10.00 as face value and Tk 2.50 as share premium per share of *AFC Health Ltd.*

But the audited financial statements of '*AFC Health Limited*' for the period of 01 July 2018 to 30 June 2019 showed the Share Capital as Tk 145.00 crore and no share premium was mentioned there.

Again, the fund holds **6.00 lac ordinary shares** in '*Bengal Poly & Paper Sack Ltd.*' at a cost of total Tk **1.50 crore** what posits that Tk 10.00 as face value and Tk 15.00 as share premium per share of '*Bengal Poly & Paper Sack Ltd.*'

The audited financial statements of '*Vanguard AML Rupali Bank Balanced Fund*' for the period from 01 January 2022 to 31 December 2022 **doesn't show any income** generated from the investment made from '*Vanguard AML Rupali Bank Balanced Fund*' to '*AFC Health Ltd.*' as investment in Pre-IPO Placement.

The audited financial statements of '*Vanguard AML Rupali Bank Balanced Fund*' for the period from 01 January 2022 to 31 December 2022 shows Tk **3.00 lac** as dividend income generated from the investment made from '*Vanguard AML Rupali Bank Balanced Fund*' to '*Bengal Poly & Paper Sack Ltd.*' as investment in Pre-IPO Placement.

A letter was issued to VAML and Investment Corporation of Bangladesh (Trustee of Vanguard AML Rupali Bank Balanced Fund) dated 14 December 2023 asking for explanation and relevant documents in connection with the investments in Pre-IPO Placement (*AFC Health Ltd.* and *Bengal Poly & Paper Sack Ltd.*) and also FDRs from Vanguard AML BD Finance Mutual Fund One.

In response to this letter, VAML sent a letter to the Commission dated 18 December 2023 with explanation of the matters and provided some documents including enclosures. However, as per the given explanation and received documents from VAML in the reply letter along the enclosures, some critical findings have been observed which are summarized below:

1. The Matter Related with Investment in *AFC Health Ltd.* from Vanguard AML Rupali Bank Balanced Fund is given in following

A. Summary of different parties and relevant info:

Particulars	Description
Name of Trustee & Custodian of the Fund	Investment Corporation of Bangladesh (ICB)
Letter of Intent from BSEC to <i>AFC Health Ltd.</i> , as per their application dated 31 July 2017 for raising paid-up capital	29 November 2017 at Tk 10.00 per ordinary share

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Name of the Company where the Asset Manager made investment decision from the fund	AFC Health Ltd.
Date of Application from Asset manager to Trustee (ICB)	06 December 2017
Getting Approval from the Trustee (ICB) of Investing in AFC Health Ltd.	18 December 2017
Date of Consent of BSEC to raise capital of AFC Health Ltd as per their application	11 December 2017 at 7k 10.00 per ordinary share
Date of Investment	21 December 2017
Date of Ordinary Shares Subscription Agreement	21 December 2017 Investor (Vanguard AML Rupali Bank Balanced Fund) Invested in the Company AFC Health Ltd as Pre IPO Investment
Amount of Investment	Total Tk 6.00 crore of total 48.00 lac ordinary shares at Tk 10.00 face value and additional Tk 2.50 as share premium totaling to Tk 12.50 per share By two different money receipts of Tk 4.80 crore and Tk 1.20 crore totaling to Tk 6.00 crore from the bank account No: 1121924424001 of Vanguard AML Rupali Bank Balanced Fund
Approved investment Standard from BSEC	At Tk 10.00 face value per ordinary share of AFC Health Ltd.
Assumed Illegal Transfers through showing Investment	As Tk 2.50 per share premium equivalent to Tk {12.50 x 48.00.000} (10.00 x 48,00,000) or, Tk 1.20 crore dated 21 December 2017
Assumed Liable Parties related with Vanguard AML Rupali Bank Balanced Fund	i. Asset manager (Vanguard Asset Management Limited), ii. Trustee (Investment Corporation of Bangladesh (ICB); iii. AFC Health Ltd. (in which company the investment made from the fund)

B. As per the Consent for Raising of Paid-up Capital from BSEC to AFC Health Ltd. dated 11 December 2017

Quoted:

.../issuing 7,50,00,000 (Seven crore fifty lac only) ordinary shares of 10/- each to the existing and other than existing shareholders of the company in cash consideration

Unquoted

C. However, but Vanguard Asset Management Limited invested in 48,00,000 Ordinary Shares of AFC Health Ltd. from the fund at Tk 12.50 per share.

D. The money receipts of the investment in from Vanguard AML, Rupali Bank Balanced Fund (Bank A/C No. 1121924424001) to AFC Health Ltd. show two copies in which the first one is of Tk 4.80 crore and another one was Tk. 1.20 crore totaling to (Tk 4.80 crore + Tk 1.20 crore) or, Tk 6.00 crore which is very surprising and unusual.

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The copy of money receipts should be a single receipt of Tk 6.00 crore. But the Asset Manager (transferred the money from Vanguard AML Rupali Bank Balanced Fund (Bank A/C No 1121924424001) to AFC Health Ltd. at two different receipts of Tk 4.80 crore and Tk 1.20 crore respectively what it suspicious.

It posits that Vanguard Asset Management Limited intentionally manipulated the transfers form Vanguard AML Rupali Bank Balanced Fund to AFC Health Ltd. in two different transfers so that Tk 4.00 crore could reflect the investment made at face value of Tk 10.00 totaling to Tk 4.80 crore (Tk 10.00 x 48,00,000 no. of shares).

And another transfer of Tk 1.20 crore as share premium (Tk 2.50 per share x 48,00,000 no. of shares) was done separately to hide the illegal transfer of Tk 2.50 per share made in the name investment made in the name of share premium. The investment of Tk 6.00 crore to AFC Health Ltd. has been reported in all the audited financial statements of Vanguard AML Rupali Bank Balanced Fund from 2017 to 2022. But the Audited Financial Statements of AFC Health Ltd. dated 30 June in each year from 2018 to 2021 show that there was to share premium for the share issued by AFC Health Ltd. This clearly indicates that some intentional and illegal transfers what could be of Tk 1.20 crore in the name of the Share premium from the "Vanguard AML, Rupali Bank Balanced Fund was made to AFC Health Ltd.

- E. Trustee of the Fund (Investment Corporation of Bangladesh) gave permission of this investment by mentioning following:

Quoted

ভ্যানগার্ড এএমএল রুপালী ব্যাংক ব্যালেন্সড ফান্ড"- এর উদ্যোক্তা এবং ট্রাস্টিয়ার (আইসিবি) মধ্যে সম্পাদিত Trust Deed এ বর্ণিত ৪.২.১৩ নং অনুচ্ছেদ অনুসরণ করে বিনিয়োগকারীদের স্বার্থ সংরক্ষণপূর্বক বিনিয়োগ কার্যক্রম পরিচালনা করার জন্য আদিষ্ট হয়ে পরামর্শ প্রদান করা হল.

Unquoted

- F. AFC Health Ltd. sent a letter to Vanguard Asset Management Limited dated 17 December 2023 by referring third party arranger fee Tk 12,000,000. However, Vanguard Asset Management Limited never mentioned this Tk 2.50 of per share premium equivalent to total Tk 1.20 crore as 'arranger fee. There was no matter mentioned as charging arranger fee as per the consent letter of BSEC of raising capital. It indicates that they are trying to hide the matter of 1.20 crore illegal transfer from the fund in the name of arranger fees.

2. The matter related with **Investment in Bengal Poly & Paper Sack Ltd.** from Vanguard AML Rupali Bank Balanced Fund' is summarized below:

- A. Summary of different parties and relevant info:

Particulars	Description
Name of Truste & Custodian of the Fund	Investment Corporation of Bangladesh (ICB)
Name of the Company where the Asset Manager made investment decision from the fund	Bengal Poly & Paper Sack Ltd.

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Date of Consent of BSEC to raise capital of Bengal Poly & Paper Sack Ltd. as per their application	29 September 2013 at Tk 10.00 per ordinary share
Date of Investment	17 December 2013
Shares Subscription Agreement	No document found
Amount of Investment	Total Tk 1.50 crore of total 6.00 lac ordinary shares at Tk 10.00 face value and additional Tk 15.00 as share premium totaling to Tk 25.00 per share By one money receipt of Tk 1.50 crore from the bank account No 0000000203006 of Vanguard AML Rupali Bank Balanced Fund dated 17 December 2013.
Approved investment Standard from BSEC	At Tk 10.00 face value per ordinary share of "Bengal Poly & Paper Sack Ltd.
Assumed Illegal Transfers through showing Investment	As Tk 15.00 per share premium equivalent to Tk (25.00 x 6,00,000) -(10.00 x 6,00,000)] or, Tk 90.00 lac dated 17 December 2013.
Matter related with Bengal Poly & Paper Sack Ltd. and Bengal Flexipak Ltd.	However, it is observed that Bengal Poly & Paper Sack Ltd. failed to go public as per prescribed rules of BSBC. The matters of Bengal Poly & Paper Sack Ltd. and Bengal Flexipak Ltd. for buying shares from Vanguard AML Rupali Bank Balanced Fund is unresolved.
Assumed Liable Parties related with Vanguard AML Rupali Bank Balanced Fund	i. Asset manager (Vanguard Asset Management Limited) ii. Trustee (Investment Corporation of Bangladesh (ICB); iii. Bengal Poly & Paper Sack Ltd. (in which the investment was made from the fund)

- B. However, as per the Consent for raising of Paid-up Capital from BSEC to Bengal Poly & Paper Sack Ltd. dated 29 September 2013 at Tk 10.00 per ordinary share

Quoted

"...by issuing 80,00,000 ordinary shares @Tk. 10/- each totaling Tk. 8,00,00,000/ (Taka eight crore) only."

Unquoted

- C. However, it is observed that VAML invested in 6.00 lac shares of Bengal Poly & Paper Sack Ltd. from Vanguard AML Rupali Bank Balanced Fund dated 17 December 2013 at Tk 25.00 (Fac value Tk 10.00 and Including Tk 15.00 as premium) per share it posits that VAML intentionally made the investment from Vanguard AML Rupali Bank Balanced Fund to Bengal Poly & Paper Sack Ltd. dated 17 December 2013 for illegal transfers of Tk 90 lac from the fund in the name of share premium. As per the statement of financial position of Bengal Poly & Paper Sack Ltd. the share Capital was of Tk 28.06 crore and share premium of Tk 12.00 crore. No specific information of share premium per share was shown in the submitted documents This indicates that some intentional and illegal transfers what could be of Tk 90.00 lac of Share premium from the "Vanguard AML Rupali Bank Balanced Fund was made to 'Bengal Poly & Paper Sack Ltd.'

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D. Although in the letter the Commission gave comment of Tk 10.00 per share of the existing and other than existing shareholders of the company, VAML invested from 'Vanguard AML Rupali Bank Balanced Fund' in 6.00 lac shares of Bengal Poly & Paper Sack Ltd. at a price of Tk 25.00 (Tk 15 premium per share) per share totaling to (6.00 lac shares * Tk 15.00 per share) Or, Tk 90.00 lac. It is well understood that the Trustee (ICB) knew all the matters but did not take required step against illegal transfer of money from the fund in the name of such investment.

Contravention:

As per the above findings, the Asset manager (Vanguard Asset Management Limited) of the fund namely "Vanguard AML Rupali Bank Balanced Fund has violated বিধি ৩৩ (১), ৩৩ (৮) and বিধি ৫৬, ৫৮ of সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০০ regarding the following as per the correspondence and received documents

- i. Investment of Tk 6.00 crore in 48.00 lac ordinary shares of AFC Health Ltd. at Tk 10.00 per share and Tk 2.50 share premium totaling to Tk 12.50 per share, and
 - ii. the investment of Tk 1.50 crore in 6.00 lac ordinary shares of Bengal Poly & Paper Sack Ltd. at Tk 10.00 per share and Tk 15.00 share premium totaling to Tk 25.00 per share
3. Later, after noticing several critical issues, letter was issued to Asset Manager- *Vanguard Asset Management Limited*, Trustee- *Investment Corporation of Bangladesh*, Auditor- *Malek Siddiqui Wali & Co. Chartered Accountants* of '**Vanguard AML Rupali Bank Balanced Fund**' dated 24 March 2025. Accordingly, the Commission received responses from them. The observations on their letter responses are given in following:

Observation on Asset Manager of Vanguard AML Rupali Bank Balanced Fund	
Concerned Parties	Observation of BSEC
a. Letter from Asset Manager- Vanguard Asset Management Limited dated 07 April 2025	<p>Point: a. Vanguard Asset Management Limited (VAML) referred a meeting dated 30 & 31 October 2023 with Mr. Md. Mizanur Rahman (former BSEC Commissioner-IMD) regarding impairment of the investment in AFC Health Ltd. However, VAML did not provide any supporting documents e.g. meeting notice letter from BSEC, names of concerned parties of the meeting, taken decisions in meeting, meeting minutes as the evidence of this meeting.</p> <p>Moreover, the respective BSEC file of the fund proves that no such meeting on 30 & 31 October was held. Additionally, the preparation of the audited financial statements is directly connected with the respective mutual fund, asset manager, trustee and auditor.</p> <p>There is no scope for any concerned party to submit the draft audited financial statements to the Commission for reviewal from the Commission to finalize it. No securities laws have such scope. Moreover, it would also raise the issue of conflict of interests if there were any such provision in securities laws.</p> <p>Furthermore, being registered as an asset management company from BSEC, each asset manager has to follow the respective securities laws. Without</p>

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following the securities laws and having any written instruction from BSEC ensuring due proceeding,

VAML being an asset manager can't refer any such meeting. It also significantly contravened the of the বিধিমালা ৩৩ (১) of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১ by referring such meeting without duly following the securities rules.

Moreover, VAML issued letters to ICB (trustee of the fund) dated **05 November 2023 and 23 January 2024** referring the meeting and guideline from the then Commissioner Mr. Mizanur Rahman regarding charging the provision. However, the investment was made on **21 December 2017**.

Moreover, the sub-clauses (গ) and (ঘ) of দফা ২ of ষষ্ঠ তফসিল of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১ are given in following,

Quoted:

(গ) ব্যালেন্স শীটে প্রত্যেক প্রকার বিনিয়োগের ক্ষেত্রে নিষ্ক্রিয় বিনিয়োগের সামষ্টিক চলতি মূল্য ও বাজার মূল্য উল্লেখ করিতে হইবে। (নিষ্ক্রিয় অর্থ এমন কোন বিনিয়োগ যাহা হইতে মিউচুয়াল ফান্ডের হিসাব বর্ষের শেষ পর্যন্ত দুই বৎসরের বেশী সময় ধরিয়া সুদ বা লভ্যাংশ হিসাবে কিছুই প্রাপ্তি ঘটে নাই।)

(ঘ) ব্যালেন্স শীটে নিষ্ক্রিয় বিনিয়োগের মূল্য ঘাটতি/ক্ষতির সঞ্ছতি উল্লেখ করিতে হইবে।

Unquoted:

This investment of Tk 6.00 crore in AFC Health Ltd. never provided any return/dividend to the fund. However, the **asset manager never took any step to charge the provision in almost 6 years (21 December 2017 as inception date of investment and 05 November 2023 as the first letter issued to the trustee)**. The asset manager did not follow the sub-clauses (গ) and (ঘ) of Clause 2 were never applied after almost 06 years since the inception of investment.

Point: b. As per the letter from Trustee (ICB) dated 24 May 2025, it is observed that VAML hadn't received any financial statements from AFC Health Ltd. since the year 2021.

However, VAML in their letter dated 07 April 2025 intentionally hid this to the Commission regarding the matter of not getting the financial statements from AFC Health Ltd. since 2021.

VAML referred the consent of charging provision received from the trustee (ICB) letter dated 18 February 2024. However, in the last 6 years, VAML did not take due step on time. Rather, VAML showed inflated NAV at fair value of the fund across the years. It's a deception to the investors by showing inflated NAV at fair value as any investor usually makes investment decision in any mutual fund by seeing the NAV at fair value of the fund.

Surprisingly, based on the analysis of the financial statements as of **30 September 2023**, it has been observed that the fair value (or revalued value) per share of AFC Health Ltd. was recorded at Tk **12.50** under the *Vanguard AML Rupali Bank Balanced Fund* whereas it was reported as merely Tk **0.10** under the *Vanguard AML BD Finance Mutual Fund One*. It also reveals the fraudulent practice of VAML to delude the concerned parties.

Point: C. VAML published and submitted the portfolio statements dated **31 December 2023** of the *Vanguard AML Rupali Bank Balanced Fund* showing the investment value at Tk **6.00 crore** earlier. But VAML published and submitted the financial statements dated 31 December 2023 of Vanguard AML Rupali Bank Balanced Fund showing the investment value at only Tk **4.80 lac** later. Thus, the financial information dated 31 December 2023 was not same for

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portfolio statements and financial statements.

Being a closed end mutual fund, the investors who bought and sold the units of 'Vanguard AML Rupali Bank Balanced Fund' was manipulated due to such discrepancy and **sudden imposing of 99% provision after 6 years** of the investment made.

Surprisingly, an analysis of the financial statements as of **30 September 2023** reveals a significant inconsistency in the reported fair value per share of AFC Health Ltd. Under the **Vanguard AML Rupali Bank Balanced Fund**, the fair value was recorded at Tk **12.50** per share, while under the **Vanguard AML BD Finance Mutual Fund One**, it was reported as a mere Tk **0.10**. This glaring discrepancy raises serious concerns and strongly indicates a deliberate attempt by VAML to mislead stakeholders.

VAML referred to the trustee's (ICB) consent for charging provisions, as stated in a letter dated 18 February 2024. However, it is critical to note that VAML failed to take appropriate action over the past six years. Instead, it consistently reported an inflated Net Asset Value (NAV) at fair value, thereby distorting the financial picture presented to investors.

This practice constitutes a serious breach of fiduciary responsibility. By misrepresenting the fair value NAV, VAML potentially deceived investors, many of whom rely heavily on the fair value NAV when making investment decisions in mutual funds. The pattern of delayed action and inflated valuations suggests not only negligence but a calculated effort to present an artificially strong financial position.

In the above, it is evident that VAML provided fabricated and vague explanation with having no proper documentation.

As per the above-mentioned discussions, it is assumed that the asset manager-VAML contravened বিধি ৩৩(১), ৩৩ (৮), ৫৬, ৫৮, ৫৯ of সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১.

Additionally, as per the above-mentioned observations, it is also assumed that asset manager- VAML contravened বিধি ৭১ of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১ for failing to provide the details to the Commission and the investors regarding the causes of the investment in AFC Health Ltd. not yielding the desired returns. VAML also contravened the বিধি ৭০ (১) of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১ for not clarifying and providing evidence of documents of the aforesaid meeting.

Other observation:

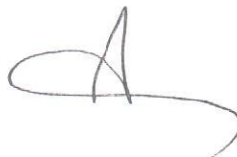
Furthermore, ICB (trustee) enclosed a copy of letter sent to VAML dated 18 February 2024 and a relevant part of the letter is quoted in following.

Quoted:

জ) AFC Health Ltd. এ বিনিয়োগকৃত অর্থ যদি ফেরত না আসে তবে তা সম্পূর্ণরূপে সম্পদ ব্যবস্থাপক কোম্পানিতে ফান্ডে ফেরত দিতে হবে।

Unquoted:

Thus, it is understood that there was an important instruction from ICB (trustee) that 'if the money invested in AFC Health Ltd is not returned, it must be fully returned to the fund by the asset management company. However, VAML completely hid this matter to the Commission in their letter.



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যেহেতু, উপর্যুক্ত আলোচ্য বিষয়ে সংশ্লিষ্ট সিকিউরিটিজ সংক্রান্ত আইন ভঙ্গের কারণে কমিশনের এনফোর্সমেন্ট বিভাগ কর্তৃক আগস্ট ৩১, ২০২৫ তারিখের বিএসইসি/এনফোর্সমেন্ট/৩৫৬৪/২০২৪/৯৯৭ স্মারকমূলে Vanguard Asset Management Limited -কে সেপ্টেম্বর ২২, ২০২৫ তারিখে কারণ প্রদর্শনসহ শুনানীতে উপস্থিত হতে বলা হয়। পরবর্তীতে সেপ্টেম্বর ২৪, ২০২৫ তারিখে শুনানীতে উপস্থিত হয়ে Vanguard Asset Management Limited -এর পক্ষে জনাব ওয়াকার আহমেদ চৌধুরী, এমডি ও সিইও; জনাব রাওয়ান আহমেদ চৌধুরী, নির্বাহী পরিচালক; ব্যারিস্টার মারগুব কবির, জনাব সঞ্জীব কুমার রায়, ইভিপি এবং ইয়াসির মোঃ ফজলে আমিন, ভিপি (on behalf) উপস্থিত হয়ে সেপ্টেম্বর ২২, ২০২৫ তারিখের পত্রের মাধ্যমে নিম্নলিখিত বক্তব্য দাখিল করেন;

"Vanguard AML Rupali Bank Balanced Fund (hereinafter referred to as "VAMLRBBF" and/ or "the Fund") is a listed closed-end mutual fund established on 21 November 2013 under the Trust Act, 1882, registered under the Registration Act, 1908 and subsequently on 12 December 2013 registered as a Close-End Mutual Fund from the Bangladesh Securities and Exchange Commission with initial tenure of 10 years under Securities and Exchange Commission (Mutual Fund) Rules, 2001 for a total paid-up capital of Taka 158.745 crore divided into 15.8745 crore units of Taka 10 each. The Fund was listed with Dhaka Stock Exchange PLC on 15 November 2016 and Chittagong Stock Exchange PLC on 10 November 2016 and started its trading operation from 05 December 2016 under the code of "VAMLRBBF". Investment Corporation of Bangladesh (ICB) is the Trustee and the Custodian of the Fund and Vanguard Asset Management Limited ("Vanguard" and/ or "VAML") is the Asset Manager of the Fund.

Vanguard AML Rupali Bank Balanced Fund ("VAMLRBBF") participated in the paid-up capital raising process of AFC Health Limited ("AFC Health") through Pre-IPO placement of 48,00,000 shares of the Company for Tk. 6,00,00,000.00 (Taka Six crore) only i.e. at an acquisition price of Tk. 12.50 (Taka Twelve and Paise fifty only) per share, which includes share premium of Tk. 2.50 per share.

Vanguard AML Rupali Bank Balanced Fund ("VAMLRBBF") also participated in the paid-up capital raising process of Bengal Poly and Paper Sack Limited (hereinafter referred to as "Bengal Poly"), through Pre-IPO placement of 6,00,000 (Six lac) shares of the Company on 17.12.2013 for Tk. 1,50,00,000.00 (Taka one crore fifty lac only) i.e. at an acquisition price of Tk. 25 (Taka Twenty five only) per share, which includes share premium of Tk. Tk. 15 per share.

In strict compliance of the securities laws, the VAML duly informed the Trustee of **Vanguard AML Rupali Bank Balanced Fund (VAMLRBBF)** and submitted compliance reporting to the Bangladesh Securities and Exchange Commission (BSEC), in accordance with Regulations 55 and 56 of the Securities and Exchange Commission (Mutual Fund) Regulations, 2001 and the respective Trust Deed, with respect to its participation in the said capital raising initiative of both the companies AFC Health and Bengal Poly.

The investment in AFC Health Limited and Bengal Poly and Paper Sack Limited was made in strict compliance to the **Securities and Exchange Commission (Mutual Fund) Rules, 2001** (hereinafter referred to as "the 2001 Rules" or "Mutual Fund Rules, 2001"), including but not limited to Rules 33(1), 33(8), 55, 56, 58, 70(1) and 71 as well as within the parameters provided in Trust Deed dated 21 November, 2013.

The parawise written explanation of VAML to the Show Cause Notice No. BSEC/Enforcement/3564/2024/997 dated 31 August 2024 is provided below:

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PARAWISE WRITTEN EXPLANATION TO SHOW CAUSE NOTICE

I. Share Premium

Quoted:

1.A.

<i>Assumed illegal Transfers through showing investment</i>	<i>As the 2.50 per share premium equivalent to Tk. {112.50 × 48,00,000} (10.00 × 48,00,000) or Tk. 1.20 crore dated 21 December 2017</i>
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1.B. As per the Consent for Raising of Paid-up Capital from BSEC to AFC Health Ltd. dated 11 December 2017

Quoted

"...issuing 7,50,00,000 (Seven crore fifty lac only) ordinary shares of 10/- each to the existing and other than existing shareholders of the company in cash consideration"

1.C. However, but Vanguard Asset Management Limited invested in 48,00,000 Ordinary Shares of AFC Health Ltd. from the fund at Tk 12.50 per share.

Unquoted

Response:

1. Vanguard AML Rupali Bank Balanced Fund ("VAMLRBBF") is a listed closed-end mutual fund, duly constituted under the Securities and Exchange Commission (Mutual Fund) Regulations, 2001, and managed by Vanguard Asset Management Limited ("VAML"). In its capacity as Asset Manager, VAML participated in the paid-up capital raising initiative of AFC Health Limited ("the Company") through a Pre-IPO private placement, subscribing to **48,00,000 ordinary shares** of the Company at an aggregate consideration of **Tk. 6,00,00,000 (Taka six crore only)**, at an acquisition price of **Tk. 12.50 (Taka twelve and paisa fifty only) per share**, inclusive of a share premium of Tk. 2.50 per share.
2. As per the duly executed **Ordinary Share Subscription Agreement** dated 21 December 2017 (**Enclosure- 03**), VAMLRBBF lawfully remitted the subscription amount of Tk. 6.00 crore to AFC Health Limited against allotment of the said 48,00,000 shares. The subscription monies were transferred strictly through **two (2) account payee cheques (Enclosure- 01)**, thereby ensuring transparency, traceability, and compliance with all applicable banking and securities regulations.
3. Prior to the investment, VAML conducted a rigorous due diligence exercise, in full compliance with **Rule 55 of the Securities and Exchange Commission (Mutual Fund) Regulations, 2001**, which mandates asset managers to analyse the financial conditions of the issuer, review its audited financial statements, and evaluate the investment in light of the stated investment objectives and the restrictions enumerated in the Fifth Schedule of the Regulations. Only upon such review, and after satisfying itself that the investment was consistent with the governing legal and regulatory framework, VAML proceeded with the subscription.
4. It is further submitted that, although the initial proposal from AFC Health Limited (vide its letter dated 05 December 2017, subsequent to BSEC's letter of intent dated 29 November 2017) suggested a subscription at **Tk. 10.00 per share**, its Managing Director verbally



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proposed a price of **Tk. 15.00 per share**. At that juncture, VAML undertook a detailed review of the Company's audited accounts, its business prospects, and expansion plans.

5. At the time, AFC Health Limited had two hospitals in operation associated with world renowned hospital **Fortis Escort Health Institute of India**, with a very good reputation located in Khulna and Chittagong in the name of "AFC Health-Fortis Heart Institute, Khulna" and "AFC Health-Fortis Heart Institute, Chittagong" respectively. The Company applied for raising its capital for further extension of their tertiary hospitals in Comilla and other cities like Narayanganj and Sylhet. The planned capacity of the hospital in Comilla was doubled in comparison to the hospitals in Khulna and Chittagong together. After reviewing their audited accounts and considering their future prospects, business plan, association with **Fortis Escorts Heart Institute of India** and their expansion plan, the forecasted valuation (**Enclosure- 02**) of the Company came around Tk. 15.60 per share considering post issue number of shares which is Tk. 145 crores paid up capital after capital raising.
6. After extensive negotiations, the parties reached a commercial settlement, pursuant to which VAML subscribed to the Company's shares at **Tk. 12.50 per share**. This price reflected not only the Company's goodwill and established reputation but was also **below the Company's Net Asset Value (NAV) of Tk. 12.63 per share** as of 30 June 2017 and the negotiated acquisition price which was based on its financial statements and auditor's report for the period end 30 June 2017. Accordingly, the agreed acquisition price was not only commercially justified but also conservative in relation to intrinsic value. Following the agreement, VAML duly initiated and completed all necessary **regulatory steps (Enclosure- 03)** prior to executing the investment.
7. It is pertinent to mention here that VAMLRBBF made the investment in ordinary shares of AFC Health Limited on 21 December, 2017. Subsequently, BSEC approved the raising of capital by way of Initial Public Offering (IPO) for Taka 17 Crore (Taka Seventeen Crore) only. The said IPO approval was given by BSEC in the 740th Commission meeting held on 16 September, 2020. The relevant part of the Press Release of the 740th Commission meeting held on 16 September 2020 is quoted below:

প্রেস বিজ্ঞপ্তি

৭৪০ তম কমিশন সভা অদ্য ১৬/০৯/২০২০ তারিখে কমিশনের সভা কক্ষে চেয়ারম্যান অধ্যাপক শিবলী রুবাইয়াত-উল-ইসলাম এর সভাপতিত্বে অনুষ্ঠিত হয়। সভায় অন্যান্যের মধ্যে নিম্নবর্ণিত সিদ্ধান্তসমূহ গৃহীত হয়েছে :-

০১. কমিশন অধ্যকার সভায় AFC Health Ltd. এর প্রতিটি ১০ টাকা ইস্যু মূল্যের ১.৭০ কোটি সাধারণ শেয়ার প্রাথমিক গণ প্রস্তাব (IPO) এর মাধ্যমে ইস্যু করার প্রস্তাবে অনুমোদন প্রদান করেছে। এই IPO এর মাধ্যমে কোম্পানিটি ১৭.০০ (সতের) কোটি টাকা পুঁজি উত্তোলন করে যন্ত্রপাতি ও সরঞ্জাম (Machineries & Equipment) ক্রয় এবং প্রাথমিক গণ প্রস্তাবের খরচ খাতে ব্যয় করবে। কোম্পানিটির ৩০ শে জুন, ২০১৯ তারিখে সমাপ্ত বৎসরের সর্বশেষ নিরীক্ষিত আর্থিক বিবরণী অনুযায়ী পুনঃমূল্যায়ন ছাড়া নেট অ্যাসেট ভ্যালু (NAV without revaluation) টাকা ১৩.১৩ (কোম্পানিটি কোন সম্পদ পুনঃমূল্যায়ন করেনি) এবং শেয়ার প্রতি আয় (EPS) টাকা ১.৪৭। ভারিত গড় হারে শেয়ার প্রতি আয় (Weighted average EPS) টাকা ০.৮৪। কোম্পানিটির ইস্যু ব্যবস্থাপনার দায়িত্বে নিয়োজিত রয়েছে Imperial Capital Limited & CAPM Advisory Limited। উল্লেখ্য যে, ইলেকট্রনিক সাবসক্রিশন সিস্টেম এর মাধ্যমে কোম্পানিটির সাধারণ শেয়ারের চাঁদা প্রদানে ইচ্ছুক প্রত্যেক যোগ্য বিনিয়োগকারী (Eligible Investor) কে চাঁদা গ্রহণ শুরুর দিন হতে পূর্ববর্তী পঞ্চম কার্য দিবস শেষে তালিকাভুক্ত সিকিউরিটিজে বাজার মূল্যে ন্যূনতম ০১ (এক) কোটি টাকা বিনিয়োগ থাকতে হবে মর্মে সিদ্ধান্ত গৃহীত হয়।

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In granting the said Consent, BSEC duly reviewed, considered, and analyzed the Audited Financial Statements of AFC Health Limited for the immediately preceding five (5) years, or such shorter period during which the issuer was in commercial operation, in accordance with the Dhaka Stock Exchange (Listing) Regulations, 2015. Based on the audited financial statements of AFC Health Limited for the period ended 30 June 2019, BSEC recorded the Net Asset Value (NAV) per share (without revaluation) at Tk. 13.13 (Taka Thirteen and paisa thirteen), the Earnings Per Share (EPS) at Tk. 1.47 (Taka One and paisa forty-seven), and the weighted average EPS at Tk. 0.84 (Taka paisa eighty-four). Accordingly, it is evident that the VAMLRBBF's investment in AFC Health Limited at Tk. 12.50 per share was well within the valuation parameters i.e. NAV of Tk. 13.13 as subsequently acknowledged and endorsed by BSEC itself in the IPO approval, thereby reaffirming the propriety and lawfulness of the VAMLRBBF's investment decision.

8. In view of the above, the allegation of "assumed illegal transfers through showing investment" is unfounded and misconceived. The investment was bona fide, commercially prudent, regulatorily compliant, and executed strictly in accordance with the governing statutory framework, including the **Securities and Exchange Ordinance, 1969**, the **Securities and Exchange Commission (Mutual Fund) Rules, 2001**, the **Trust Deed of VAMLRBBF**, and all applicable directives of BSEC.

II. Share Premium Payment made to AFC Health Limited

Quoted:

1.D. The money receipts of the investment in from 'Vanguard AML Rupali Bank Balanced Fund (Bank A/C No. 1121924424001) to AFC Health Ltd. show two copies in which the first one is of Tk 4.80 crore and another one was Tk. 1.20 crore totalling to (Tk 4.80 crore + Tk 1.20 crore) or, Tk 6.00 crore which is very surprising and unusual.

The copy of money receipts should be a single receipt of Tk 6.00 crore. But the Asset Manager (transferred the money from Vanguard AML Rupali Bank Balanced Fund (Bank A/C No 1121924424001) to AFC Health Ltd. at two different receipts of Tk 4.80 crore and Tk 1.20 crore respectively what it suspicious.

It posits that Vanguard Asset Management Limited intentionally manipulated the transfers from Vanguard AML Rupali Bank Balanced Fund to AFC Health Ltd. in two different transfers so that Tk 6.00 crore could reflect the investment made at face value of Tk 10.00 totaling to Tk 4.80 crore (Tk 10.00 × 48,00,000 no. of shares). And another transfer of Tk 1.20 crore as share premium (Tk 2.50 per share × 48,00,000 no. of shares) was done separately to hide the illegal transfer of Tk 2.50 per share made in the name investment made in the name of share premium. The investment of Tk 6.00 crore in AFC Health Ltd. has been reported in all the audited financial statements of Vanguard AML Rupali Bank Balanced Fund from 2017 to 2022. But the Audited Financial Statements of AFC Health Ltd. dated 30 June in each year from 2018 to 2021 show that there was no share premium for the share issued by AFC Health Ltd. This clearly indicates that some intentional and illegal transfers what could be of Tk 1.20 crore in the name of the Share premium of the "Vanguard AML Rupali Bank Balanced Fund" was made to AFC Health Ltd.

Unquoted



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Response:

9. At the outset, it is respectfully submitted that the allegation of intentional manipulation and illegal transfer by Vanguard Asset Management Limited ("VAML") in connection with the subscription of ordinary shares of AFC Health Limited is wholly misconceived, factually untenable, and devoid of legal basis.
10. The undisputed position is that Vanguard AML Rupali Bank Balanced Fund (Bank A/C No. 1121924424001) subscribed to **48,00,000 ordinary shares of AFC Health Limited** at an aggregate consideration of **Tk. 6.00 crore**, upon making full disclosure, with complete transparency and strictly in accordance with the terms of the **Ordinary Share Subscription Agreement** executed between the parties for investment in the ordinary shares of the Company.
11. In discharge of this contractual obligation, and in compliance with the requirement of AFC Health Limited, VAML issued two (2) account payee cheques in favour of AFC Health Limited, the particulars of which are as follows:

Subscription & Allotment of ordinary Shares	Share Acquisition Amount	Cheque No. & Date	Payment Bank & Branch Name
48,00,000	Tk. 4,80,00,000.00	#711373 21 December 2017	The City Bank Ltd. & Gulshan Avenue Branch
	Tk. 1.20,00,000.00	#711374 21 December 2017	

12. Upon receipt of the above payments, AFC Health Limited duly issued **two (2) money receipts** acknowledging the said payments as share money deposit (**Enclosure- 04**). The bifurcation of the subscription amount into two cheques was done purely for administrative and accounting convenience of the issuer company, and not at the instance of VAML. It is respectfully emphasized that **there is no statutory, regulatory, or contractual prohibition** against making such payment by way of two instruments, provided the total subscription consideration is duly paid and disclosed.
13. The allegation that Tk. 1.20 crore represented a purported "share premium" which was "illegally transferred" is entirely misconceived. The investment was **recorded, disclosed, and reported** in full in the Ordinary Share Subscription Agreement dated 21 December 2017 and also in the audited financial statements of the Fund from the period ending 31 December 2017 to date, as well as in the mandatory quarterly reports.
14. Further, VAML duly disclosed the exact details and numbers of the said investment, with details of the intention to subscribe to 48,00,000 ordinary shares of the AFC Health Ltd. at the acquisition price Tk. 12.50 per share (Tk. 2.50 premium per share) of share Taka 10 face value, both prior to and after the investment to BSEC through its letter dated 17 December 2017 (**Enclosure- 05**) and to the Trustee through its letter dated 06 December 2017 (**Enclosure- 06**) In compliance with the Mutual Fund Rules, 2001, the said investment was also disclosed in the Quarterly report as well as in the Audited Reports of Vanguard AML Rupali Bank Balanced Fund.
15. As such it is clear that VAML made all the appropriate disclosure pre and post investment time-frame. Thus, the investment and its terms were duly transparent, consistently disclosed, and never concealed.

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16. It is further submitted that, under the provisions of the **Securities and Exchange Commission (Mutual Fund) Rules, 2001**, there exists no prohibition against splitting the subscription consideration into more than one cheque provided that the aggregate payment corresponds to the disclosed and approved value of the investment. In the present case, VAML in the audited accounts of *Vanguard AML Rupali Bank Balanced Fund* clearly and consistently reflect the total subscription amount of Tk. 6.00 crore as the consideration for the said 48,00,000 ordinary shares of AFC Health Limited. Any divergence, if at all, between the audited financial statements of AFC Health Limited and the Fund's audited records can only be attributed to the internal accounting and reporting practices of AFC Health Limited, over which VAML had neither control nor responsibility. Therefore, VAML cannot in any manner be held liable for such unilateral representations made by AFC Health Limited in its own financial statements.
17. Accordingly, the allegation that VAML has engaged in *illegal transfer, manipulation, or hiding of funds* is baseless, speculative, and contrary to documentary evidence on record. The payments were made lawfully by 2 (two) account payee cheques in favor of 'AFC Health Ltd.', acknowledged by the issuer, disclosed to the regulator and Trustee, and audited transparently for multiple financial years.
18. In view of the above, it is respectfully submitted that the allegation raised against VAML has no factual foundation or legal merit and, therefore may kindly be dropped *in limine*.

III. Investment made in AFC Health Limited in compliance with the Mutual Fund Rules, 2001

Quoted

I.E. Trustee of the Fund (Investment Corporation of Bangladesh) gave permission of this investment by mentioning following:

Quoted

"ভ্যানগার্ড এএমএল রূপালী ব্যাংক ব্যালেন্সড ফান্ড"-এর উদ্যোগে এবং ট্রাস্টি (আইসিবি)-এর মধ্যে সম্পাদিত Trust Deed এর ধারা ৪.২.১৩ নং অনুচ্ছেদ অনুসরণ করে বিনিয়োগকারীদের স্বার্থ সংরক্ষণপূর্বক বিনিয়োগ কার্যক্রম পরিচালনা করার জন্য আদিষ্ট হয়ে পরামর্শ প্রদান করা হল

Unquoted

Response:

19. It is respectfully submitted that, in strict compliance with **Rule 33(1) of the Securities and Exchange Commission (Mutual Fund) Rules, 2001**, Vanguard Asset Management Limited ("VAML"), as the Asset Manager of the Fund, undertook all necessary and reasonable steps prior to making its investment in AFC Health Limited. The investment was made fully in accordance with the provisions of the **Trust Deed executed between the Trustee, Investment Corporation of Bangladesh (ICB), and VAML**, including the authority conferred under **Clause 4.2.13** of the Trust Deed, which empowers the Asset Manager to make investments in compliance with applicable regulatory requirements and upon **intimation to the Trustee**, which VAML accordingly did.
20. In this connection, it is submitted that VAML duly **intimated the Trustee, ICB**, regarding the proposed investment, as evidenced in the Trustee's contemporaneous records and replied letter to VAML date 18 December 2017 (**Enclosure- 07**). The investment decision was made

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following a **comprehensive valuation of the shares of AFC Health Limited (Enclosure-02)**, based on the audited financial statements of the company and its projected future business prospects. Both prior to and subsequent to the investment, VAML submitted the valuation report and related disclosures to the **Bangladesh Securities and Exchange Commission (BSEC)** with a letter dated 17 December 2017 and to the Trustee with a letter dated 06 December 2017, thereby ensuring **full transparency, regulatory compliance, and adherence to the Fund's Trust Deed.**

21. It is thus evident that VAML acted strictly within the authority granted under **Clause 4.2.13 of the Trust Deed**, fully complied with Rule 33(1) of the Mutual Fund Rules, 2001, and took all prudent steps to safeguard the interests of the Fund and its unit-holders. There is therefore no question of any breach, contravention, or unauthorized investment by VAML in AFC Health Limited.

IV. Share Premium payment is not "Arranger fee"

Quoted:

1.F. AFC Health Ltd. sent a letter to Vanguard Asset Management Limited dated 17 December 2023 by referring third party arranger fee Tk 12,000,000 by referring third party arranger fee Tk. 12,000,000. However, Vanguard Asset Management Limited never mentioned this Tk 2.50 of per share premium equivalent to total Tk 1.20 crore as 'arranger fee'. There was no matter mentioned as charging arranger fee as per the consent letter of BSEC of raising capital. It indicates that they are trying to hide the matter of 1.20 crore illegal transfer from the fund in the name of arranger fees.

Unquoted

Response:

22. VAML categorically states that the share premium amount of Tk. 1.20 crore **was paid to AFC Health Limited** pursuant to the duly executed **Ordinary Share Subscription Agreement** dated 21 December 2017. The payment was made to the Company by account payee cheque and payment was made as per the Ordinary Share Subscription Agreement at the acquisition cost Taka 12.50 which included the share premium of Tk. 2.50 per share. Please note that AFC Health Ltd. sent a letter to VAML on 07 November 2023, not 17 December 2023 as mentioned in the Show Cause Notice.
23. The amount of Tk. 2.50 per share was never intended to be anything other than *share premium* let alone "*arranger fee.*" The said amount has been recorded in the books of account of the Fund as investment and not claimed as an expense such as "*arranger fee.*" The fact that AFC Health Limited later claims the share premium amount as a third-party fee is a misstatement on their part and does not, in any manner, affect or impute any irregularity on VAML. Any failure to disclose the amount correctly as share premium in AFC Health Limited's books of account constitutes a breach of applicable laws and regulations on the part of AFC Health Limited, which cannot be attributable to VAML in any way since VAML made all the appropriate disclosures to BSEC and the Trustee.
24. In fact it has come to our knowledge that the BSEC did conduct an inquiry upon AFC Health Ltd. into this matter, particularly concerning the non-disclosure of the share premium amount in their books of account. BSEC issued a show cause cum hearing Notice No.-



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BSEC/Enforcement/3528/2023/524 on 09 June 2024, against which AFC Health Ltd. Submitted a written explanation on 28 October 2024 and hearing was held on the same date i.e. 28 October 2024. Upon hearing and in consideration of the submissions of AFC Health Limited, BSEC vide its letter No. BSEC/Enforcement/3528/2023/905 dated 06 August 2025 disposed of the matter against AFC Health Ltd and did not impose any sanction or penalty upon AFC Health Limited. Although in the instant show cause notice dated 31 August 2024, BSEC categorically stated that AFC Health Limited is one of the three liable parties, however upon investigation BSEC did not find any violation of AFC Health warranting any sanction.

25. Accordingly, if the entity that actually received the share premium from investors (such as VAML) and subsequently failed to disclose the same in its books of account, was not found to be in breach of securities laws, it is inconceivable that the investor, who duly made the investment and thereafter made all the required disclosures, could now be alleged to have violated securities laws.
26. It is respectfully submitted that the payment of **Tk. 1.20 crore** was made by VAML as part of the negotiated **share premium** for the acquisition of 48,00,000 ordinary shares of AFC Health Limited at **Tk. 12.50 per share** (inclusive of Tk. 2.50 per share premium), as expressly provided in the **Ordinary Share Subscription Agreement dated 21 December 2017**. This premium was determined following comprehensive due diligence, financial analysis, and valuation of the company's prospects, conducted in compliance with **Rule 56 of the Securities and Exchange Commission (Mutual Fund) Rules, 2001**, which mandates proper evaluation of a company's financial position and future prospects prior to investment.
27. VAML **fully disclosed** the share premium in all fund records, audited statements, quarterly reports, and communications with both the **Trustee (Enclosure- 08)** and **BSEC**. The investment was, at all times, transparent, compliant, and in accordance with applicable laws and regulations.
28. As such, it is thus evident that the allegation of VAML "*hiding*" Tk. 1.20 crore under the guise of an arranger fee is factually and legally unfounded. VAML's transaction was fully compliant, transparent, and in accordance with both regulatory requirements and the Ordinary Share Subscription Agreement.

V. Investment made in Bengal Poly in compliance with the Mutual Fund Rules, 2001

Quoted

2.B. However, as per the Consent for raising of Paid-up Capital from BSEC to Bengal Poly & Paper Sack Ltd. dated 29 September 2013 at Tk 10.00 per ordinary share

"...by issuing 80,00,000 ordinary shares @ Tk. 10/- each totaling Tk. 8,00,00,000/- (Taka eight crore) only."

Unquoted

Response:

29. It is respectfully submitted that **VAMLRBBF** has participated in the paid-up capital raising of Bengal Poly and Paper Sack Limited in full compliance with the terms of the Consent for Raising of Paid-up Capital issued by BSEC dated 29 September 2013, which authorized the issuance of 80,00,000 ordinary shares at Tk. 10.00 per share, totaling Tk. 8.00 crore.



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30. In addition, VAMLRBBF also participated in the Pre-IPO placement of 6,00,000 shares of the Company on 17 December 2013 for a total consideration of Tk. 1,50,00,000.00 (Taka one crore fifty lac only), at an acquisition price of Tk. 25 per share, which included a share premium of Tk. 15 per share. The investment of VAMLRBBF is duly reflected in the books of accounts of the Company and VAMLRBBF, including details of the share premium. The shareholding position of VAMLRBBF is duly reflected in the **Schedule X** of Bengal Poly & Paper Sack Limited, which accurately reflects the Fund's total investment.
31. Accordingly, the investment of the Fund's participation in Bengal Poly and Paper Sack Limited was fully transparent, compliant with BSEC approvals, and properly documented, leaving no basis for any allegation of non-disclosure, misrepresentation, or irregularity in the process.
32. Please note that, Bengal Poly and Paper Sack Ltd. has declared 5% cash dividend for its shareholders for the year ended 30 June 2021, 30 June 2022 and 30 June 2023; 3% cash dividend for the 30 June 2024 and currently they are in full operation.

VI. Share Premium payment made by Pay Order

Quoted

2C. However, it is observed the VAML invested in 6.00 lac shares of Bengal Poly & Paper Sack Ltd. From Vanguard AML Rupali Bank Balanced Fund dated 17 December 2013 at Tk. 25.00 (Face value Tk. 10.00 and including Tk. 15.00 as premium) per share it posits that VAML intentionally made the investment from Vanguard AML Rupali Bank Balanced Fund to Bengal Poly & Paper Sack Ltd. dated 17 December 2023 for illegal transfers of Tk. 90 Lac from the fund in the name of share premium. AS per the Statement of financial position of Bengal Poly & Paper Sack Ltd the Share Capital was of Tk. 28.06 crore and share premium of Tk. 12.00 crore. No Specific information of Share premium per share was shown in the submitted documents this indicates that some intentional and illegal transfers what could be of Tk. 90.00 lac of share premium from "Vanguard AML Rupali Bank Balanced Fund was made to 'Bengal Poly & Paper Sack Ltd.'"

Unquoted

Response:

33. That it is respectfully submitted that the entire payment of **Tk. 1.50 crore** by **Vanguard AML Rupali Bank Balanced Fund ("VAMLRBBF")** for the subscription of **6,00,000 ordinary shares** of **Bengal Poly and Paper Sack Limited** was made through proper banking channels via a **pay-order of Rupali Bank PLC.**, and the payment was fully disclosed as the subscription amount for the said shares. The details of the payment are as follows:

Fund Name	Subscription & Allotment of ordinary Shares	Share Acquisition Amount	Pay-order No. & Date	Payment Bank & Branch Name
Vanguard AML Rupali Bank Balanced Fund	6,00,000	Tk. 1,50,00,000.00	//0539487/42/835 Dt.: 17 December 2013	Rupali Bank Ltd. & Gulshan Branch

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34. That after receiving the payments from VAML through pay order, Bengal Poly and Paper Sack Limited issued a money receipt (**Enclosure- 09**) stating that the fund has been received as share money deposit. Since the above-mentioned payments were made out by a pay-order dated 17 December 2013 and duly reflected in the audited financial statements of the Fund for the period ended 31 December 2017 (first audited financial statements after listing of the Fund on 10.11.2016) (**Enclosure- 10**) and first quarter portfolio statements of the Fund after its listing as on 31 December 2016 (**Enclosure- 11**), it neither violated any provisions of the securities laws including the Mutual Fund Rules, 2001 nor did such payment in any way amounted to any illegal transfer or manipulation. Further, the investment of the Fund has also been duly reflected, along with the share premium, in the books of accounts of Bengal Poly and Paper Sack Limited. These records demonstrate that the investment transaction was fully transparent, properly accounted for, and compliant with applicable regulatory requirements.
35. Accordingly, the allegation that the Tk. 1.50 crore investment comprising Tk. 10 per share face value and Tk. 15 per share premium—constitutes an illegal transfer or manipulation of Tk. 90 lakh from the Fund is wholly unfounded. The transaction was made in strict compliance with the provisions of the Securities and Exchange Commission (Mutual Fund) Rules, 2001 and there is no factual or legal basis to assert any impropriety on the part of VAMLRBBF in this investment.

VII. Investment Decision in Bengal Poly

Quoted:

2.D. Although in the letter the Commission gave comment of Tk 10.00 per share of the existing and other than existing shareholders of the company, VAML invested from 'Vanguard AML Rupali Bank Balanced Fund' in 6.00 lac shares of Bengal Poly & Paper Sack Ltd. at a price of Tk 25.00 (Tk 15 premium per share) per share totalling to (6.00 lac shares × Tk 15.00 per share premium), Or, Tk 90.00 lac. It is well understood that the Trustee (ICB) knew all the matters but did not take required step against illegal transfer of money from the fund in the name of such investment.

Unquoted

Response:

36. Although BSEC consented to Bengal Poly and Paper Sack Ltd. issuing shares at face value (Tk. 10.00 per share), Vanguard Asset Management Ltd. agreed to subscribe at Tk. 25.00 per share premium reflecting the company's goodwill and established position and they had plan to do IPO. This subscription price remained below Bengal Poly and Paper Sack Ltd.'s NAV of Tk. 29.67 as of audited financial statements of the Company for the period end 30 June 2013.
37. VAMLRBBF invested in Bengal Poly and Paper Sack Ltd. through subscription of Tk. 1,50,00,000.00 (One Crore Fifty Lac) only in Pre-IPO placement shares as per Rule-55 of the Securities and Exchange Commission (Mutual Fund) Rules, 2001.
38. As Bengal Poly and Paper Sack Ltd. held a road-show on 09 October 2016 for raising capital through IPO under Book Building Method (when offered above par value) on the base of the Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015 dated December

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28, 2015. The Register to the issue was 'ICB Capital Management Ltd.'. At that time, the paid-up capital of Bengal Poly and Paper Sack Ltd. was Tk. 28,06,00,000.00 (Taka Twenty-Eight Crore Six Lac) only and an issuer could make an application for public offer of its securities if it has a minimum paid-up capital of Tk. 15 Crore and it offers an amount of at least equivalent to 10% of its paid-up capital (including intended offer) or Tk. 15 Crore at par value, whichever is higher.

39. Later in 2017, the Bangladesh Securities and Exchange Commission (BSEC), through the **Bangladesh Securities and Exchange Commission (Public Issue) Rules (Amendment), 2017** dated 18 June 2017 and published in the Official Gazette on 06 July 2017, revised the Public Issue Rules. The amendment introduced a new requirement for book-building, stipulating that:
- the issuer must raise at least **Tk. 50 (Fifty) Crore** through the book-building public offer; and
 - the issuer must have a minimum existing paid-up capital of **Tk. 30 (Thirty) Crore**.
40. Under this new amendment of the Rules, Bengal Poly and Paper Sack Ltd. stopped their IPO application process under book building method for public offer in the ground of minimum capital raising requirement (i.e. Tk. 50 Crore) which were not feasible for their business model and required capital requirement. Hence, it became necessary to withdrawal the investment in VAMLRBBF from Bengal Poly and Paper Sack Ltd., for that reason Vanguard AML time to time provided notice to Bengal Poly and Paper Sack Ltd. to return its investment in VAMLRBBF.
41. Under this new amendment to the Rules, **Bengal Poly and Paper Sack Ltd.** discontinued its IPO application process under the book-building method for public offer on the ground that the minimum capital-raising requirement of **Tk. 50 Crore** was not feasible for its business model and capital needs. Consequently, **VAMLRBBF** took steps to withdraw its investment from Bengal Poly and Paper Sack Ltd. For this reason, **Vanguard AML** from time to time issued notices to Bengal Poly and Paper Sack Ltd. requiring it to return its investment in VAMLRBBF.
42. In pursuance of VAML, a meeting was held between the parties on 12 June 2018, in which it was decided that Bengal Flexipak Ltd., a sister concern of Bengal Poly and Paper Sack Ltd. bearing a common management shall purchase the 6,00,000 shares of Bengal Poly and Paper Sack Ltd. invested by **VAMLRBBF**. Subsequent to the meeting dated June 12, 2018, the Board of Directors of Bengal Flexipak Ltd. through a Board Resolution dated June 20, 2018 (**Enclosure-12**), approved the purchase of 6,00,000 shares of Bengal Poly and Paper Sack Ltd. and issued a letter dated 27 June 2018 (**Enclosure-13**) confirming the same and also promised to complete all the formalities of shared purchase formalities by July, 2018.
43. Thereafter, VAML on several occasions requested Bengal Flexipak Ltd. to complete the share purchase. In reply to the requested made by VAML, Bengal Flexipak Ltd. had repeatedly expressed their commitment to purchase the shares and requested further time in doing so. However, till date, Bengal Flexipak Ltd. has failed to honour its promise of completing the formalities of share purchase of Bengal Poly and Paper Sack Ltd. that was invested from VAMLRBBF.



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VIII. Provision made against investment in AFC Health Limited

Quoted

3 Point. .a. Vanguard Asset Management Limited (VAML) referred a meeting dated 30 & 31 October 2023 with Mr. Md. Mizanur Rahman (former BSEC Commissioner-IMD) regarding impairment of the investment in AFC Health Ltd. However, VAML did not provide any supporting documents (e.g. meeting notice letter from BSEC, minutes of concerned parties of the meeting, taken decisions in meeting, meeting minutes etc.) as the evidence of this meeting.

Moreover, the respective BSEC office replied to the fund prospectus that no such meeting on 30 & 31 October was held. Additionally, the preparation of the audited financial statements is directly connected with the respective mutual fund, asset manager, trustee and auditor.

There is no scope for any concerned party to submit the draft audited financial statements of listed mutual fund for renewal from the Commission finalize it. No securities laws have such scope. Moreover, it would also raise the issue of conflict of interests if there were any such provision in securities laws.

Furthermore, as per securities laws, the respective asset management company from BSEC, each asset manager has to follow their respective securities laws. Without following the securities laws and having any written instruction from BSEC ensuring due proceeding.

VAML being an asset manager can't refer any such meeting. It also significantly contravened the of the বিধি-৩৩ (১) of the সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১ by referring such meeting without duly following the securities rules.

Moreover, VAML issued letters to ICB (trustee of the fund) dated **05 November 2023** and **23 January 2024** referring the meeting and guideline from the then Commissioner Mr. Mizanur Rahman regarding charging the provision. However, the investment was made on **21 December 2017**.

Moreover, the sub-clauses (গ) and (ঘ) of ধারা ২ এর ৪র্থ তফসিল of the সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১ are given in following:

(গ) ব্যালেন্স শীটে প্রত্যেক প্রকার বিনিয়োগের ক্ষেত্রে নিক্রিয় বিনিয়োগের সামষ্টিক চলতি মূল্য ও বাজার মূল্য উল্লেখ করিতে হইবে। (নিক্রিয় অর্থ এমন কোন বিনিয়োগ যাহা হইতে মিউচুয়াল ফান্ডের হিসাব বর্ষের শেষ পর্যন্ত দুই বৎসরের বেশী সময় ধরিয়া সুদ বা লভ্যাংশ হিসাবে কিছুই প্রাপ্তি ঘটে নাই)

(ঘ) ব্যালেন্স শীটে নিক্রিয় বিনিয়োগের মূল্য ঘাটতি/ক্ষতির সঞ্চিত উল্লেখ করিতে হইবে

This investment of Tk 6.00 crore in AFC Health Ltd. never provided any return/dividend to the fund. However, the asset manager never took any step to charge the provision in almost 6 years (21 December 2017 as inception date of investment and 05 November 2023 as the first letter issued to the trustee). The asset manager did not follow the sub-clauses (গ) and (ঘ) of Clause 2 were never applied after almost 06 years since the inception of investment.

Unquoted

Response:

44. That it is submitted that in strict compliance with the said Rule 33(1) of the Mutual Fund Rules, 2001 VAML took the investment decision in Bengal Poly and Paper Sack Limited, and such investment is neither inconsistent with nor contrary to the scheme of Vanguard AML

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Rupali Bank Balanced Fund and its Trust Deed. VAML submitted the said valuation report to the Trustee for incorporation in the funds' financial statements for the period ended 31 December 2016, 31 March 2017, 30 June 2017, 30 September 2017 and 31 December 2018 **(Enclosure- 14)** subsequent to the investment. Accordingly, it is evident that VAML has not committed any breach or violation of Rule 33(1) of the Mutual Fund Rules, 2001.

45. As per **Clause 2, sub-clauses (c) of the 6th Schedule of the Securities and Exchange Commission (Mutual Fund) Rules, 2001**, the balance sheet of a mutual fund is required to show the **aggregate current value and market value of each type of investment**, and any investment from which **no dividends, interest, or cash returns have been received for more than two years** is classified as **inactive**. The Schedule further requires the mutual fund to maintain supporting documentation, including **securities certificates, cash dividend records, or other proofs of actual receipt**, but it **does not mandate immediate provisioning or write-off upon the mere passage of two years**; rather, it provides a framework for classification, disclosure, and monitoring of inactive investments.
46. In the present case, the Tk. 6.00 crore investment in **AFC Health Limited** was correctly classified as **inactive** in the Fund's audited financial statements once it became evident that no dividends or returns were received. Such determination was fully consistent with the definition of "inactive" under the 6th Schedule of the Mutual Fund Rules, 2001. VAML continued to prudently monitor the investment, including valuation and disclosure in **quarterly and annual reports**, without prematurely recognizing any loss or provisioning beyond what was required by the regulatory framework. The first formal communication to the Trustee regarding impairment or provisionary measures was made on **05 November 2023**, reflecting a careful assessment in accordance with the Fund's valuation policies and regulatory compliance.
47. The six-year period during which no provision was charged does not constitute a breach of regulatory requirements since
- AFC Health Ltd. got BSEC's IPO permission dated 16 September 2020, published in BSEC's press release of 740th Commission Meeting held on 16 September 2020 **(Enclosure-15)**.
 - Subsequent suspension of the IPO by BSEC and disruption caused by the COVID-19 pandemic, were beyond the control of VAML and constitute legitimate grounds for the timing of impairment.
 - BSEC informed AFC Health Limited by a letter (Ref.: BSEC/CI/IPO-287/2018/867) dated 22 June 2022 that the Commission is not in a position to accord consent letter to AFC Health Ltd. and cancelled the Initial Public Offer (IPO) for the issuance of 1,70,00,000 (One Crore seventy lac) ordinary shares of Tk. 10 each at par totaling Tk. 17,00,00,000.00 (Taka Seventeen Crore) as per the provision of Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015 **(Enclosure-16)**.
 - Subsequently, AFC Health Limited approached BSEC by a letter (Ref.: AFCHL/IPO/2022/3) dated 17 August 2022 and sought review of the IPO cancellation letter dated 22 June 2022 or allow them to list in SME Board so as to protect the interest of the investors and development of the financial markets in Bangladesh **(Enclosure-17)**.



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- Thereafter, AFC Health Ltd. issued a letter (Ref.: AFCHL/DSE/2023/01) dated 19 February 2023 (**Enclosure-18**) to BSEC for listing of shares of AFC Health Ltd. under Alternative Trading Board (ATB) at the Dhaka Stock Exchange Limited (DSE) as per Dhaka Stock Exchange (Alternative Trading Board) Regulations, 2022. However, it has come to our knowledge that the said request of AFC Health Limited to be listed in the ATB did not materialise.

48. That VAML in consideration of the above events and the direction of the Trustee in its letter dated 18 February 2024 (**Enclosure- 19**), VAML in compliance with the 6th Schedule made the provision. Accordingly, it is submitted that VAML's actions regarding the AFC Health Limited investment were **fully consistent with the Mutual Fund Rules, 2001**, the Fund's Trust Deed, and prudent asset management practices, and there is no basis for the assertion of regulatory non-compliance or misconduct in relation to provisioning or the six-year timeline.

IX. Appropriate Disclosure in the Quarterly Portfolio Statements and Audited Financial Statements

Quoted

Point: b. As per the letter from Trustee (ICB) dated 24 May 2025, it is observed that VAML hadn't received any financial statements from AFC Health Ltd. since the year 2021.

However, VAML in their letter dated 07 April 2025 intentionally hid this to the Commission regarding the matter of not getting the financial statements from AFC Health Ltd. since 2021.

VAML referred the consent of charging provision received from the trustee (ICB) letter dated 18 February 2024. However, in the last 6 years, VAML did not take due step on time. Rather, VAML showed inflated NAV at fair value of the fund across the years by deceiving the investors by showing inflated NAV at fair value as any investor usually makes investment decision in any mutual fund by seeing the NAV at fair value of the fund.

*Surprisingly, based on overall analysis of the fund statements as of 30 September 2023, it has been observed that the fair value (or revalued value) per share of AFC Health Ltd. was recorded at **Tk 12.50** under the Vanguard AML Rupali Bank Balanced Fund, whereas it was reported as merely **Tk 0.10** under the Vanguard AML BD Finance Mutual Fund One. It also reveals the fraudulent practice of VAML to suppress the loss to concerned parties.*

Point:c. VAML published and submitted the portfolio statements dated 31 December 2023 of the Vanguard AML Rupali Bank Balanced Fund showing the investment value at Tk 6.00 crore earlier. But VAML published and submitted the financial statements dated 31 December 2023 of Vanguard AML Rupali Bank Balanced Fund showing the investment value at only Tk 4.80 lac later. Thus, the financial information dated 31 December 2023 was not same for portfolio statements and financial statements.

Being a closed end mutual fund, the investors who bought and sold the units of 'Vanguard AML Rupali Bank Balanced Fund' was manipulated due to such discrepancy and sudden imposing of 99% provision after 6 years of the investment made.

*Surprisingly, an analysis of the financial statements as of **30 September 2023** reveals a significant inconsistency in the reported fair value per share of AFC Health Ltd. Under the Vanguard AML*

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Rupali Bank Balanced Fund, the fair value was recorded at Tk 12.50 per share, while under the Vanguard AML BD Finance Mutual Fund One, it was reported as a mere Tk 0.10. This glaring discrepancy raises serious concerns and strongly indicates a deliberate attempt by VAML to mislead stakeholders.

VAML referred to the trustee's (ICB) consent for charging provisions, as stated in a letter dated 18 February 2024. However, it is critical to note that VAML failed to take appropriate action over the past six years. Instead, it consistently reported an inflated Net Asset Value (NAV) at fair value, thereby distorting the financial picture presented to investors.

This practice constitutes a serious breach of fiduciary responsibility. By misrepresenting the fair value NAV, VAML potentially deceived investors, many of whom rely heavily on the fair value NAV when making investment decisions in mutual funds. The pattern of delayed action and inflated valuations suggests not only negligence but a calculated effort to present an artificially strong financial position.

In the above, it is evident that VAML provided fabricated and vague explanation with having no proper documentation.

Unquoted

Response:

49. It is respectfully submitted that Vanguard Asset Management Limited ("VAML") fully complied with all regulatory and fiduciary obligations in relation to the investment of Tk. 6.00 crore in AFC Health Limited. In accordance with BSEC Directive (Ref.: BSEC/CMRRCD/2009-193/09) dated 6 September 2020, VAML submitted the quarter-end **portfolio statement** dated 31 December 2023, reporting the investment at Tk. 6.00 crore, to the BSEC within the prescribed timeline, sent copies to all unitholders, and uploaded the statement on the AMC's website, thereby ensuring full transparency.
50. The subsequent **audited financial statements** dated 31 December 2023, however, reflected a value of Tk. 4.80 lakh, which arose solely due to a timing gap and regulatory guidance on impairment provisioning, and not from any intention to mislead investors. The portfolio statement was prepared prior to consultation with the Trustee regarding the recognition of impairment, for which VAML had formally requested guidance in its letters dated 05 November 2023 and 23 January 2024 (**Enclosure-27**). Following the Trustee's review and guidance at the meeting on approval of the valuation of non-listed securities and audited financial statements for the period end 31 December 2023, held on 12 February 2024 (**Enclosure- 19**), the audited financial statements appropriately recognized a specific provision of 99% of the face value of the shares of AFC Health Limited, reflecting 99% of the Face value of the investment along with the full share premium of Tk. 1.20 crore as impaired, thereby leaving Tk. 4.80 lakh (1% of face value) as the minimum investment value. The corresponding unrealized loss of Tk. 5,95,20,000 was disclosed in the financial statements, fully in compliance with IFRS-9 and the Mutual Fund Rules, 2001.
51. The perceived discrepancy in AFC Health Ltd.'s fair value between VAMLRBBF and VAMLBDMF1 stems solely from reporting-period timing differences and procedural limitations on post-close adjustments. The decision to recognize impairment in accordance with IFRS 9, following consultation with auditors, was made in early November 2023. Since



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- the year ending of VAMLBDMF1 is 30 September and the audit of VAMLBDMF1's financial statements for the year ended 30 September 2023 was ongoing at that time, the provision was recognized in the audited financial statements of VAMLBDMF1 for the year ended 30 September 2023 **(Enclosure- 20)**.
52. However, the year ending of VAMLRBBF is 31 December and therefore the provision could not be recognized in VAMLRBBF for the same period because the matter was decided after the related regulatory reporting (Ref.: BSEC/CMRRCD/2009-193/09) for VAMLRBBF's quarterly portfolio statements to BSEC on 5 October 2023 **(Enclosure-20)**. As such, the quarterly statements for the period ended 30 September 2023 for VAMLRBBF did not include the recognition of the provision **(Enclosure-21)**. Following regulatory guidance, the provision was duly recognized when the audited financial statements for the year ended 31 December 2023 were published **(Enclosure- 21)**.
53. Please note that the portfolio statement fourth quarter ending 31 December 2023 for VAMLRBBF coincided with the portfolio statement of the audited financial statement of VAMLRBBF, i.e. 31 December 2023. The misalignment of AFC Health Ltd.'s fair value was due to the dual reporting related to the year-end financial audits and quarterly regulatory reporting (Ref.: BSEC/CMRRCD/2009-193/09), which otherwise would not have occurred.
54. The timing gap, combined with the absence of contemporaneous regulatory guidance at quarter-end, do not evidence misrepresentation or negligence. Rather, it reflects VAML's adherence to procedural regulatory compliance and the accounting requirements of the funds.
55. It is further submitted that the six-year period between the original investment on 21 December 2017 and the formal recognition of impairment does not constitute a breach of regulatory requirements. As per Clause 2, sub-clauses (৭) of the 6th Schedule of the Mutual Fund Rules, 2001, investments from which no dividends, interest, or cash returns are received for more than two years are classified as inactive. The Schedule mandates proper classification, monitoring, and disclosure, along with supporting documentation, but does not require automatic or immediate provisioning merely upon the passage of two years. VAML complied with these provisions by monitoring the investment continuously, classifying the investment as inactive and prudently charging impairment only when warranted under IFRS-9 and after consultation with auditors and the Trustee. There has not been any breach of fiduciary obligations of VAML.
56. Finally, it is submitted that delays in capital raising by AFC Health Limited, including IPO approval in September 2020, subsequent suspension by BSEC, and disruptions caused by the COVID-19 pandemic, subsequent steps taken by AFC Health Limited for listing were beyond the control of VAML and constitute legitimate grounds for the timing of impairment recognition. All steps taken by VAML were transparent, fully disclosed to the Trustee, BSEC, and unitholders, and consistent with regulatory and fiduciary obligations, leaving no basis for allegations of misrepresentation, negligence, or deliberate manipulation of NAV.



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X. Trustee has no power to seek return of money to Fund when investment made as per the Mutual Fund Rules, 2001

Quoted:

Other Observation

Furthermore, ICB (trustee) enclosed a copy of letter sent to VAML dated 18 February 2024 and a relevant part of the letter is mentioned in following.

“AFC Health Ltd. এ বিনিয়োগকৃত অর্থ যদি ফেরত না আসে তবে তা সম্পূর্ণরূপে ফান্ড ম্যানেজারকে প্রক্রিত ফান্ডে ফেরত দিতে হবে।”

Thus, it is understood that there was an important instruction from ICB (trustee) that ‘if the money invested in AFC Health Ltd is not returned, it must be fully returned to the fund by the asset management company.’ However, VAML completely hid this matter to the Commission in their letter.

Unquoted:

Response:

57. It is respectfully submitted that the omission of reference to the relevant instruction from ICB (Trustee) was not done with any intent to hiding information from the Commission. VAML was not specifically requested to comment on this particular clause, and therefore its omission was purely procedural rather than intentional. There was no deliberate concealment of regulatory or financial information.
58. Moreover, it is submitted that VAML had already taken all appropriate and prudent measures to address any potential diminution in the value of the investment. This included recognition of impairment and the creation of provisions in accordance with the applicable accounting standards under IFRS-9 and in compliance with the relevant provisions of the Mutual Fund Rules, 2001, as reflected in the Fund’s audited financial statements and portfolio disclosures. These steps ensured that the investment’s financial treatment was fully transparent, properly documented, and communicated to both the Trustee and BSEC. Consequently, there was no regulatory non-compliance, misrepresentation, or concealment, and the matter was adequately and responsibly addressed in all official disclosures and reporting channels.
59. It is pertinent to note that all investments inherently carry a degree of risk. Vanguard AML (VAML), as the Asset Manager, explicitly highlighted this in the **Prospectus** of the *Vanguard AML Rupali Bank Balanced Fund* (Section 4: Risk Considerations) (**Enclosure-22**). The Prospectus clearly stated that the Fund is subject to risks that investors should carefully consider prior to investing. It further clarified that the investment is not guaranteed by any government agency, the Sponsors, or the Asset Manager, and specifically warned that investors could incur losses, including loss of principal. The Prospectus expressly cautioned: **“The Mutual Fund is not Guaranteeing or Assuring any Returns.”** Accordingly, it is abundantly clear that investments in mutual funds involve risk, including the potential loss of principal. Under the Mutual Fund Rules, 2001, the Asset Manager is not liable for any loss incurred by the Mutual Fund, provided that investments have been made in compliance with the Rules—which, in the instant case, VAML has duly followed. Moreover, the Mutual Fund Rules, 2001 do not authorize the Trustee to direct the Asset Manager to reimburse the Fund for any loss. Therefore, the statement of the Trustee in its letter dated 18 February 2024 lacks legal authority under the Rules and, as such, has no legal effect.



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WRITTEN EXPLANATION ON THE ALLEGED VIOLATION OF SECURITIES AND EXCHANGE COMMISSION (MUTUAL FUND) RULES, 2001

60. Investments made by VAMLRBBF are in compliance with the Securities and Exchange Commission (Mutual Fund) Rules, 2001, including but not limited to Rule 33(1), 33(8), 56, 58, 59, 70(1) and 71, and do not attract the penal provisions included in section 18 of the Bangladesh Securities and Exchange Commission Act, 1993 and Rule 82 of the Securities and Exchange Commission (Mutual Fund) Rules, 2001

I. VAML did not violate Rule 33(1) of the Securities and Exchange Commission (Mutual Fund) Rules, 2001

61. Rule 33(1) of the Securities and Exchange Commission (Mutual Fund) Rules, 2001 provides as follows:

৩৩। সম্পদ ব্যবস্থাপকের কর্তব্য ও দায়-দায়িত্ব।- (১) সম্পদ ব্যবস্থাপক মিউচুয়াল ফান্ডের কার্যক্রম ব্যবস্থাপনা ও উহার ক্ষীম পরিচালনার জন্য যুক্তিসংগত ও প্রয়োজনীয় সকল পদক্ষেপ গ্রহণ করিবে এবং কোন ক্ষীমের সহিত সংশ্লিষ্ট তহবিলের বিনিয়োগ যেন এই বিধিমালা ও ট্রাস্ট দলিলের পরিপন্থী না হয় উহা নিশ্চিত করিবে।

62. VAML in strict compliance with the said Rule 33(1) of the Mutual Fund Rules, 2001 duly undertook all necessary and reasonable steps prior to making its investment decision in AFC Health Limited, and such investment is neither inconsistent with nor contrary to the scheme of *Vanguard AML Rupali Bank Balanced Fund* and its Trust Deed. In this regard, VAML conducted a detailed valuation of the shares of AFC Health Limited (**Enclosure- 02**) based on its audited statements and future prospects and that valuation report was also submitted to BSEC on 17 December 2017 (**Enclosure- 05**). The VAMLRBBF both prior to and subsequent to the investment, submitted the said valuation report to BSEC and the Trustee. Accordingly, it is evident that the VAML has not committed any breach or violation of Rule 33(1) of the Mutual Fund Rules, 2001.

63. Similarly, VAMLRBBF in strict compliance with the said Rule 33(1) of the Mutual Fund Rules, 2001 duly undertook all necessary and reasonable steps prior to the investment in Bengal Poly and Paper Sack Limited which included undertaking a valuation of the investment. VAML duly analysed the financial conditions of the Company including its audited Financial Statements and upon consideration of the investment objectives duly invested Tk. 1.50 crore in Bengal Poly and Paper Sack Limited. In fact, Bengal Poly and Paper Sack Ltd. has declared 5% cash dividend for its shareholders for the year ended 30 June 2021, 30 June 2022 and 30 June 2023; 3% cash dividend for the 30 June 2024 and currently they are in full operation.

II. VAML did not violate Rule 33(8) of the Securities and Exchange Commission (Mutual Fund) Rules, 2001

64. Rule 33(8) of the Securities and Exchange Commission (Mutual Fund) Rules, 2001 provides as follows:

৩৩। সম্পদ ব্যবস্থাপকের কর্তব্য ও দায়-দায়িত্ব। (৮) কমিশনের ও ট্রাস্টের নিকট সম্পদ ব্যবস্থাপক কর্তৃক পেশকৃত তথ্য ও বিবরণীতে কোন প্রকার বস্তুগত পরিবর্তন ঘটিলে সম্পদ ব্যবস্থাপক কর্তৃক সেই সম্পর্কে কমিশন ও ট্রাস্টিকে অবহিত করিবে।



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65. VAML in strict adherence to Rule 33(8) of the Mutual Fund Rules, 2001, prior to making the investment in AFC Health Limited, duly disclosed all relevant and material information to BSEC through its letter dated 17 December 2017 (**Enclosure- 05**) and to the Trustee through its letter dated 6 December 2017 (**Enclosure- 06**) The disclosures encompassed, inter alia:

- (i) that *Vanguard AML Rupali Bank Balanced Fund* would subscribe to 48,00,000 shares of AFC Health Limited at Tk. 12.50 per share (inclusive of Tk. 2.50 as share premium) involving a total investment of Tk. 6.00 crore; and
- (ii) an investment review together with the projected valuation of the said shares.
- (iii) Furthermore, the VAMLRBBF consistently disclosed this investment in the quarterly reports as well as in the annual report of *Vanguard AML Rupali Bank Balanced Fund*.

66. The information provided to both BSEC and the Trustee remained identical, i.e., the Fund subscribed to 48,00,000 shares of AFC Health Limited at Tk. 12.50 per share aggregating to Tk. 6.00 crore. There has not been any material change in the information requiring additional intimation to the BSEC and the Trustee. The fact that the VAMLRBBF made a provision against the investment in AFC Health Limited has also been disclosed in the quarterly reports/ annual reports submitted to BSEC and the Trustee. Thus, the VAML discharged its disclosure obligations both to the regulatory authority and to the investing public and unitholders of the *Vanguard AML Rupali Bank Balanced Fund*. Accordingly, VAML has not committed any breach or violation of Rule 33(8) of the Mutual Fund Rules, 2001.

67. Similarly, in the case of investment of Tk. 1,50,00,000.00 (Taka one crore fifty lac only) in Bengal Poly and Paper Sack Limited at an acquisition price of Tk. 25 per share, which included a share premium of Tk. 15 per share, VAML duly disclosed all relevant and material information to BSEC and to the Trustee as per the law. The said investment was reflected in all reports submitted to BSEC after listing of the Fund on 10 November 2016 as per Securities and Exchange Commission (Mutual Fund) Rules, 2001. VAML also replied to the Commission's query on the issue as and when requested/ directed. Accordingly, VAML has not committed any breach or violation of Rule 33(8) of the Mutual Fund Rules, 2001.

III. VAML did not violate Rule 56 of the Securities and Exchange Commission (Mutual Fund) Rules, 2001

68. Rule 56 of the Securities and Exchange Commission (Mutual Fund) Rules, 2001 provides as follows:

৫৬। বিনিয়োগে বাধানিষেধ।- সম্পদ ব্যবস্থাপক বিনিয়োগ সিদ্ধান্ত গ্রহণের পূর্বে সংশ্লিষ্ট সিকিউরিটিজের যথাযথ আর্থিক অবস্থা বিশ্লেষণ পূর্বক বিনিয়োগ সিদ্ধান্ত গ্রহণ করিবে এবং বিধি ৫৫ অনুসারে কোন বিনিয়োগ পঞ্চম তফসিল এ বর্ণিত বাধানিষেধ সাপেক্ষে করিবে।

69. VAML in compliance with Rule 56 of the Mutual Fund Rules, 2001, prior to making the investment in AFC Health Limited carried out a comprehensive financial analysis of the Company together with an assessment of its future prospects. VAML examined audited financial statements, business models, growth prospects, and sectoral risks, and ensured that the proposed investment was not in any way prohibited in the Mutual Fund Rules, 2001. Having satisfied itself on all relevant parameters, VAML proceeded with the investment strictly within the legal boundaries prescribed under Rule 56. and before investment

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furnished the said information to BSEC through its letter dated 17 December 2017 (**Enclosure- 05**) and to the Trustee through its letter dated 06 December 2017 (**Enclosure- 06**).

70. Similarly, prior to the investment in Bengal Poly and Paper Sack Limited, the VAML in compliance with Rule 56 of the Mutual Fund Rules, 2001 duly analysed the financial conditions of the Company including its audited Financial Statements and upon consideration of the investment objectives as provided in Rule 55, VAML invested Tk. 1.50 crore in the said Company. Accordingly, it is abundantly clear that the VAMLRBBF has acted within the four corners of the law and has not contravened Rule 56 in any manner whatsoever.

IV. VAML did not violate Rule 58 of the Securities and Exchange Commission (Mutual Fund) Rules, 2001

71. Rule 58 of the Securities and Exchange Commission (Mutual Fund) Rules, 2001 provides as follows:

৫৮। বিনিয়োগ মূল্যায়ন পদ্ধতি।- (১) প্রত্যেক মিউচুয়াল ফান্ড প্রত্যেকটি স্কীমের জন্য, কমিশনের পূর্বনুমোদনক্রমে, বিনিয়োগের মূল্যায়ন পদ্ধতি নির্ধারণ করিবে।

(২) উপ-বিধি (১) এর বিধান ব্যত না করিয়া, বাজারে তালিকাভুক্ত নহে এইরূপ বিনিয়োগের মূল্য সম্পদ ব্যবস্থাপক ও ট্রাস্টি ত্রৈমাসিক ভিত্তিতে পুনরীক্ষিত করিবে এবং নিরীক্ষকগণ মিউচুয়াল ফান্ডের বার্ষিক প্রতিবেদনে তৎসম্পর্কে মন্তব্য করিবেন।

72. VAML in compliance with rule 58 of the Mutual Fund Rules, 2001 strictly adhered to all regulatory requirements in respect of the investment in AFC Health Limited.

- (i) Firstly, VAML duly followed the guideline of BSEC regarding the investment valuation methodology, as expressly incorporated in the Trust Deed and Prospectus of *Vanguard AML Rupali Bank Balanced Fund*.
- (ii) Secondly, VAML transparently reported the said investment in AFC Health Limited in the quarterly portfolio reports and the unaudited financial statements for the period ending 31 December 2017 and 31 March, 2018, which were duly submitted to BSEC (**Enclosure- 08**)
- (iii) Thirdly, the auditor of *Vanguard AML Rupali Bank Balanced Fund*, namely Hoda Vasi Chowdhury & Co., a BSEC-enlisted audit firm, duly reviewed and commented upon the said investment in its annual report for the period ending 30 December 2018 (**Enclosure- 20**).
- (iv) Fourthly, *Vanguard AML Rupali Bank Balanced Fund*, duly reported the investment amount in AFC Health Limited in its quarterly un-audited financial statements, portfolio report and other related query reports to BSEC, Trustee and Custodian of the Fund from the period ended 31 December 2017 till date in compliance with the securities laws.

73. VAML in compliance with the Rule 58 of the Mutual Fund Rules, 2001, forwarded the documents to Trustee with investment valuation on the basis of the last audited NAV (without revaluation & intangible assets) of AFC Health Limited for intimation and approval of the Trustee on regular interval and upon receiving approval from the Trustee the investment value is incorporated in the un-audited and audited financial statements of *Vanguard AML Rupali Bank Balanced Fund*. Moreover, fair value of this investment were revalued at each quarter and year end as per book value of last audited balance sheet of AFC Health Limited.



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74. That *Vanguard AML Rupali Bank Balanced Fund* made an equity investment in AFC Health Limited on 21 December 2017 at Tk. 12.50 per share, based on the valuation undertaken by the VAML on the strength of the audited financial statements of AFC Health Limited. Subsequently, upon due review, consideration, and analysis of the audited and unaudited financial statements of AFC Health Limited for the preceding years, BSEC approved the Initial Public Offering (IPO) of AFC Health Limited on 16 September 2020. In its Press Release dated 16 September 2020, BSEC expressly stated that the Net Asset Value (NAV) per share of AFC Health Limited stood at Tk. 13.13 and the Earnings Per Share (EPS) at Tk. 1.47. It is material to note that the very financial statements relied upon by BSEC for granting IPO consent were the same financial statements that had earlier been reviewed and relied upon by the VAML at the time of making its investment in December 2017. As such, it is abundantly clear that the VAML's investment decision to subscribe to shares of AFC Health Limited at Tk. 12.50 per share was justified, consistent with the valuation i.e. NAV of TK. 13.13 subsequently determined by BSEC at the time of IPO approval, in full compliance with the securities laws, and duly supported by credible documents, including audited financial statements that were equally relied upon by BSEC itself.
75. Similarly in compliance with rule 58 of the Mutual Fund Rules, 2001, VAML has strictly adhered to all regulatory requirements in respect of the investment in Bengal Poly and Paper Sack Limited. Prior to the investment in Bengal Poly and Paper Sack Limited, the VAML in compliance with Rule 55 of the Mutual Fund Rules, 2001 duly analysed the financial conditions of the Company including its audited Financial Statements and upon consideration of the investment objectives, VAML invested Tk. 1.50 crore in Bengal Poly and Paper Sack Limited. The investment was considered a good investment at the time considering the Company's goodwill and establishment and also the fact that Net Asset Value ("NAV") per share of the Company was Tk. 29.67 as of 30 June 2013 based on its financial statements and auditors' reports. It is only thereafter the VAMLRBBF initiated necessary regulatory steps to make the investment.
76. Accordingly, VAML has not committed any breach or violation of Rule 58 of the Mutual Fund Rules, 2001 in making the investment in AFC Health Limited and Bengal Poly and Paper Sack Limited.

V. VAML did not violate Rule 59 of the Securities and Exchange Commission (Mutual Fund) Rules, 2001

77. Rule 59 of the Securities and Exchange Commission (Mutual Fund) Rules, 2001 provides as follows:

৫৯। অব্যবসায়িত বিনিয়োগের মূল্যায়ন।- যে ক্ষেত্রে বিনিয়োগ তালিকাভুক্ত কিন্তু মূল্যায়নের তারিখের পূর্ববর্তী এক মাসের মধ্যে উহার ব্যবসা করা হয় নাই সেই ক্ষেত্রে, সম্পদ ব্যবস্থাপক উহার একটি নিরপেক্ষ ও স্বাধীন মূল্যায়ন করিবে যাহাতে উহার প্রকৃত আদায়যোগ্য মূল্য প্রতিফলিত হয়; উক্ত মূল্যায়নের পদ্ধতি ট্রাস্টি কর্তৃক অনুমোদিত হইতে হইবে এবং নিরীক্ষকগণ কর্তৃক মিউচুয়াল ফান্ডের বার্ষিক প্রতিবেদনে তৎসম্পর্কে মন্তব্য করিতে হইবে।

78. That it is submitted that the shares of AFC Health Limited and Bengal Poly and Paper Sack Limited are not listed in any of the Stock Exchanges of Bangladesh. As such, the investment made by VAMLRBBF in the said Company do not come within the purview of Rule 59. Therefore, the question of the VAML violating the said Rule 59 does not arise.



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VI. VAML did not violate Rule 70(1) of the Securities and Exchange Commission (Mutual Fund) Rules, 2001

79. Rule 70(1) of the Securities and Exchange Commission (Mutual Fund) Rules, 2001 provides as follows:

৭০। কমিশনের নিকট তথ্য প্রকাশ – (১) কমিশন নির্দেশ দিলে, কোন মিউচুয়াল ফান্ড, উদ্যোগ, ট্রাস্টি, সম্পদ ব্যবস্থাপক ও হেফাজতকারী কমিশনের নিকট প্রয়োজনীয় তথ্যাদি প্রকাশ এবং দলিলপত্র পেশ করবে।

80. VAML at all times disclosed all information sought by the Bangladesh Securities and Exchange Commission. The Investment Management Division of BSEC, as the respected regulator through its letter No.: BSEC/MF & SPV/ MF 111/2013 (iii)/1786 dated 14 December 2023 (**Enclosure- 23**) raised query regarding investment of VAMLRBBF in Pre-IPO Placement of AFC Health Limited. Accordingly, VAML duly replied to the letter through its letter dated 18 December, 2023 (**Enclosure- 24**) with all the relevant documents.

81. Similarly, the Investment Management Division of BSEC through its letter No.: BSEC/MF & SPV/ MF 111/2013 /(iv)/50 dated 24 March 2025 (**Enclosure- 25**) again asked for explanation with the supporting documents regarding VAMLRBBF's investment in AFC Health Limited. Thereafter, VAML duly replied to the letter along with the requested documents through its letter dated 07 April, 2025 (**Enclosure- 26**).

82. As such, VAML did not violate the said Rule 70(1) at any time. VAML remains committed to comply with all directions of BSEC at all times.

VII. VAML did not violate Rule 71 of the Securities and Exchange Commission (Mutual Fund) Rules, 2001

83. Rule 71 of the Securities and Exchange Commission (Mutual Fund) Rules, 2001 provides as follows:

৭১। বিনিয়োগকারীদের নিকট তথ্য প্রকাশ যে সকল কারণে বিনিয়োগ হইতে ইচ্ছিত আয় অর্জন সম্ভব হয় নাই সেই সকল কারণ সম্পর্কিত প্রয়োজনীয় তথ্যাদি সম্পদ ব্যবস্থাপক ও ট্রাস্টি কমিশন ও বিনিয়োগকারীগণকে নিয়মিতভাবে অবহিত করিবে।

84. VAML in full compliance with the provisions of the Securities and Exchange Commission (Mutual Fund) Rules, 2001 and the listing regulations made appropriate disclosures, including quarterly reports, half yearly reports and annual reports to the Commission, Trustee, Unitholders and Stock Exchanges. In fact, the provision made to the investment in AFC Health Limited was also duly disclosed to the Commission, Trustee, Unitholders and Stock Exchanges in its quarterly report submitted immediately after the provisioning on 31 December 2023 (valuation and audited financial statements was approved on 12 February 2024) and reflected the same in the next immediate quarterly portfolio report for the period ending 31 March 2024. As such, VAML did not violate the said Rule 71 at any time.

VIII. The penal provisions of section 18 of the Bangladesh Securities and Exchange Commission Act, 1993 are not attracted

85. Section 18 of the Bangladesh Securities and Exchange Commission Act, 1993 provides as follows:

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১৮। শাস্তি।-(১) যদি কোন ব্যক্তি এই আইনের কোন বিধান লংঘন করেন বা লংঘন করার উদ্যোগ গ্রহণ করেন বা লংঘনে প্ররোচনা ও সহায়তা করেন, তাহা হইলে তিনি অনধিক পাঁচ বৎসর সশ্রম কারাদন্ড বা অন্যান্য পাঁচ লক্ষ টাকা অর্থ দন্ড বা উভয় দন্ডে দন্ডনীয় হইবেন।

(২) যদি কোন ব্যক্তি এই আইন বা বিধি বা প্রবিধানের অধীন-

(ক) প্রদত্ত কোন আদেশ বা নির্দেশ পালনে ব্যর্থ হন; বা

(খ) প্রয়োজনীয় তথ্য সরবরাহে ব্যর্থ হন; বা

(গ) কোন অনুসন্ধান বা তদন্তের সময় অনুসন্ধানকারী বা তদন্তকারী ব্যক্তিকে প্রয়োজনীয় সুযোগ-সুবিধা প্রদানে ব্যর্থ হন; তাহা হইলে কমিশন উক্ত ব্যক্তিকে ব্যক্তিগতভাবে বা প্রতিনিধির মাধ্যমে শুনানীর সুযোগ প্রদান করিয়া লিখিত আদেশ দ্বারা সতর্ক করিয়া দিতে পারিবে বা অন্যান্য এক লক্ষ টাকা অর্থদন্ডে দন্ডিত করিতে পারিবে, এবং উক্তরূপ ব্যর্থতা অব্যাহত থাকিলে অনুরূপ অব্যাহত থাকাকালীন প্রতিদিনের জন্য উক্ত ব্যক্তিকে অনূর্ধ্ব দশ হাজার টাকা অর্থ দন্ডে দন্ডিত করিতে পারিবে।

86. VAML never attempted, conspired, incited, aided, or abetted in the violation of any provision of the Bangladesh Securities and Exchange Commission Act, 1993. On the contrary, VAML has at all times acted in good faith, fully disclosed all relevant documents and information to BSEC and the Trustee, and has consistently cooperated with every inquiry conducted by the regulatory authority.

87. That the investments made by **Vanguard AML Rupali Bank Balanced Fund** in **AFC Health Limited** and **Bengal Poly and Paper Sack Limited** were undertaken in strict compliance with all applicable securities laws, including the **Mutual Fund Rules, 2001**, with full disclosure and transparency at all stages. In addition, VAML did not fail to co-operate with any query and investigation undertaken by BSEC. Accordingly, none of the penal provisions under **section 18 of the Bangladesh Securities and Exchange Commission Act, 1993** are attracted against VAML.

IX. The penal provisions of Rule 82 of the Securities and Exchange Commission (Mutual Fund) Rules, 2001 are not attracted

88. Rule 82 of the Securities and Exchange Commission (Mutual Fund) Rules, 2001 provides as follows:

৮২। শাস্তি ও উহার কারণ।-(১) যে কেহ-

(ক) এই বিধিমালার অধীন নিবন্ধন মঞ্জুরের কোন শর্ত মানিয়া চলিতে ব্যর্থ হইলে; অথবা

(খ) আইন ও এই বিধিমালার কোন বিধান লংঘন করিলে;

উপ-বিধি (২) এ বর্ণিত যে কোন শাস্তি তাহার প্রতি আরোপিত হইবে।

(২) উপ-বিধি (১) অনুযায়ী যে সকল শাস্তি আরোপ করা যাইবে তাহা নিম্নরূপ, যথাঃ-

(ক) আইন দ্বারা নির্ধারিত জরিমানা ও শাস্তি;

(খ) একটি নির্দিষ্ট মেয়াদের জন্য নিবন্ধন স্থগিতকরণ, যাহা এক বৎসরের অধিক হইবেনা;

(গ) নিবন্ধন বাতিল;

(ঘ) অন্য কোন স্কীম গ্রহণে নিষেধাজ্ঞা;

(ঙ) কোন মিউচুয়াল ফান্ডের জন্য ট্রাস্টি, সম্পদ ব্যবস্থাপক বা হেফাজতকারী হিসাবে কাজ করিবার নিষেধাজ্ঞা; এবং

(চ) অন্য কোন মিউচুয়াল ফান্ড গঠনে নিষেধাজ্ঞা।

89. VAML at all times strictly complied with the conditions of its registration and has not, in any manner whatsoever, violated the provisions of the Bangladesh Securities and Exchange Commission Act, 1993 and the Securities and Exchange Commission (Mutual Fund) Rules, 2001. In fact, the investment has been made in strict compliance with the provisions of the Mutual Fund Rules, 2001. Accordingly, the penal provisions provided in rule 82 are not attracted against VAML.

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In consideration of the above, it is evident that the investments made by *Vanguard AML Rupali Bank Balanced Fund* in *AFC Health Limited* and *Bengal Poly and Paper Sack Limited* were undertaken in full compliance with the provisions of the *Bangladesh Securities and Exchange Commission Act, 1993* and the *Securities and Exchange Commission (Mutual Fund) Rules, 2001*, including but not limited to *Rules 33(1), 33(8), 56, 58, 59, 70(1), and 71*. Accordingly, such investments do not attract the penal provisions under *section 18 of the Bangladesh Securities and Exchange Commission Act, 1993* or *Rule 82 of the Securities and Exchange Commission (Mutual Fund) Rules, 2001*.

Vanguard reiterates its unwavering commitment to act in strict compliance with all applicable securities laws of the country, including the *Securities and Exchange Commission (Mutual Fund) Rules, 2001*, as well as all relevant directions, orders, and notifications issued by *BSEC* from time to time."

যেহেতু, Vanguard Asset Management Limited-এর উল্লিখিত বক্তব্য ও অনুসন্ধান থেকে প্রতীয়মান হয় যে, উপস্থাপিত অভিযোগসমূহ সঠিক ও ইচ্ছাকৃত এবং উপর্যুক্ত কর্মকান্ডের ফলে পুঁজিবাজারের সাধারণ বিনিয়োগকারীগণ ক্ষতিগ্রস্ত হয়েছেন যা পুঁজিবাজার উন্নয়নের পরিপন্থী, সেহেতু এক্ষেত্রে Vanguard Asset Management Limited-এর ব্যাখ্যা কমিশনের নিকট গ্রহণযোগ্য হিসেবে বিবেচিত হয়নি;

যেহেতু, Vanguard Asset Management Limited-উপর্যুক্ত কর্মকান্ডের মাধ্যমে সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১ এর বিধি ৩৩ (১), ৩৩ (৮), ৫৬, ৫৮, ৫৯, ৭০(১) এবং ৭১ লংঘন করেছেন;

যেহেতু, Vanguard Asset Management Limited-এর উপর্যুক্ত কর্মকান্ড বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন আইন, ১৯৯৩ এর ধারা ১৮ এবং সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১ এর বিধি ৮২ অনুযায়ী শাস্তিযোগ্য অপরাধ;

যেহেতু, কমিশনের বিবেচনায়, সিকিউরিটিজ আইন ও বিধি-বিধান পরিপালনে আলোচ্য ব্যর্থতার জন্য, পুঁজিবাজারের শৃংখলা, স্বচ্ছতা এবং জনস্বার্থে আলোচ্য Vanguard Asset Management Limited-কে অর্থদন্ডে দণ্ডিত করা প্রয়োজন ও সমীচীন;

অতএব, সেহেতু, কমিশন উল্লিখিত যাবতীয় বিষয় বিবেচনাপূর্বক, বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন আইন, ১৯৯৩ এর ধারা ১৮ এবং সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১ এর বিধি ৮২ এ প্রদত্ত ক্ষমতাবলে, নিম্নোক্ত আদেশ প্রদান করলো:-

-Vanguard Asset Management Limited কর্তৃক ২০১৭ সালে Vanguard AML Rupali Bank Balanced Fund ফান্ড হতে AFC Health Ltd.-এ ৬.০০ (ছয়) কোটি টাকা বিনিয়োগ ও বিনিয়োগ পরবর্তী কার্যক্রমে সিকিউরিটিজ আইন লঙ্ঘিত হওয়ায় উক্ত ফান্ডের বিনিয়োগকারীদের স্বার্থে উক্ত সম্পদ ব্যবস্থাপক কর্তৃক প্রতিবছর বার্ষিক ১১.৫০% মুনাফা গণ্য করে ১৪.৮৫ (চৌদ্দ দশমিক পঁচাত্তর) কোটি টাকা কমিশন হতে আদেশ জারির পরবর্তী ৩০ (ত্রিশ) দিনের মধ্যে উক্ত ফান্ডে জমা/ফেরত প্রদান করবে। বিধিবহির্ভূতভাবে বিনিয়োগকৃত উল্লিখিত অর্থ উক্ত ফান্ডে ৩০ (ত্রিশ) দিনের মধ্যে জমা প্রদান/ ফেরত আনতে ব্যর্থ হলে, ১৬.০০ (ষোল) কোটি টাকা অর্থদন্ডে দণ্ডিত করা হয়েছে মর্মে গণ্য ও কার্যকর হবে। উক্ত অর্থদন্ড কার্যকর হওয়ার পরবর্তী ৭ (সাত) দিনের মধ্যে Vanguard Asset Management Limited কে উহার নিজস্ব দায় হিসেবে ১৬.০০ (ষোল) কোটি টাকা অর্থদন্ড প্রদান করতে হবে;

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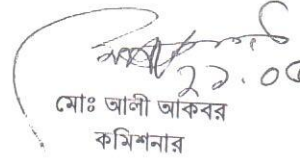
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- Vanguard Asset Management Limited কর্তৃক ২০১৩ সালে উক্ত ফান্ড হতে Bengal Poly & Paper Sack Ltd. এ ১.৫০ (এক দশমিক পঞ্চাশ) কোটি টাকা বিনিয়োগ ও বিনিয়োগ পরবর্তী কার্যক্রমে সিকিউরিটিজ আইন লঙ্ঘিত হওয়ায় উক্ত ফান্ডের বিনিয়োগকারীদের স্বার্থে উক্ত সম্পদ ব্যবস্থাপক কর্তৃক প্রতিবছর বার্ষিক ১১.৫০% মুনাফা গণ্য করে ৫.৭৪ (পাঁচ দশমিক চুয়াত্তর) কোটি টাকা কমিশন হতে আদেশ জারির পরবর্তী ৩০ (ত্রিশ) দিনের মধ্যে উক্ত ফান্ডে জমা/ফেরত প্রদান করবে। বিধিবহির্ভূতভাবে বিনিয়োগকৃত উল্লিখিত অর্থ উক্ত ফান্ডে ৩০ (ত্রিশ) দিনের মধ্যে জমা প্রদান/ফেরত আনতে ব্যর্থ হলে, ৬.৭৫ (ছয় দশমিক পঁচাত্তর) কোটি টাকা অর্থদন্ডে দন্ডিত করা হয়েছে মর্মে গণ্য ও কার্যকর হবে। উক্ত অর্থদন্ড কার্যকর হওয়ার পরবর্তী ৭ (সাত) দিনের মধ্যে Vanguard Asset Management Limited কে উহার নিজস্ব দায় হিসেবে ৬.৭৫ (ছয় দশমিক পঁচাত্তর) কোটি টাকা অর্থদন্ড প্রদান করতে হবে।
- এছাড়াও, উক্ত সময়ে অর্থদন্ড পরিশোধে ব্যর্থ হলে প্রতিদিনের জন্য ১০.০০ (দশ) হাজার টাকা অর্থদন্ডে দন্ডিত হবে।
- উক্ত অর্থদন্ড 'বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন' এর অনুকূলে ইস্যুকৃত ব্যাংক ড্রাফট/পে-অর্ডারের মাধ্যমে জমা প্রদান করতে হবে, অন্যথায় সিকিউরিটিজ আইন মোতাবেক পরবর্তী আইনানুগ ব্যবস্থা গ্রহণ করা হবে।

বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশনের আদেশক্রমে,


২১.০৫.২০২৬
মোঃ আলী আকবর
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