# PROSPECTUS
# of
# MERCANTILE BANK UNIT FUND

This offer document sets forth concisely the information about the Fund that a prospective investor ought to know before investing. This Offer Document should be read before making an application for the Units and should be retained for future reference.

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

THE SPONSOR, ASSET MANAGEMENT COMPANY OR THE FUND IS NOT GUARANTEEING ANY RETURNS.

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

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| **Size of Issue** |
| Initial size BDT 50,00,00,000 (Fifty Crore) |
| Total Number of Units 5,00,00,000 (Five Crore) |
| **Initial/Opening Price** |
| BDT 10 (Taka Ten) per Unit |
| **Initial Subscription Opens** |
| 22 March..., 2022 |
| **Sponsor** |
| Mercantile Bank Limited |
| **Asset Manager** |
| MBL Asset Management Limited |
| **Trustee** |
| ICB Capital Management Limited |
| **Custodian** |
| BRAC Bank Limited |
| **Banker** |
| Mercantile Bank Limited |
| **Auditor** |
| Hoda Vasi Chowdhury & Co |
| **Date of Publication of Prospectus** |
| 21 March. 2022 |
| The Prospectus is available at the AMC's website at www.mblbd.com |

**"Investment in Mutual Fund is subject to market risk"**

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| **Sponsor:** Mercantile Bank Limited | **Trustee:** ICB Capital Management Ltd. | **Asset Manager:** MBL Asset Management Ltd. | **Custodian:** BRAC Bank Limited |

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# EXECUTIVE SUMMARY

Mercantile Bank Limited is launching a new open-ended mutual fund named "Mercantile Bank Unit Fund" with an initial fund size of Tk 500 million. Mercantile Bank Limited is the sponsor and MBL Asset Management Limited is the asset manager of this fund, whereas ICB Capital Management Ltd. will act the trustee and BRAC Bank Ltd. will undertake the custodian of the fund. This is a 'continuous offer' fund by nature, which facilitates the investors to subscribe and redeem units at their will.

MBL Asset Management Limited (MBL AML), a new generation Asset Management Company, is licensed and regulated by Bangladesh Securities and Exchange Commission (BSEC). MBL AML is committed to provide fund management service by investment professionals with considerable fund management expertise. Our investments in stocks are based on earnings expectations, attractive valuations, major economic indicators and various other technical, fundamental indicators and factors. We will be fully compliant with regulations and maintain the highest professional standard and integrity in fund management. We ensure about full disclosure of fund's holding to keep the investor informed. We are hopeful about our success in managing our new fund, "Mercantile Bank Unit Fund".

The objective of the Mercantile Bank Unit Fund is to achieve superior risk adjusted return by –a) allocating assets optimally in contemporary macro-economic and market condition; and b) selecting securities based on their ability to generate earnings/ cash flow sustainably over long-term. The Fund will also offer tax benefits and access to IPO subscription to its Unit holders. Being an income fund nature, the Fund will look for dividend and generate higher dividend.

ICB Capital Management Limited Trustee & Custodian Department

MBL ASSET MANAGEMENT LTD. ESTD-2018

MERCANTILE BANK LIMITED Treasury Division Head Office, Dhaka

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# FUND DIRECTORY

**Registered Office**

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| **Sponsor** | Mercantile Bank Limited<br>61, Dilkusha C/A, Dhaka-1000<br>Tel: + 88 02 9559333<br>E-mail: treasury@mblbd.com<br>Web: www.mblbd.com |

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| **Asset Manager** | MBL Asset Management Limited<br>61, Dilkusha C/A (2nd Floor), Dhaka-1000<br>Tel: + 88 02 9559333<br>E-mail: mblaml@mblbd.com<br>Web: www.mblbd.com |

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| **Trustee** | ICB Capital Management Ltd.<br>Green City Edge, 5th& 6th Floor, 89 Kakrail, Dhaka-1000,<br>Tel: 8300555 ,8300367<br>E-mail: id@icml.com.bd<br>Web: www.icml.com.bd |

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| **Custodian** | BRAC Bank Limited<br>Anik Tower, 220/B, Tejgaon Gulshan Link Road, Tejgaon, Dhaka 1208<br>Phone: +8802 8801301-32, 9884292<br>Fax: +88 02 9898910<br>Web: www.bracbank.com |

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| **Auditor** | Hoda Vasi Chowdhury & Co<br>BTMC Bhaban (7th & 8th Level)<br>7-9 Kazi Nazrul Islam Avenue, Kawran- Bazar C/A, Dhaka-1-217<br>Phone-+880-02-9140094 |

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|---|---|
| **Banker** | Mercantile Bank Limited (Main Branch)<br>Mia Amanullah Bhaban 63, Dilkusha C/A, Dhaka-1000<br>Tel: + 88 02 9559333<br>E-mail: treasury@mblbd.com<br>Web: www.mblbd.com |

For Prospectus or any other information please contact at following corporate office of the Asset Management Company.

**MBL Asset Management Limited**
61, Dilkusha C/A, (2nd Floor) Dhaka-1000
Tel: + 88 02 9559333
E-mail: mblaml@mblbd.com
Web: www.mblbd.com
A person interested to get a prospectus may obtain from the Asset Management Company,

**"If you have any query about this document, you may consult the Asset Management Company"**



ICB Capital Management Limited Trustee & Custodian Department
MBL ASSET MANAGEMENT LTD. ESTD-2018
MERCANTILE BANK LIMITED Treasury Division Head Office, Dhaka
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## DEFINITIONS AND ELABORATION OF ABBREVIATED TERMS

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| Rule / বিধিমালা | : | সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচ্যুয়াল ফান্ড) বিধিমালা, ২০০১ |
| Act | : | সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশন আইন, ১৯৯৩ |
| Confirmation of Unit Allocation | : | Letter confirming allocation of Units |
| Application Form | : | A form meant to be used by an investor to purchase Units in the Scheme. |
| Asset Manager / Asset Management Company / Fund Manager / Investment Manager /AMC / MBL AML | : | MBL Asset Management Limited |
| Allotment | : | Letter of Allotment for units |
| BB | : | Bangladesh Bank |
| BEFTN | : | Bangladesh Electronic Fund Transfer Network |
| Book Closer | : | Sale and repurchase of unit certificates issued by Asset Management Company shall remain closed during the month of January unless the Commission decides otherwise |
| BO A/C | : | Beneficiary Owner's Account or Depository Account |
| BSEC | : | Bangladesh Securities and Exchange Commission |
| Business Day | : | A day not being:<br>(1) A weekend;<br>(2) A day on which the stock exchanges are closed;<br>(3) A day on which purchase and repurchase of Units are suspended or a book closure period / record date announced by the Trustee / AMC; or<br>(4) A day on which normal business cannot be transacted due to unavoidable circumstances or such other events as the AMC may specify from time to time;<br>(5) A day on which banks are closed.<br>(6) Thursday of each week. |
| CAGR | : | Compound Annual Growth Rate |
| CEO | : | Chief Executive Officer |
| CIP | : | Cumulative Investment Plan |
| CDBL | : | Central Depository Bangladesh Limited |
| CDS | : | Central Depository System |
| Certificate | : | Certificate of the Fund in dematerialized form under CDBL |
| Commission | : | Bangladesh Securities and Exchange Commission |
| Companies Act | : | কোম্পানি আইন, ১৯৯৪ |
| Confirmation of Unit Allocation | : | Letter confirming allocation of units |
| CSE | : | Chittagong Stock Exchange Limited |
| Custodian | : | BRAC Bank Limited |
| Dividend | : | Income distributed by the Fund, when and where applicable. |
| DSE | : | Dhaka Stock Exchange Limited |
| Effective Date | : | The date of registration of the Trust Deed |
| EPU | : | Earnings Per Unit |
| FC Account | : | Foreign Currency Account |
| FI | : | Financial Institution |
| FIS | : | Fixed Income Securities |
| Government | : | The Government of the People's Republic of Bangladesh |
| Guardian | : | The Trustee of the Fund |
| IDRA | : | Insurance Development & Regulatory Authority Bangladesh |
| Mutual Fund / The Fund / Unit Fund / Open End Mutual Fund | : | Mercantile Bank Unit Fund |
| Sales Agent / Selling Agent / Point of Sales | : | MBL AML designated official points for accepting transaction /service requests from investors. |
| IPO | : | Initial Public Offering |
| Issue | : | Public issue |
| MD | : | Managing Director |



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| NAV | : | Net Asset Value |
| NBFI | : | Non-Banking Financial Institution |
| NBR | : | National Board of Revenue |
| Net Asset Value | : | Per unit value of the Fund arrived at by dividing the net assets by the number of unit outstanding of the Fund |
| Net Assets | : | The excess of assets over liabilities of the Fund |
| Non-Resident Bangladeshi / NRB | : | Non-resident Bangladeshi (NRB) means Bangladeshi citizens staying abroad including all those who have dual citizenship provided they have a valid Bangladeshi passport or those, whose foreign passport bear a stamp from the concerned Bangladesh embassy/high Commission to the effect that no visa is required to travel to Bangladesh |
| Offering Price | : | Price of the Securities of the Fund being offered |
| Offer Document | : | This document is issued by Mercantile Bank Unit Fund, offering Units of the Fund for subscription. Any modifications to the offer document will be made by way of an addendum which will be attached to offer document. On issuance of any such addendum, prior approval from BSEC is required and the offer document will be deemed to be updated by the addendum. |
| Ongoing Offer Period | : | Offer of Units of the Fund after the closure of the initial offer period. |
| Prospectus | : | The advertisements or other documents (approved by the BSEC), which contain the investment and all other information in respect of the mutual fund, as required by the বিধিমালা and is circulated to invite the public to invest in the mutual fund. |
| Purchase / Subscription | : | Subscription to / purchase of Units of the Fund |
| Purchase Price | : | The price calculated in the manner provided in this offer document, at which the Units can be purchased. |
| Repurchase | : | Repurchase of Units by the Fund from a Unit holder |
| Repurchase Price | : | The price at which the Units can be redeemed/repurchased and calculated in the manner provided in this offer document. |
| Selling Agents | : | AMC designated official points for accepting transaction/service requests form investors |
| Sponsor | : | Mercantile Bank Limited |
| The Fund/ Unit Fund | : | Mercantile Bank Unit Fund |
| Tk | : | Bangladeshi Taka |
| Trustee / Guardian | : | ICB Capital Management Ltd. |
| Unit Certificate / Certificate | : | Certificate of the Fund in dematerialized form under CDBL |
| Unit Holder | : | A person holding Units of Mercantile Bank Unit Fund offered under this offer document. |

## Interpretation:

For all purposes of this offer document, except as otherwise expressly provided or unless the context otherwise requires:

- Singular terms used in this offer document include the plural, and plural terms include the singular.
- Pronouns having a masculine or feminine gender shall be deemed to include the other.
- A 'crore' means 'ten million' and a 'lakh' means a 'hundred thousand'.

# FUND HIGHLIGHTS

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| **Name** | Mercantile Bank Unit Fund |
| **Type** | Open-ended Mutual Fund |
| **Life of the Fund** | Perpetual life |
| **Sponsor** | Mercantile Bank Limited |
| **Asset Manager** | MBL Asset Management Limited |
| **Trustee** | ICB Capital Management Limited |
| **Custodian** | BRAC Bank Limited |
| **Initial Size of the Fund** | Tk. 500,000,000 (Taka fifty crore) divided into 50,000,000 (five crore) Units of Tk. 10 (Taka ten) each |
| **Nature** | Perpetual life and unlimited size |
| **Objective** | The objective of the Mercantile Bank Unit Fund is to provide attractive risk adjusted return to the unit holders by investing the proceeds in the capital market and money market. |
| **Minimum Application Amount** | Tk. 20,000.00/- per application for individuals<br>Tk. 50,000.00/- per application for institutions |
| **Transparency** | NAV will be calculated on a daily basis and shall be published on the website of the Fund Manager (www.mblbd.com) and as prescribed in the Rule |
| **Target Group** | Individuals, institutions, Non-Resident Bangladeshi (NBR), mutual funds and collective investment schemes are eligible to invest in this Fund. |
| **Dividend** | Minimum 70 (seventy) percent of realized income of the Fund will be distributed as dividend in Bangladeshi Taka in each accounting year. |
| **Dividend Distribution** | The dividend warrant will be distributed within 45 (Forty Five) days from the date of declaration. |
| **Transferability** | The Units of the Fund are transferable by way of inheritance/ gift and/or by specific operation of the law. |
| **Encashment** | The Unit holders can surrender and en-cash their Units to the Asset Manager and through the authorized selling agents appointed by the Asset Manager. The Asset Manager or selling agent shall be liable to re-purchase the units on behalf of Fund. |
| **Reports and Accounts** | Every Unit holder is entitled to receive annual report along with the yearly and half-yearly statements of accounts as and when published from the website (www.mblbd.com) of the Asset Manager. Every Unit holder will also get quarterly statements of portfolio in MBL AML's official website. |
| **Tax Benefit** | a) Income from a mutual fund or a unit fund up to tk. 25,000 (Twenty five thousand) is exempted from tax under income Tax Ordinance 1984.<br>b) Investment in the Unit Fund would qualify for investment tax credit under section 44(2)of the Income Tax ordinance<br>c) The Income of the Fund will also be exempted from Tax. |

# ফান্ডের সংক্ষিপ্ত বিবরণী

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| নাম | মার্কেন্টাইল ব্যাংক ইউনিট ফান্ড |
| ধরন | বে-মেয়াদি মিউচুয়াল ফান্ড |
| ফান্ডের মেয়াদকাল | আজীবন মেয়াদি |
| উদ্যোক্তা | মার্কেন্টাইল ব্যাংক লিমিটেড |
| সম্পদ ব্যবস্থাপক | এমবিএল অ্যাসেট ম্যানেজমেন্ট লিমিটেড |
| ট্রাস্টি | আইসিবি ক্যাপিট্যাল ম্যানেজমেন্ট লিমিটেড |
| হেফাজতকারী | ব্র্যাক ব্যাংক লিমিটেড |
| ফান্ডের প্রাথমিক আকার | টাকা ৫০,০০,০০,০০০.০০ (পঞ্চাশ কোটি) ৫,০০,০০,০০০ (পাঁচ কোটি) ইউনিট বিভক্ত যার প্রতিটির অভিহিত মূল্য ১০ টাকা |
| ফান্ডের প্রকৃতি | বে-মেয়াদি মিউচুয়াল ফান্ড এবং সীমাহীন আকার |
| উদ্দেশ্য | মার্কেন্টাইল ব্যাংক ইউনিট ফান্ড-এর উদ্দেশ্য হচ্ছে মূলধনী লাভ এবং লভ্যাংশের মাধ্যমে ঝুঁকি সমন্বিত রিটার্ন প্রদান করা। এই ফান্ডের লভ্যাংশ বিনিয়োগকারীদের দেয়া হয় পুঁজিবাজার, অর্থবাজার ইত্যাদিতে বিনিয়োগের মাধ্যমে। |
| ন্যূনতম বিনিয়োগ | টাকা ২০,০০০.০০/- ব্যক্তিগত আবেদনের বিপরীতে<br>টাকা ৫০,০০০.০০/- কোম্পানি আবেদনের বিপরীতে<br>এটি এসআইপি (SIP) বিনিয়োগকারীদের জন্য প্রযোজ্য নয়। |
| স্বচ্ছতা | বিধিমালা অনুযায়ী ফান্ডের NAV প্রতি সপ্তাহে গণনা করা হবে এবং সম্পদ ব্যবস্থাপকের ওয়েবসাইটে প্রকাশ করা হবে। সম্পদ ব্যবস্থাপকের ওয়েবসাইটের ঠিকানা হচ্ছে (www.mblbd.com) |
| লভ্যাংশ | প্রতিটি হিসাব বছরের শেষে বার্ষিক লাভের নূন্যতম ৭০ শতাংশ অর্থ লভ্যাংশ হিসেবে বিতরণ করা হবে। |
| লভ্যাংশ বিতরণ | লভ্যাংশ পরোয়ানা (ডিভিডেন্ড ওয়ারেন্ট) লভ্যাংশ ঘোষণার ৪৫ দিনের মধ্যে বিতরণ করা হবে। |
| হস্তান্তর যোগ্যতা | উত্তরাধিকার/উপহার অথবা আইন দ্বারা অনুমোদিতভাবে এই ফান্ডের ইউনিটসমূহ হস্তান্তর করা যাবে। |
| নগদায়ন | ইউনিট হোল্ডারগণ তাদের ইউনিট নগদায়ন করতে পারবেন সরাসরি সম্পদ ব্যবস্থাপকের মাধ্যমে অথবা সম্পদ ব্যবস্থাপকের নিয়োগপ্রাপ্ত বিক্রয় প্রতিনিধির মাধ্যমে। |
| প্রোসপেকটাস, বার্ষিক প্রতিবেদন এবং হিসাবসমূহ | যে কোন বিনিয়োগকারী সম্পদ ব্যবস্থাপকের ওয়েবসাইট www.mblbd.com থেকে এই প্রোসপেকটাসটি দেখতে পারবেন। সম্পদ ব্যবস্থাপকের ওয়েবসাইট এ প্রকাশিত বাৎসরিক আর্থিক বিবৃতি প্রত্যেক ইউনিট হোল্ডারগণ পাবেন। এছাড়া ইউনিট হোল্ডারগণ সম্পদ ব্যবস্থাপকের ওয়েবসাইটে পোর্টফোলিওর প্রান্তিক প্রতিবেদন পাবেন। |
| কররেয়াত জনিত সুবিধা | ক) Tax Ordinance 1984; এ, মিউচ্যুয়াল ফান্ড অথবা ইউনিট ফান্ড হতে আয় এর ২৫,০০০ টাকা পর্যন্ত করের আওতামুক্ত থাকবে।<br>খ) ইউনিট ফান্ডে বিনিয়োগ Income Tax Ordinance 1984 এর সেকশন 44(2) অনুযায়ী বিনিয়োগ কর সম্মানী (Investment tax credit) সুবিধা পাবেন। |

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ICB Capital Management Limited Trustee & Custodian Department

MBL ASSET MANAGEMENT LTD. ESTD-2018

MERCANTILE BANK LIMITED Treasury Division Head Office, Dhaka

# CHAPTER 1: PRELIMINARY

## 1.1 Publication of Prospectus for Public Offering

MBL Asset Management Limited has received registration certificate from the Bangladesh Securities & Exchange Commission under Securities & Exchange Commission Act, 1993 and সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচ্যুয়াল ফান্ড) বিধিমালা, ২০০১ made thereunder and also received consent for issuing prospectus for public offering. A complete copy of the prospectus is available for public inspection at 61, Dilkusha C/A, Dhaka-1000, and the corporate office of MBL Asset Management Limited – the asset manager of "Mercantile Bank Unit Fund", hereinafter referred to as "the Fund".

## 1.2 Consent of the Securities and Exchange Commission

"APPROVAL OF BANGLADESH SECURITIES AND EXCHANGE COMMISSION HAS BEEN OBTAINED TO THE ISSUE/OFFER OF THE FUND UNDER THE SECURITIES AND EXCHANGE ORDINANCE, 1969 AND THE সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচ্যুয়াল ফান্ড) বিধিমালা, ২০০১. IT MUST BE DISTINCTLY UNDERSTOOD THAT IN GIVING THIS APPROVAL THE COMMISSION DOES NOT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL SOUNDNESS OF THE FUND, ANY OF ITS SCHEMES OR THE ISSUE PRICE OF ITS UNITS OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINION EXPRESSED WITH REGARD TO THEM. SUCH RESPONSIBILITY LIES WITH THE ASSET MANAGER, TRUSTEE, SPONSOR AND/OR CUSTODIAN."

## 1.3 Listing of Fund

The Fund, being an open-ended one, will not be listed with any stock exchanges of the country; hence the Units of the Fund will not be traded in the stock exchanges unless otherwise BSEC and stock exchange houses make arrangement in future. In that case public communication will be made as per BSEC's approval.

The securities will be kept in dematerialize form in Central Depository Bangladesh Limited (CDBL) to facilitate the holding and transfer of the units of the Fund. Units of the Fund will always be available for sale and surrender/repurchase except on the last working day of every week and during book closure period/record date of the Fund at the corporate office of the MBL Asset Management Limited and the offices of authorized selling agents. The Asset Manager shall disclose selling price and surrender/repurchase price of Units at the beginning of business operation on the first working day of every week as per the বিধিমালা.

The unit holders may surrender their unit certificates during the business hour as specified by the Asset Management Company. The Asset Management Company shall be liable to repurchase the units on behalf of the fund. The redemption will be made on first come first serve basis.

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### 1.4 Availability of Documents for Inspection

1. Copy of this prospectus will be available at the registered office of the Asset Manager and offices of the authorized selling agents of the Fund. This prospectus will also be available for viewing and downloading from the website of Bangladesh Securities and Exchange Commission website (www.secbd.org) and the website of the Asset Manager (www.mblbd.com).
2. Copy of the trust deed will be available for public inspection during business hours at the office of the asset manager of the Fund. One will be able to purchase a copy of the trust deed by paying the price as determined by the Asset Manager.

### 1.5 Conditions under Section 2CC of the Securities and Exchange Ordinance, 1969

**PART-A**

1. The Fund shall not account for any upward revaluation of its assets creating reserve without clearance from the Bangladesh Securities and Exchange Commission;
2. The Fund shall not be involved in option trading, short selling or carry forward transactions;
3. A confirmation of Unit Allocation shall be issued at the cost of the Fund at par value of Tk. 10.00 (ten) each within 90 (ninety) days from the date of sale of such Units;
4. Money receipt /acknowledgement slip issued at the time of sale of Units will be treated as allotment letter, which shall not be redeemable/transferable;
5. The annual report of the Fund/or its abridged version will be published within 45 (forty five) days of the closure of each accounting year of the Fund;
6. An annual report and details of investment and savings of the Fund shall be submitted to the Commission, Trustee and Custodian of the Fund within 90 (ninety) days from the closure of the accounts;
7. Half-yearly accounts/financial results of the Fund will be published in at least one English and another Bangla national daily newspaper within 30 (thirty) days from the end of the period;
8. Dividend shall be paid within 45 (Forty Five) days of its declaration, and a report shall be submitted to BSEC, Trustee and Custodian within 7 (seven) days of dividend distribution;
9. Net Asset Value (NAV) of the Fund shall be calculated and disclosed publicly at least once a week;
10. The script wise detail portfolio statement consisting of all securities holdings of the fund shall be disclosed in the website of the AMC and will be sent to Unit Holders on quarterly basis within **30 (thirty)** days of each quarter end;
11. After initial public subscription, the sale and repurchase/surrender price of Units will be determined by the Asset Management Company. NAV at market price calculated on a date shall form the sale price of Units by rounding up the amount and shall be effective up to next calculation of NAV of the Fund. **The difference between sales price & repurchase/surrender price shall not exceed 1% of the NAV per unit at fair value of the Fund;**
12. BSEC may appoint auditors for special audit/investigation on the affairs of the Fund, if it so desires;
13. The Fund shall maintain separate bank account(s) to keep the sale proceeds of Units and to meet up day-to-day transactions including payment against repurchase of Units. All transactions of the account shall be made through banking channel and shall be properly documented;



MERCANTILE BANK LIMITED Treasury Division Front Office HEAD OFFICE, DHAKA

ICB Capital Management Limited Trustee & Custodian Department

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14. The prospectus/abridged version of the prospectus shall be published in one widely circulated Bengali national daily newspaper. Provided that information relating to publication of the prospectus be published in two national daily newspapers (Bengali and English) and one online newspaper;
15. If abridged version of the prospectus is published in the newspaper, complete prospectus shall be made available to the applicants;
16. Initial target size of the fund shall be Tk. 50.00 (fifty) crore. The Sponsor shall hold at least 10.00 (ten) percent of the initial target size and shall disclose Sponsor's amount in the offer document/published prospectus. The size of the fund may be increased from time to time by the AMC subject to approval of the Trustee and with intimation to the Commission;
17. If the Asset Manager fails to collect the minimum 40% of the initial target amount under বিধি ৪৬ of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচ্যুয়াল ফান্ড) বিধিমালা, ২০০১, shall refund the subscription money within 30 (thirty) days without any deduction. In case of failure, the Asset Manager will refund the same with an interest @18 (eighteen) percent per annum from its own account within the next month;
18. On the achievement of 40% of the initial target amount, the Fund will be allowed to transfer the money from Escrow Account to Operational Account and to commence investment activities of the fund with permission of the Trustee;
19. The AMC should ensure compliance of বিধি ৪৬ of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচ্যুয়াল ফান্ড) বিধিমালা, ২০০১.
20. Unit Allocation of the sponsor's contribution amount shall be subject to a lock-in period of 01 (one) year from the date of formation of the Fund and then, $1/10^{th}$ of the Sponsor's contribution only shall be subject to a lock-in period of full tenure of the Fund until liquidation;
21. A confirmation of Unit allocation of Sponsor's contribution amount will be issued in favor of the Sponsor. The said confirmation letter shall be in the custody of Trustee. No splitting of the unit of the Sponsor shall be made without prior approval of the Commission.
22. Annual fee of the fund shall be submitted to the Commission on the Fund size i.e. year-end Net Asset Value at market price of the fund on advance basis as per rule; and may adjust the fee in the next year if necessary;
23. Subscription period of the fund will be 45 (forty-five) days which will be started on 22.03.2022 and be ended on 05.05.2022 as per বিধি ৪৭ of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচ্যুয়াল ফান্ড) বিধিমালা, ২০০১.

**PART-B**

Please ensure that the following are adhered to:

1. As per provisions contained in the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচ্যুয়াল ফান্ড) বিধিমালা, ২০০১ regarding limitation of time on closure of subscription, the initial public subscription will remain open for forty-five days or for a period up to achievement of the initial target amount, whichever is earlier;
2. The paper cutting of the published prospectus and all other published documents/notices regarding the Unit Fund shall be submitted to the Commission within 24 (twenty four) hours of the publication thereof;
3. The asset management company shall submit 20 (twenty) copies of printed prospectus to the Commission for official record;
4. The asset management company shall ensure in writing to the Commission that the prospectus/abridged version is published correctly and is a verbatim copy of the prospectus/abridged version vetted by the Commission;



MERCANTILE BANK LIMITED Treasury Division Front Office HEAD OFFICE, DHAKA

ICB Capital Management Limited Trustee & Custodian Department

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5. The expiry date of the sponsor's locked-in portion shall be specifically mentioned on the body of the jumbo confirmation of Unit allocation;
6. The AMC shall apply the spot buying rate (TT clean) of Sonali Bank prevalent on the date of the opening of subscription for conversation of foreign currencies;
7. The AMC shall submit to the Commission a diskette containing the vetted prospectus and its abridged version.
8. All conditions imposed under section 2CC of the Securities and Exchange Ordinance, 1969 must be complied with and be incorporated in the body of the prospectus and in its abridged version;
9. After due approval by the Trustee regarding issue and formation expenses, the AMC shall submit in details along with supporting documents to the Commission regarding issue and formation expenses within 15 (fifteen) days of operation of the Fund. The Auditor of the Fund shall also put opinion about the above expenses in the initial financial statements of the Fund.
10. Bank Statement along with the subscribers list, copies of agreements with Custodian and Selling Agents (if applicable) shall be submitted to the Commission within 15 (fifteen) days of the completion of the subscription;
11. The investment policy and guideline and information on constituents of Investment Committee of the Fund approved by the Board shall be submitted to the commission within 30 (thirty) days from the receipt of the Consent Letter. The investment policy and guideline shall include among other issues, the investment delegation power of Chief Executive Officer and the Committee separately and also the meeting resolution presentation process;
12. After due approval of the Trustee, the Asset Manager shall submit the Systematic Investment Plan (SIP) brochure to the Commission complying the Rules within 30 (thirty) days of issuance of consent letter.

## 1.6 General Information

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

## 1.7 Sale and Repurchase of Units

Sale and repurchase of Units of Mercantile Bank Unit Fund will commence at the counter of MBL Asset Management Limited, 61, Dilkusha C/A, Dhaka-1000 and designated Selling Agent(s) Branch Offices at the opening of banking business hours on 22 March 2022 and continue until winding up of the Fund except book closure period as per Rules.

MBL Asset Management Limited will maintain BO accounts with BRAC Bank Limited, custodian of "Mercantile Bank Unit Fund" for creation and redemption of units of Mercantile Bank Unit Fund. In this case sale/purchase of unit funds by the investor, units will be transferred to the unit holders BO accounts as per instruction of MBL AML after the acceptance of demat setup by the custodian.

In this case of redemption/repurchase of units by the Asset Manager, units will be taken out from the Central Depository System after setting up remat request by the custodian and acceptance of remat request by the Asset Manager.

## 1.8 Declarations about the Responsibility of the Sponsor, Trustee, Custodian and Asset Manager:

### Declarations about the Responsibility of the Sponsor

The Sponsor, **Mercantile Bank Limited**, accepts full responsibility for his institution's contribution / portion the authenticity and accuracy of the information contained in this prospectus and other documents regarding **Mercantile Bank Unit Fund**. To the best of the knowledge and belief of the Sponsor, who has taken all reasonable care to ensure that all the conditions and requirements concerning this public offer and all information contained in this document, drawn up by virtue of the Trust Deed of the Fund by the entrusted Asset Management Company have been met and there is no other information or document, the omission of which may make any information or statements therein misleading.

The Sponsor also confirms that full and fair disclosures have been made in this prospectus to enable the investors to make a decision for investment.

Sd/-
Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited



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## Declarations about the Responsibility of the Custodian

We, as Custodian of the **MERCANTILE BANK UNIT FUND**, accept the responsibility and confirm that we shall:

i. Keep all the securities in safe custody and shall provide the highest security for the assets of the Fund; and

ii. Preserve necessary documents and record so as to ascertain movement of assets of the Fund as per সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচ্যুয়াল ফান্ড) বিধিমালা, ২০০১.

Sd/-

Tareq Refat Ullah Khan
DMD & Head of Corporate Banking
BRAC Bank Limited

## Declarations about the Responsibility of the Trustee

We, as Trustee of the MERCANTILE BANK UNIT FUND, accept the responsibility and confirm that we shall,

I. be the guardian of the Fund, held in trust for the benefit of the unit holders in accordance with the Rules and the Trust Deed;

II. always act in the interest of the Unit holders;

III. take all reasonable care to ensure that the Fund floated and managed by the Asset Management Company are in accordance with the Trust Deed and the Rules;

IV. make such disclosures by the Asset Management Company to the investors as are essential in order to keep them informed about any information, which may have any bearing on their investments; and

V. take such remedial steps as are necessary to rectify the situation where we have reason to believe that the conduct of business of the Fund is not in conformity with relevant rules.

Sd/-
Asit Kumar Chakravorty
Chief Executive Officer
ICB Capital Management Limited

## Declarations about the Responsibility of the Asset Manager

This Prospectus has been prepared by us based on the Trust Deed, the Investment Management Agreement, the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচ্যুয়াল ফান্ড) বিধিমালা, ২০০১ and other related agreements and examination of other documents as relevant for adequate disclosure of the Fund's objectives and investment strategies to the investors. We also confirm that,

i. the prospectus is in conformity with the documents, materials and papers related to the issue;
ii. all the legal requirements of the issue have been duly fulfilled; and
iii. the disclosures made are true, fair and adequate for making investment decision.

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

Sd/-
Mohammad Samir Uddin, CFA
CEO
MBL Asset Management Limited



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## 1.9 Due Diligence Certificate:

**Due diligence certificate by Sponsor**

[চতুর্থ তফসিল- (১) এর (জ) [বিধি ৪৩ (৩) দ্রষ্টব্য ]

The chairman
Bangladesh Securities and Exchange Commission
Securities Commission Bhaban
E-6/C, Agargaon
Sher-e-Bangla Nagar Administrative Area
Dhaka-1207, Bangladesh

Subject: Mercantile Bank Unit Fund

We, the sponsor of the above-mentioned forthcoming mutual fund, state as follows:

1. We, as the sponsor to the above-mentioned fund, have examined the draft prospectus and other documents and materials as relevant to our decision; and
2. We warrant that we shall comply with the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচ্যুয়াল ফান্ড) বিধিমালা, ২০০১, Bangladesh Securities and Exchange Commission (public issue) Rules, 2015, Trust Deed of the Fund and the rules, orders, guidelines, directives, notifications and circulars that may be issued by Commission from time to time in this respect.

WE CONFIRM THAT:

a) All information in the draft prospectus forwarded to the Commission is authentic and accurate;

b) We as sponsor of the Fund as mentioned above will act as per clause of the trust deed executed with the trustee and shall assume the duties and responsibilities as described in the trust deed and other constitutive documents;

c) We shall also abide by the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচ্যুয়াল ফান্ড) বিধিমালা, ২০০১ and conditions imposed by the Commission as regards of the Fund; and

d) We shall act to our best for the benefit and interests of the unit holders of the Fund.

For sponsor

Sd/-
**Md. Quamrul Islam Chowdhury**
Managing Director & CEO
Mercantile Bank Limited

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## Due diligence certificate by Trustee

[চতুর্থ তফসিল- (১) এর (জ) [বিধি ৪৩ (৩) দ্রষ্টব্য ]

The Chairman
Bangladesh Securities and Exchange Commission
Securities Commission Bhaban
E-6/C, Agargaon
Sher-e-Bangla Nagar Administrative Area
Dhaka-1207, Bangladesh

Subject: Mercantile Bank Unit Fund

We, the under-noted trustee to the above-mentioned forthcoming mutual fund, state as follows:

1. We, while act as trustee to the above-mentioned fund on behalf of the investors, have examined the draft prospectus and other documents and materials as relevant to our decision; and

2. We warrant that we shall comply with the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচ্যুয়াল ফান্ড) বিধিমালা, ২০০১, Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015, Dhaka Stock Exchange (Listing) Regulations, 2015, Chittagong Stock Exchange (Listing) Regulations, 2015, Trust Deed of the Fund and the Rules, guidelines, circulars, orders and directions that may be issued by the Bangladesh Securities and Exchange Commission from time to time in this respect.

WE CONFIRM THAT:

a) All information and documents as are relevant to the issue have been received and examined by us and the draft prospectus forwarded to the Commission have been approved by us;

b) We have also collected and examined all other documents relating to the Fund;

c) While examining the above documents, we find that all the requirements of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচ্যুয়াল ফান্ড) বিধিমালা, ২০০১, have been complied with;

d) We shall act as trustee of the fund as mentioned above as per provisions of the trust deed executed with the sponsor and shall assume the duties and responsibilities as described in the Trust Deed and other constitutive documents;

e) We shall also abide by the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচ্যুয়াল ফান্ড) বিধিমালা, ২০০১, and conditions imposed by the Commission as regards of the Fund; and

f) We shall act to our best for the benefit and sole interests of the unit holders of the Fund;

For Trustee

Sd/-
Asit Kumar Chakravorty
Chief Executive Officer
ICB Capital Management Limited

14.03.22

## Due diligence certificate by Custodian

[চতুর্থ তফসিল- (১) এর (জ) [বিধি ৪৩ (৩) দ্রষ্টব্য ]

The Chairman
Bangladesh Securities and Exchange Commission
Securities Commission Bhaban
E-6/C, Agargaon
Sher-e-Bangla Nagar Administrative Area
Dhaka-1207, Bangladesh

Subject: Mercantile Bank Unit Fund

We, the under-noted Custodian to the above-mentioned forthcoming mutual fund, state as follows:

We, while act as custodian to the above-mentioned fund on behalf of the investors, shall comply with the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচ্যুয়াল ফান্ড) বিধিমালা, ২০০১, Depository Act, 1999, Depository Regulation, 2000, Depository (User) Regulation, 2003, Trust Deed of the Fund and the Rules, guidelines, circulars, order and directions that may be issued by the Bangladesh Securities and Exchange Commission from time to time in this respect.

WE CONFIRM THAT:

a) We will keep all securities (both) listed and unlisted and Assets of the "**Mercantile Bank Unit Fund**" including FDR receipts in safe and separate custody as per বিধি 41 of সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচ্যুয়াল ফান্ড) বিধিমালা, ২০০১ and will provide highest security for the assets of the Fund;

b) We shall act as custodian of the fund as mentioned above as per provisions of the custodian agreement executed with the asset management company and shall assume the duties and responsibilities as described in the trust deed of the mentioned fund and other constitutive documents;

c) We shall also abide by the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচ্যুয়াল ফান্ড) বিধিমালা, ২০০১, and conditions imposed by the Commission as regards of the fund; and

d) We shall act to our best for the benefit and sole interests of the unit holders of the fund;

For Custodian

Sd/-
Tareq Refat Ullah Khan
DMD & Head of Corporate Banking
BRAC Bank Limited

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ICB Capital Management Limited
Trustee & Custodian Department



MBL ASSET MANAGEMENT LTD.
ESTD-2018

MERCANTILE BANK LIMITED
Treasury Division
Head Office, Dhaka

## Due diligence certificate by Asset Manager

[চতুর্থ তফসিল- (১) এর (জ) [বিধি ৪৩ (৩) দ্রষ্টব্য ]

The Chairman
Bangladesh Securities and Exchange Commission
Securities Commission Bhaban
E-6/C, Agargaon
Sher-e-Bangla Nagar Administrative Area
Dhaka-1207, Bangladesh

Subject: Mercantile Bank Unit Fund

We, the under-noted Asset Manager to the above-mentioned forthcoming mutual fund, state as follows:

1. We, while act as asset manager to the above mentioned mutual fund, declare and certify that the information provided in the prospectus, is complete and true in all respects;

2. We further certify that we shall inform the Bangladesh Securities and Exchange Commission immediately of any change in the information of the fund; and

3. We warrant that we shall comply with the Securities and Exchange Ordinance, 1969, the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচ্যুয়াল ফান্ড) বিধিমালা, ২০০১, Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015, Dhaka Stock Exchange (Listing) Regulations, 2015, Chittagong Stock Exchange (Listing) Regulations, 2015, Trust Deed of the Fund and the Rules, guidelines, circulars, orders and directions that may be issued by the Bangladesh Securities and Exchange Commission from time to time in this respect.

WE CONFIRM THAT

a) The draft prospectus forwarded to the Commission is in conformity with the documents, materials and papers relevant to the Fund;

b) All the legal requirements connected with the said fund have been duly complied with; and

c) The disclosures made in the draft prospectus are true, fair and adequate to enable the investors to make a well-informed decision for investment in the proposed fund.

For the Asset Manager

Sd/-
Mohammad Samir Uddin, CFA
CEO
MBL Asset Management Limited

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# CHAPTER 2: BACKGROUND

## 2.1 Preamble to Formation of Mercantile Bank Unit Fund

Open-ended mutual fund is widely popular throughout the world among all kinds of investors. It is highly accepted and praised investment vehicle offering a lot more flexibilities to the investors. Globally at present, most of the mutual funds are open-ended ones. The scenario in Bangladesh has changed a lot over the last couple of years as a good number of open-ended funds were launched.

MBL Asset Management Limited, one of the leading Asset Management firms in the country, is going to launch its first open-ended fund named "Mercantile Bank Unit Fund". MBL Asset Management Limited believes that it would be able to perform well in case of the proposed "Mercantile Bank Unit Fund".

The parties to the fund are: Mercantile Bank Limited as Sponsor, MBL Asset Management Limited as the Asset Manager, ICB Capital Management Limited as the Trustee and BRAC Bank Limited as the Custodian of the Fund.

## 2.2 Importance of Mercantile Bank Unit Fund considering current capital market

## 2.2.1 Rapidly Growing Economy:

### Economic Overview:

| Main Indicators | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 (provisional) |
|---|---|---|---|---|---|---|
| **GDP** *(In Crore Tk.)* | 1,732,864 | 1,975,815 | 2,250,479 | 2,542,483 | 2,739,332 | 3,011,065 |
| **Real GDP growth (%)** | 7.1 | 7.3 | 7.9 | 8.1 | 3.51 | 5.47 |
| **Per Capita GDP (In Tk.)** | 108,378 | 122,152 | 137,518 | 153,580 | 163,611 | 177,843 |
| **Inflation Rate** (%) | 5.92 | 5.44 | 5.78 | 5.48 | 5.65 | 5.56 |
| **Investment (% GDP)** | 29.7 | 30.5 | 31.2 | 31.6 | 30.5 | 29.9 |

*Source:* Bangladesh Economic Review 2021

Bangladesh has been able to maintain the continuity and stability of the economic growth by tackling the adverse effect COVID-19 pandemic. According to the provisional estimate of Bangladesh Bureau of Statistics (BBS), GDP growth for FY2020-21 (provisional) reached 5.47 percent, significantly higher than the growth of 3.51 percent in the preceding fiscal year. The per capita national income reached US$ 2,227 in FY2020-21 from US$2,024 a year earlier. The Consumer Price Index (CPI) inflation rate in FY2020-21 was 5.56 percent at national level which was 5.65 percent in previous fiscal year. The total revenue mobilization in FY2019-20 has increased by 5.53 percent as compared to previous fiscal year mainly due to an unprecedented 63.77 percent increase in non-tax revenue.

Despite the stagnation in the economy caused by the coronavirus, food production and supply chains remained unaffected, leading to inflation at 5.56 percent in FY 2020-21, slightly higher than the target (5.4%). Both export and import in Bangladesh have showed a sign of recovery after a sharp decline in FY 2019-20. In FY 2020-21, Bangladeshi expatriates remittance stood at US$ 24,777.72 million which was significantly higher (36.10%) than the previous fiscal year. In FY 2020-21, current account balance deficit stood at US$ 3,808 million on the



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back of robust remittance inflows compared to a US$ 4,724 million deficit in the previous year. Financial account and capital account showed surplus during this time. Therefore, the overall balance recorded the surplus of US$ 9,274 million in FY 2020-21 compared to US$ 3,169 million surplus in the previous year. As a result, the foreign exchange reserves increased to a record US$ 46.39 billion at 30 June 2021.

*Source: Bangladesh Economic Review 2021*

**2.2.2 Growing opportunities for investments in Capital Market:**

It is widely known that Capital Market globally has been one of the most significant factors for the development of economies. In one hand, it provides required growth funding for majority of the global successful companies, on the other hand, it has been the most desired investment destination for long term savers specially pension funds, insurances funds, and for the individuals in general.

The Capital Market of Bangladesh is still in the developing phase, in terms of quality of capital, quality & quantity of investable instruments, efficiently and regulatory strength. Through various ups and downs both the market and the regulators are gaining their strength.

The BSEC has taken a number of steps to restore investor confidence, including, but not limited to, the demutualization of the bourses, introducing faster and more reliable trading platform, a more modern surveillance system, encouraging more public issues to increase market depth.

The new Public Issue rules issued in 2015 has already increased the flow of IPO applications and the amended book building method is making good companies interested in listing. In addition, BSEC has also issued several other rules and guidelines such as Alternative Investment Rules, Exchange Traded Fund Rules, and Financial Derivatives Rules.

Under the Alternative Investment Rules, fund managers can float venture capital funds, private equity funds and impact investment funds. Fund managers will invest in growing companies and actively add value to the firm through their financial and managerial expertise. Once the investee company is ready, fund managers are most likely to exit their investment through IPO or other agreed arrangements. These coordinated efforts will make the capital market vibrant and enhance the transparency and efficiency of overall capital market industry in the long run.

Considering all the factors, Bangladesh is expected to register significant growth, and some of listed sectors and companies within are likely to be beneficiary of this growth, as well. In this backdrop, this is perhaps more suitable time to invest in the leading growth potential sectors/industries of Bangladesh.

Mutual Funds will play a significant role in institutionalizing the market-structure and distributing benefits of the capital market in Bangladesh. MBL Asset Management Limited has taken an initiative by introducing the Mercantile Bank Unit Fund for the benefit of investors. The idea is to help transform the capital market from a speculative hub to a saving hub.

## 2.3 Advantages of Investing in Mercantile Bank Unit Fund

Generally, investment in mutual funds provides certain incremental advantages when compared to investment made directly in the capital market. Highlighted below are some of the advantages the investors may benefit from when investing in Mercantile Bank Unit Fund:

- ❖ Mutual funds generally lower investment risks for small and retail investors through diversification into multiple sectors, companies, securities, and via investing in various asset classes. The fund manager will attempt to maximize return for a given level of risk and always conduct a balance in its risk-return tradeoff.



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- Mutual funds through its diversified pool of investments will provide small investors access to returns of the wider market, which will be very costly for retail investors to achieve individually.
- Greater participation of mutual funds will add to enhanced liquidity to the overall market and, since most mutual funds are long term investment vehicles, this will create price stability and better price discovery and reduce short term volatility in the market.
- The Fund's performance will benefit from the **MBL Asset Management Limited** proprietary investment process and research tools for both fundamental and technical analysis; AMC has a highly skilled in-house research team who are experienced investment professionals dedicated to research the stock market, its scripts and the impact of the broader macro-economic factors that impact the market.
- In Bangladesh, mutual funds enjoy a 5% (five percent) reserved quota for all Initial Public Offerings (IPOs). IPOs in Bangladesh have historically performed very well relative to the market index and have positively contributed to mutual fund performance.
- The investors will be able to save significantly in transaction costs as he/she will have access to a large number of securities by purchasing a single unit of the mutual fund.
- Dividend income will be tax free up to Taka 25,000 as permitted under the Finance Act.
- Investment in the Fund will qualify for investment tax credit under section 44(2) of the Income Tax Ordinance 1984.
- Management and operations of mutual funds are subject to strict regulations from the BSEC and the Sponsor appointed Trustee, both of whom closely monitor the performance of the fund. The laws governing mutual funds require exhaustive disclosure to the regulator and general public.
- Price of the Units of the fund won't be determined by demand and supply, rather by Net Asset Value (NAV).



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# CHAPTER 3: THE FUND

## 3.1 Formation of the Fund

The Trust Deed of the Fund was registered on January 04, 2022 under the Trust Act, 1882 and Registration Act, 1908. The Fund was registered by the BSEC on January 25, 2022 under the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচ্যুয়াল ফান্ড) বিধিমালা, ২০০১.

## 3.2 Life of the Fund

The Fund will be an open-ended mutual fund with a perpetual life. Institutional, local & foreign individual, resident & non-resident investors are eligible to invest in this Fund. The initial target size of the Fund will be Tk 500,000,000 (Taka fifty Crore) only divided into 50,000,000 (Five Crore) Units of Tk 10 (Taka Ten) each. Size of the Fund will be increased from time to time by the Asset Manager subject to approval of the Trustee and with due intimation to the BSEC.

## 3.3 Face Value and Denomination

Face value of each Unit will be Tk. 10 (Taka Ten) only. Initially, unit holders of the Fund shall be issued with a Confirmation of Unit Allocation letter by the Asset Manager at the cost of the Fund in any denomination but not less than 2,000 (Two Thousand) units for individuals and 5,000 (Five Thousand) units for institutions.

## 3.4 Investment Objective

The objective of the fund is to generate healthy returns for the valued unit holders maintaining efficient risk management and making prudent investment decisions.

## 3.5 Investment Policies

1. The Fund shall invest subject to the বিধিমালা and only in those securities, deposits and investments approved by the Bangladesh Securities and Exchange Commission (BSEC) and/or any other competent authority in this regard.
2. Not more than 70% of total assets of the Fund shall be invested in capital market instruments. Of this at least 50% shall be invested in listed securities.
3. Not less than 30% (thirty percent) of the total asset of the Fund shall be invested in investment–grade Fixed Income Securities (FIS) including Government Securities. Exposure to Fixed Income Securities including term deposits shall not how ever exceed 40(forty) percent of the total assets of the Fund.



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4. Not more than 10% of the total assets of the fund shall be invested in non-listed securities at any particular date. In case of Investment in non-listed corporate bonds or pre –IPO capital, the asset manager shall obtain prior approval of the Commission. Non-listed securities that are "investment grade" and enjoy "very strong" credit rating by a licensed credit rating agency are eligible for investment under the mutual fund. The Fund can invest in investment grade unlisted securities only after a prior approval of the commission.
5. All money collected under the Fund shall be invested only in encashable / transferable instruments, securities whether in money market or capital market or privately placed pre-IPO equity, preference shares, debentures or securitized debts.
6. The Fund shall get the securities purchased or transferred in the name of the Fund.
7. Only the Asset Management Company will make the investment decisions and place orders for securities to be purchased or sold for the Scheme's portfolio.
8. The Asset Management Company shall choose broker(s) for the purpose of purchase and sale of securities for the Fund's portfolio.
9. Settlement of transaction shall take place as per the customs and practice of the relevant laws.

### 3.6 Investment Restrictions

In making investment decision the following restrictions should be taken due consideration:

i. The Fund shall not invest more than 10 (Ten) percent of its total assets in any one particular company.

ii. The Fund shall not invest in more than 10 (ten) percent of paid up capital (or other securities such as bond or debenture) issued by any company.

iii. The Fund shall not invest more than 10 (ten) percent of its total assets in shares, debentures or other securities of a single company or group of companies under the control of a parent company. This condition shall not be applicable in case of investment in Government Securities.

iv. The Fund shall not invest more than 25 (Twenty Five) percent of its total assets in shares, debentures or other securities in any single industry.

v. The Fund shall not invest in, or lend to, another Scheme under the same Asset Management Company.

vi. The Fund shall not acquire any asset out of the trust property, which involves the assumption of any liability that is unlimited or shall result in encumbrance of the trust property in any way.

vii. The Fund or the Asset Manager on behalf of the Fund shall not give or guarantee term loans for any purpose or take up any activity in contravention of the বিধিমালা.

viii. The Fund shall buy and sell securities on the basis of deliveries and shall, in all cases of purchases, take delivery of securities and in all cases of sale, deliver the securities on the respective settlement dates as per the custom and practice of the stock exchanges and shall in no case put itself in a position whereby it has to make short sale or carry forward transaction.

ix. The Fund shall not involve in option trading or short selling or carry forward transaction.

x. The Fund shall not buy its own Unit.

### 3.7 Valuation Policy

The Fund intends to determine its NAV per Unit on the end of each business day by dividing the value of the net asset of the Fund (the value of total assets less total liabilities by the total number of units outstanding) as per বিধি ৬০ of the বিধিমালা . As per বিধি ৫৮ of the বিধিমালা, the fund shall comply with accounting recognition and measurement principles and disclosure rules of International Financial Reporting Standards (IFRSs) for the valuation of investments in securities and other financial instruments and be subject to the prior approval of the Commission. Valuation criteria so far approved by the Commission in the Trust Deed is as follows:

i. For listed securities, the average quoted market price on the stock exchanges on the date of valuation shall form the basis of any calculation of Net Asset Value of such securities in the portfolio of the Fund.

ii. For securitized debts, debentures, margin or fixed deposits, the accrued interest on such instruments on the date of valuation shall be taken into account in any calculation of Net Asset Value of such securities in the portfolio of the Fund.

iii. The Fund shall fix the valuation method for the Scheme subject to the prior approval of the Commission.

iv. The Fund shall follow the method approved by the Commission for valuation of the non-listed investment, if any, and the Asset Management Company and the Trustee shall periodically review the non-listed investment, if any, and the Trustee shall periodically review the value of such investments. The auditors shall comment in the annual report of the Scheme of the Fund.

v. The valuation of listed securities not traded within previous one month will be made based on their reasonable value by the Asset Management Company and approved by the Trustee and commented upon by the auditors in the Annual Report of the Scheme of the Fund but shall not be more than the intrinsic value of the securities.

vi. The valuation of non-listed securities shall be made by the Asset Management Company in compliance with IFRSs and approved by the Trustee.

   Adequate disclosure shall be made on the valuation of investment in unlisted securities and other financial instruments in both the interim and annual financial statements. Trustee shall not approve any financial statements without adequate disclosure of accounting policies as to the valuation of securities.

   Independent external auditor shall give opinion as to the fair value of investments in unlisted securities and/or financial instruments of the Fund.

vii. Once non-listed securities are valued, the valued amount will be considered for the purpose of valuing the Fund's assets in any interval of time until the securities are further revalued by the Asset Management Company.

viii. Asset Management Company and Trustee will value the non-listed securities at least once in every three months.

ix. In case of deferred expenses, accrued expenses for the period will be taken into account for determining total liabilities.

x. Net Asset Value (NAV) calculation

   The Asset Management Company shall calculate the Net Asset Value (NAV) per unit at fair value at the end of each working day. The Asset Management Company shall comply with provisions of IFRSs for fair valuation of investments in securities and other financial instruments. For the case of investments in unlisted securities



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and securities which have not actively traded in any stock exchange, their fair value shall be based on latest audited financial statements of the fund.

The Fund will use the following formula to derive NAV per Unit: **Total NAV = VA - LT**

NAV per Unit = Total NAV / Number of Units outstanding

VA = Value of all securities in vault + Value of all securities placed in lien + Cash in hand and at bank + Value of all securities receivables + Receivables of proceeds of sale of investments + Dividend receivables net of tax + Interest receivables net of tax + Issue expenses amortized as on date + Printing, publication and stationery expenses amortized as on date

LT = Value of all securities payable + Payable against purchase of investments + Payable as brokerage and custodial charges + Payable as Trustee fees + All other payable related to printing, publication and stationery + Accrued deferred expenses with regard to management fee, annual fee, audit fee and safe keeping fee.

## 3.8 Limitation of Expenses

The initial issue expenses in respect of the Fund shall not exceed 3 (three) percent of the collected amount of the Fund raised under the Scheme and will be amortized within 5 (five) years on a straight-line method. In case of availability of profits, an Asset Management Company can amortize the initial issue expense over a period which is smaller than five years. The total expenses charged to the Fund, except the amortization of initial issue expenses and including transaction cost in the form of stock brokerage against buy and sale of securities forming a part of acquisition or disposal cost of such securities, transaction fees payable to the Custodian against acquisition or disposal of securities, the AMC fees, Trustee fees, the annual registration fees payable to the Commission, audit fees, cost of publication of reports and periodicals, bank charge, commission of selling agents etc., shall not exceed 4 (four) percent of the weekly average net asset outstanding during any accounting year.

## 3.9 Price Fixation Policy and Sale & Re-purchase Procedure

After completion of initial subscription, the Fund will be opened to the investors for regular buy/sale of Units. The date of re-opening shall be declared by the asset manager upon approval of the Trustee and with due intimation to the BSEC. The asset manager shall calculate the Net Asset Value (NAV) per unit on the each working day as per formula prescribed in the বিধিমালা and shall disclose sales price and repurchase/surrender price per unit determined on the basis of NAV before commencement of business operation of the next working day of the following week to the Commission and to the investors through at least one national daily, the website of the asset management company and the authorized selling agents of the Fund.

The redemption (or repurchase) of units of the Fund or the Scheme of the Fund shall be made on first come first serve basis. In the event the redemption request on a particular day exceeding 5% of the total units outstanding, the Asset Management Company may defer, if required, the redemption request over 5% for a maximum period of 3(three) working days.



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Asset Management Company shall disclose selling price and repurchase price (or surrender value) per unit of the Fund to be calculated on the basis of the fair valued Net Asset Value (NAV) per unit and duly publish the information in its website at the end of each working day. The difference between selling price and repurchase price per unit shall not exceed 1% of the fair valued NAV per unit of the Fund.

The unit holders may surrender their unit certificates during the business hour as specified by the Asset Management Company. The fund shall be liable to repurchase the units at the surrender value determined by the Asset Management Company. Sale and repurchase of unit certificates by Asset Management Company shall remain closed during first three weeks of January unless the Commission decides otherwise.

**Sale and repurchase procedure is given below:**

i. The Units of **Mercantile Bank Unit Fund** may be bought / surrendered through **MBL Asset Management Limited** and authorized selling agents appointed by the Asset Manager from time to time and any other procedure as prescribed by the Asset Manager. Surrender of units is allowed only through MBL AML or the selling agent from which the units are originally purchased.
ii. During initial subscription minimum purchase amount for individual investors is 2,000 (Two thousand) Units and for institutional investors is 5,000 (Five Thousand) Units.
iii. Application for purchase of Units should be accompanied by an account payee cheque/pay order/bank draft in favor of 'Mercantile Bank Unit Fund' for the total value of Units.
iv. After clearance/encashment of cheque/draft/pay order, the applicant will be issued with a Confirmation of Unit Allocation against every purchase of Units he/she/the institutional investor applies for. If BO A/C is provided during the registration, the units will also be delivered to the Unit holder's BO A/C.
v. Partial surrender (fraction of total units held under a Unit Allocation Confirmation) is allowed without any additional cost subject to minimum surrender quantity is 2,000 (Two thousand) units for individuals and 5,000 (Five Thousand) units for institutions. Upon partial surrender, the Unit holder will be issued with a new Confirmation of Unit Allocation representing the balance of his Unit holding.
vi. All payments/receipts in connection with or arising out of transactions in the Units shall be in Bangladeshi Taka.

## 3.10 Winding up Policy

### 3.10.1 Procedure of Winding Up

i. If the total number of outstanding Units held by the Unit holders after repurchase at any point of time fall below 25 (Twenty Five) percent of the actual Units issued, the Fund will be subject to wound up.
ii. The Fund may be wound up on the happening of any event, which, in the opinion of the Trustee with approval from the Commission, requires the Scheme to be wound up.
iii. The Scheme may also be wound up if the Commission so directs in the interest of the Unit holders.



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iv. Where a Scheme is to be wound up in pursuance to the above, the Trustee and the Asset Management Company shall give simultaneously separate notice of the circumstances leading to the winding up of the Scheme to the Commission and if winding up is permitted by the Commission, shall publish in two national daily newspapers including a Bangla newspaper having circulation all over Bangladesh.

### 3.10.2 Manner of Winding Up

i. The Trustee shall call a meeting within 30 (thirty) days from the notice date of the Unit holders of a Scheme to consider and pass necessary resolutions by three-fourth majority of the Unit holders present and voting at the meeting for authorizing the Trustee to take steps for winding up of the Scheme. If it fails to have three fourth majority mandate, the Commission shall have the power to supersede the mandate if situation demands such.

ii. The Trustee shall dispose of the assets of the Scheme of the Fund in the best interest of the Unit holders; provided that the proceeds of sale made in pursuance of the বিধিমালা shall in the first instance be utilized towards discharge of such liabilities as are properly due under the Scheme and after making appropriate provision for meeting the expenses connected with such winding up, the balance shall be paid to the Unit holders in proportion to their respective interest in the assets of the Scheme as on the date when the decision for winding up was taken.

iii. Within thirty days from the completion of the winding up, the Trustee shall forward to the Commission and the Unit holders a report on the winding up containing particulars, such as circumstances leading to the winding up, the steps taken for disposal of assets of the Scheme before winding up, expenses of the Fund for winding up, net assets available for distribution to the Unit holders and a certificate from the auditors of the Scheme of the Fund.

### 3.10.3 Effect of Winding Up

On and from the date of the notice of the winding up of the Fund, the Trustee or the Asset Management Company, as the case may be, shall

i. cease to carry on any business activities of the open-ended Fund;
ii. cease to create and cancel Units of the open-ended Fund;
iii. cease to issue and redeem Units of the open-ended Fund.

## 3.11 Fund Management

MBL Asset Management Limited shall conduct the day-to-day management of the Fund's portfolio as the Asset Manager subject to the provisions laid down in the বিধিমালা and trust deed or any general directions given by the Trustee and/or the Commission. However, MBL AML shall have discretionary authority over the Fund's portfolio about investment decisions.

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## 3.12 Dividend Policy

i. The accounting year of the Fund shall be 1st January to 31st December;

ii. As per the rule the Fund shall distribute minimum 70% or as may be determined by the বিধিমালা of the annual net income of the Fund as dividend at the end of the accounting period after making provision for bad and doubtful investments.

The dividend shall be in the form of cash. The Fund shall create a dividend equalization reserve by appropriation from the income of the Scheme;

iii. Net income for a financial period of a mutual fund shall be measured following IFRSs and after incorporating all income, lawful expenses as well as provision for diminution in the fair value of investments in securities and other assets.

Trustee shall examine every item of expenses of a mutual fund and determine their eligibility to be a charge against income of the Fund.

Adequate disclosure shall be made with respect to provision (or reversal of provision) for diminution (or appropriation) in fair value of investments in securities. The excess of fair value over costs of investments in securities, if true in aggregate, shall be reported as an 'other comprehensive income' in the Statement of Profit or Loss or Other Comprehensive Income and not be a part of earnings for the period. Adequate disclosure shall be made with respect to provision (or reversal of provision) for diminution (or appropriation) in fair value of investments in securities. The excess of fair value over costs of investments in securities, if true in aggregate, shall be reported as an 'other comprehensive income' in the Statement of Profit or Loss or Other Comprehensive Income and not be a part of earnings for the period.

Other comprehensive income shall be reported as a separate line item under the unit holders' equity and not be aggregated with any other reserve(s). Dividend shall never be paid out of other comprehensive income.

iv. Surpluses arising simply form the valuation of investments shall not be available for dividend;

v. The Fund shall create a dividend equalization reserve by suitable appropriation from the income of the Fund;

vi. Before registration for transfer of ownership, a transferee shall not possess the right to any dividend declared;

vii. Dividend warrants will be dispatched within 45 (forty five) days from the declaration of dividend and shall submit a statement within next 7 (seven) days to the commission.

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# CHAPTER 4: DESCRIPTION OF INVESTMENT RISK

Investing in the Mercantile Bank Unit Fund (hereinafter the Fund) involves certain risks normally associated with making investments in securities. There can be no assurance that the Fund will achieve its investment objectives. The value of the Fund can fluctuate to increased or decreased level. On redemption, there is no assurance that the investors will receive the amount originally invested. The Fund is suitable for investment by investors who understand the risks involved and who are willing and able to survive the loss of their investments. When investing in the Fund, the investors should carefully consider the risk factors outline bellow, which are not necessarily exhaustive or mutually exclusive.

## 1. General Risk

There is no assurance that the Fund will be able to meet its investment objectives and investors could potentially incur losses, including loss of principal when investing in the Fund. Investment in the Fund is not guaranteed by any government agency, the Sponsor or the AMC. Mutual Funds and securities investments are subject to market risks and there can be no assurance or guarantee that the Fund's objectives will be achieved. As with any investment in securities, the Net Asset Value of the Fund may go up or down depending on the various factors and forces affecting the capital markets. Past performance of the Sponsors and their affiliates and the AMC do not indicate the future performance of the Fund. Investors should study this offer document carefully in its entirety before investing.

## 2. External Risk Factor

Performance of the Fund is substantially dependent on the macroeconomic situation and in the capital market of Bangladesh. Political and social instability may have an adverse effect on the value of the Fund's assets. Adverse natural climatic condition may impact the performance of the Fund.

## 3. Market Risk

Bangladesh capital market is highly volatile and prices of other securities can fluctuate significantly. The Fund may lose its value or incur a sizable loss on its investments due to such market volatility. Stock market trends indicate that prices of majority of all the listed securities move in unpredictable direction which may affect the value of the Fund. Furthermore, there is no guarantee that the market prices of the units of the Fund will fully reflect their underlying Net Asset Values.

## 4. Concentration Risk

Due to the limited number of listed securities in both the stock exchanges (DSE and CSE), it may be difficult to invest the Fund's assets in a widely diversified portfolio as and when required to do so. Due to a very thin secondary fixed income/debt market in Bangladesh, it would be difficult for the Fund Manager to swap between asset classes, if and when required. Limited options in the money market instruments will narrow the opportunity of short term or temporary investments of the Fund which may adversely impact the returns.



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ICB Capital Management Limited
Trustee & Custodian Department

MBL ASSET MANAGEMENT LTD.
ESTD-2018

MERCANTILE BANK LIMITED
Treasury Division
Head Office, Dhaka

## 5. Dividend Risk

Despite careful investment selection of companies in the Fund, if the companies fail to provide the expected dividend or fail to disburse dividends declared in a timely manner that will impact the income and the overall return of the Fund.

## 6. Underlying Liquidity Risk

For investing in Pre-Public Offer Placement securities i.e. in the unlisted equity securities by the Fund, may involve liquidity risk. In addition, market conditions and investment allocation may have an impact on the ability to sell securities during periods of market volatility. Debt securities, while somewhat less liquid, lack a well-developed secondary market, which may restrict the selling ability of the Fund, and may lead to the Fund incurring losses till the security is finally sold. While securities listed on the stock exchange carry lower liquidity risk, the ability to sell these investments is limited by the overall trading volume on the stock exchanges and may lead to the Fund incurring losses till the security is finally sold.

## 7. Investment Strategy Risk

Since the Fund will be an actively managed portfolio, the Fund is subject to management strategy risk. Although the AMC will apply its investment process and risk minimization techniques, when making investment decisions for the Fund, there can be no guarantee that such process and techniques will produce the desired outcome.

## 8. Credit Risk

Since the Fund will seek to invest as per the Mutual Fund Regulations (2001) in both equity and fixed income securities, the credit risk of the fixed income issuers is also associated with the Fund. Investment in fixed income securities is subject to the risk of an issuer's inability to meet interest and principal payments on its obligations and market perception of the creditworthiness of the issuer.

## 9. Interest Rate Risk

The Net Asset Value (NAV) of the Fund is expected to increase consequent upon a fall in interest rate while it is supposed to fall with a rise in the interest rate to the extent it is invested in Debt and Money Market securities. Also, zero coupon securities do not provide periodic interest payments to the holders and hence these are more sensitive to changes in interest rates. So, if the Fund Manager opts for investing in zero coupon securities offering attractive yields that would increase the risk of the portfolio also.

## 10. Issuer Risk

In addition to market and price risk, value of an individual security can, in addition, be subject to factors unique or specific to the issuer, including but not limited to management malfeasance, lack of accounting transparency, management performance, and management decision to take on financial leverage. Such risk can develop in an unpredictable fashion and can only be partially mitigated, and sometimes not at all, through research or due diligence. To the degree that the Fund is exposed to a security whose value declines due to issuer risk, the fund's value may be impaired.



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# CHAPTER 5: FORMATION, MANAGEMENT AND ADMINISTRATION

## 5.1 Sponsor of the Fund

Mercantile Bank Limited (MBL) was established by a group of perceptive investors of aiming significant contribution to the financial system for sustainable economic growth of Bangladesh. Since its inception in June 2, 1999, the Bank has created a credible brand impression and achieved its customers trust and loyalty. The Bank has been driven by a bold transformation strategy, dynamic leadership and decisive management interventions which have afforded it a strong platform to capture emerging opportunities. MBL renders customer services with evolving technology by the cluster professionals and also working for innovative and need based banking product and services. Public confidence is of outmost importance for the development of banking industry in Bangladesh. Keeping that in mind, MBL ensures a culture of good corporate governance to thrive. MBL promotes greater efficiency, accountability and transparency in its business decision. Another crucial step of MBL is to synchronize the attitudes, belief and culture in accordance with the needs of our human resources, clients, stakeholders and the overall financial system of Bangladesh.

## 5.2 Trustee of the Fund

In order to ensure maximum trust and confidence of the investors, supervisory bodies and the persons concerned towards the Fund, the ICB Capital Management Limited will act as the Trustee of the Fund.

As a part of the restructuring program ICB Under Capital Market Development Program (CMDP) initiated by Government of Bangladesh and the Asian Development (ADP), ICB Capital Management Ltd. has been created as Subsidiary of ICB to carry out Merchant Banking activities including issue management, underwriting and portfolio management. The company was incorporated under the Company Act, 1994 on 5 December 2000 and registration from Bangladesh Securities and Exchange Commission (BSEC) was obtained on 16 December 2001. The company is started its operation from 01 July 2002 by issuance of gazette notification by the government.

The Trustee shall constitute Committee with a minimum of two members, which shall be responsible for discharging the obligations of the Trustee and the first such Committee shall be constituted with the following members, namely: -

1. Chief Executive officer, ICB Capital Management Ltd.
2. Additional Chief Executive Officer, ICB Capital Management Limited
3. Executive Officer, ICB Capital Management Limited

The Trustee committee may be changed by the Trustee from time to time with approval of BSEC.

## 5.3 Custodian of the Fund

BRAC Bank Ltd, a banking company, incorporated under Companies Act, 1994 and Bank Companies Act, 1991 and registered with the Bangladesh Securities & Exchange Commission on December 15, 2009 to act as Custodian, engaged in, among others, custodial services having required capabilities, qualifications and adequate skills in its concerned field of activities.



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## 5.4 Asset Manager of the Fund

MBL Asset Management Limited (MBL AML), a new generation Asset Management Company, is licensed and regulated by Bangladesh Securities and Exchange Commission (BSEC). MBL AML is committed to provide fund management service by investment professionals with considerable fund management expertise. MBL AML was incorporated on November 29, 2018. It received license from BSEC on January 30, 2020, as an Asset Management Company.

### 5.4.1 INVESTMENT MANAGEMENT PROCESS

a) Top Down Approach

- Economic Analysis
  - Analyze domestic and global Macroeconomic Indicators
  - Forecast economic outlook of domestic and Global Economy
  - Review Monetary & Fiscal Policies and analyze their implication on macroeconomic condition
- Industry Analysis
  - Identify the prospective industries aligned with positive economic outlook
  - Understand the business dynamics of the industry and identify the key driving forces
  - Review the economic history of the industry in other countries with comparable economic status
- Company Analysis
  - Understand the business dynamics of the covered company
  - Comprehensively understand the Financials of the covered company
  - Interview top level officials of the targeted companies to have complete understanding on their future outlook and strategic vision
  - Apply multiple equity valuation models and estimate the intrinsic price of the stock

b) Supplementary Analysis

The Capital Market of Bangladesh is in an emerging phase and is neither strongly efficient nor very weak at present. Thus, the importance of the following supplementary analysis is very high.

- Technical Analysis
  - Analyze the stock price data to identify key arbitrage opportunities
  - Distinguish stocks which are fundamentally strong and hold positive outlook with technical analysis with other stocks
- Quantitative Analysis
  - Build Time Series Econometric model to forecast the future price movement dynamics.

### 5.4.2 Portfolio Management Policy:

1. Optimum sector-wise allocation of fund is the key factor of portfolio Management process.
2. Invest in sectors with positive outlook but maintain the Regulation of Mutual Funds 2001.



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3. Focus on the nature of the Fund and make decision which is suitable for the total portfolio.
4. Must consider the market impact for the Investment Decision. Both buying and selling decision must have a significant implication on the overall market dynamics.
5. Market manipulation and utilizing nonpublic insider information is strictly forbidden.

The ethical standard and level of confidentiality of the Investment Manager and its research team are very important for the investors of the fund and for the integrity of the capital market.

### 5.4.3 Brief profiles of the key personnel of the company:

(1). Mohammad Samir Uddin, CFA- Chief Executive Officer, MBL Asset Management limited:

Mohammad Samir Uddin, CFA is working as the Chief Executive Officer for MBL Asset Management Limited. Prior to Joining MBL Asset Management, he worked as Chief Executive Officer at Shahjalal Asset Management Limited for 1 year two months. Mr. Samir also worked as Fund Manager at VIPB Asset Management Limited for years and Principal Officer in Export Import Bank of Bangladesh Ltd. for 6 years. He started his career as Trainee Officer in HAC Security Limited in 2011 and also served as Management Trainee Officer (MTO) in Industrial and Infrastructure Development Finance Company Limited (IIDFC) for five months in 2012. He is a CFA Charter holder from CFA Institute, USA and he is an active member of CFA Society Bangladesh. He completed his BBA, MBA from Faculty of Business Studies with major in Finance, University of Dhaka.

(2). Masum Ahmed- Compliance Officer, MBL Asset Management Limited:

Masum Ahmed joined MBL Asset Management Limited April 07, 2019 as Senior Manager-Compliance Officer. Prior to that he worked at Mercantile Bank Limited as First Assistant Vice President since 2001. He has 12(twelve) years working experience in Share Department under Board Division. Mr. Masum Ahmed has obtained BBS, MBS in Accounting and MBA in Human Resource Management.

(3). Ahingsak Roy- Accounts Officer, MBL Asset Management Limited:

Mr. Ahingsak Roy has completed MBA in Finance and Banking from University of Rajshahi in 2012. He has joined in Mercantile Bank Limited as a Management Trainee Officer on December 30, 2015. Mr. Roy has working experience both at head office and branch level.

## 5.5 Auditors

Hoda Vasi Chowdhury & Co BTMC Bhaban (7th & 8th Level) 7-9 Kazi Nazrul Islam Avenue, Kawran- Bazar C/A, Dhaka-1-217 has been appointed as the auditor of the Fund for the first year. Subsequent auditors shall be appointed by the Trustee.

## 5.6 Fees and Expenses

The Fund will pay the fees of Asset Manager, the Trustee and the Custodian together with any other fees, commissions and expenses as may arise from time to time. The Fund will bear its own costs and expenses incurred/accrued in connection with its formation, promotion, registration, CDBL fees, public offering together with certain other costs and expenses incurred in its operation, including without limitation expenses of legal and consulting service, auditing, other professional fees and expenses, brokerage, share/debenture registration expenses and fees due to the BSEC. The Fund shall also bear all the other incidental expenses including printing, publication and stationery relating to its smooth and fair operation. Major expenses of the Fund are detailed as follows:

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### 5.6.1 Issue and Formation Expenses

Initial issue and formation expenses are estimated not to be over 3 (three) percent of the collected fund. The issue and formation expenses will be amortized within 5 (Five) years on a straight-line method. The estimated expenses for the issue and formation of the Fund are presented below:

| SL | Type of expenses | Percentage of total target fund | Total Tk. | Sub Total / Details | Description |
|---|---|---|---|---|---|
| 1 | Formation fee payable to AMC | 1.00% | 50,00,000 | Set-fee | Formation fee to AMC on collected fund of approved fund size |
| 2 | Legal & Compliance related expenses (Application, registration fees etc.) | 0.24% | 12,07,500 | | |
| | | | | 10,000 | BSEC Application fees |
| | | | | 10,00,000 | BSEC Registration fees(0.2% of initial fund size) |
| | | | | 97,500 | CDBL fee (Distribution of 5 cr Units X Tk 10X0.00015 CDBL fee rate = Tk. 75,000; CDBL documentation fee = Tk. 2,500; CDBL Annual Fee=Tk.20,000 |
| | | | | 100,000 | Trust deed registration related expense |
| 3 | Printing & publication | 0.06% | 3,00,000 | | |
| | | | | 50,000 | Printing of prospectus |
| | | | | 2,00,000 | Publication of abridge version of prospectus and IPO notification on daily newspaper |
| | | | | 50,000 | Printing of forms, flyers, Scheme brochures and other marketing documents. |
| | Total | **1.30%** | 65,07,500 | | |

The above costs are made in best estimates, which may vary in actual.

### 5.6.2 Management Fee

As per the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচ্যুয়াল ফান্ড) বিধিমালা, ২০০১ the Fund shall pay a management fee to the Asset Management Company @ 2.50 percent per annum of the weekly average NAV up to Tk. 5.00 crore and @ 2.00 percent per annum for additional amount of the weekly average NAV up to 25.00 crore over Tk. 5.00 crore and @ 1.50 percent per annum for additional amount of the weekly average NAV up to Tk 50.00 crore over 25.00 crore and @ 1.00 percent per annum for additional amount of the weekly average NAV over Tk. 50.00 crore, accrued and payable semi-annually/quarterly.

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ICB Capital Management Limited Trustee & Custodian Department

MBL ASSET MANAGEMENT LTD. ESTD-2018

MERCANTILE BANK LIMITED Treasury Division Head Office, Dhaka

### 5.6.3 Trustee Fee

The Trustee shall be paid an annual Trusteeship fee at the following rate on semi-annual in advance basis

| Sl. No. | Fees Tranches | Fees |
|---|---|---|
| 1 | NAV of the first 200 crore of fund | 0.10% |
| 2 | NAV of the next 100 crore of fund | 0.09% |
| 3 | NAV of the remaining fund | 0.08% |

### 5.6.4 Custodian Fee

The fee for Custodian services will be 0.07% per annum of balance securities held by the fund, calculated on the average market value per month. Besides this, the fund will bear all other expenses viz (a) transaction fee of Tk. 200.00 per transaction (b) local duties and fees like stamp duty on transaction, stamp duty on transfer deed (c) levies, brokerage, registrar's fees, local counsel / representation, external auditor's at the client's request, depository fees etc. However, a fee cap of 0.09% per annum on balance securities held by the fund, calculated on the average market value per month would be applicable if the total expenses (including custodian fees, transaction fees & other expenses, mentioned above) per annum go higher than the mentioned fee cap amount. The fee for Custodian services will be realized semi-annually.

### 5.6.5 CDBL Fee

The fixed Annual fee of CDBL will be Tk. 20,000 (Twenty thousand) only plus VAT. Annual Central Depository System (CDS) connection fee will be Tk. 6,000 (Six thousand) only plus VAT.

### 5.6.6 Fund Registration and Annual Fee

The Fund has paid Tk 10,00,000 (Ten lac) only to the Bangladesh Securities and Exchange Commission as registration fee. In addition, the Fund will have to pay @ 0.10 percent of the Fund value or Tk 50,000 (Taka fifty thousand), whichever is higher, as annual fee in terms of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচ্যুয়াল ফান্ড) বিধিমালা, ২০০১.

### 5.6.7 Commission Payable to Selling Agent(s)

The Fund shall pay commission to the authorized selling agent(s) to be appointed by the Asset Manager @ 1.0 percent on the transaction amount of sales and redemptions which may change in future with the approval of the Trustee.

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### 5.6.8 Audit Fee

The audit fee will be Tk 29,000 (Twenty nine thousand) only excluding VAT, for the first accounting year and the Trustee will fix fees for subsequent years.

### 5.6.9 Brokerage Fee

The fund will pay to the stock broker commission of 0.18%-0.30% of the total amount of transaction including Howla, Laga, CDBL fees and any other associated costs.

### 5.6.10 Amortization of Issue and Formation Expenses

The initial issue expenses in respect of the fund shall not exceed 3(three) percent of the collected amount of the fund raised under the scheme and will be amortized within 5(five) years on a straight-line method.

The total expense charged to the fund, except the amortization of initial issue expenses and including transaction cost in the form of stock brokerage against buy and sell of securities forming a part of acquisition and disposal cost of such securities, transaction fee payable to the custodian against acquisition or disposal of securities, the annual registration fees payable to the commission, audit fees, cost for publication of reports and periodicals, bank charge, etc shall not exceed 4 (Four) percentage of the weekly average net asset outstanding during any accounting year.

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ICB Capital Management Limited Trustee & Custodian Department



MBL ASSET MANAGEMENT LTD. ESTD-2018

MERCANTILE BANK LIMITED Treasury Division Head Office, Dhaka

# CHAPTER 6: SIZE OF THE FUND, TAX ADVANTAGE AND RIGHTS OF UNIT HOLDERS

## 6.1 Size of the Issue

### 6.1.1 Sponsor's Subscription

Mercantile Bank Limited, the sponsor, has already subscribed Tk 50,000,000 (Taka Five Crore) only worth of Units equivalent to 5,000,000 (Fifty Lac) Units of Tk 10 (Ten) each at par on January 17, 2022, the effective date as per সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচ্যুয়াল ফান্ড) বিধিমালা, ২০০১.

#### 6.1.2 Pre-IPO Placement and IPO:

The initial size of the Fund shall be Tk 500,000,000 (Taka Fifty Crore) only divided into 50,000,000 (Five Crore) Units of Tk 10 (Taka ten) each which may be increased from time to time by the Asset Manager subject to approval of the Trustee with due intimation to the Commission till liquidation of the Fund. The initial distribution of the Fund's Unit holding shall be as follows:

| Subscriber | Number of units | Face value | Amount (Tk) | Status |
|---|---|---|---|---|
| **Sponsor**<br>Mercantile Bank Limited | 5,000,000 | 10 | 50,000,000 | Subscribed |
| General Investors | 45,000,000 | 10 | 450,000,000 | Yet to be Subscribed |
| **Total** | **50,000,000** | **10** | **500,000,000** | |

## 6.2 Tax Advantage

**6.2.1 Tax advantage on Income:** Income from a mutual fund or a unit fund up to Tk. 25,000.00 (Twenty-Five Thousand) is exempted from tax as per clause 22A of Schedule (Part A) Under Income Tax Ordinance 1984.

**6.2.2 Investment Tax Credit:** According to the current Income Tax Ordinance (ITO) 1984, section 44(2) (c), amended in 2016, amount of allowable investment is-actual investment or 25% of the total (taxable) income or BDT 150,00,000.00 whichever is lowest.

According to Section 44(2)(b) under Income Tax Ordinance 1984, the tax rebate is from 15% to 10% as per following schedule:

| Total Income | Rate of Tax Rebate |
|---|---|
| Up to BDT 15,00,000.00 | 15% of eligible amount. |
| Over BDT 15,00,000.00 | 10% of eligible amount. |

**Example:**

An individual earning total annual taxable income BDT 1,00,00,000.00(One crore) only may have allowed investment for tax rebate BDT 25,00,000.00 (BDT 1,00,000.00 multiplied by 25% allowed).

Ignoring actual investment, this BDT 25,00,000.00 is lowest among eligible amounts, hence tax rebate will be applied on it.



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The individual will have total tax rebate calculated as under:

| | |
|---|---|
| a) Up to BDT 15,00,000.00 eligible amount at the rate of 15% | 2,25,000.00 |
| b) Over BDT 15,00,000.00 eligible amount at the rate of 10% | 1,00,000.00 |
| **Total rebate** | **3,25,000.00** |

This investment can reduce tax liabilities by BDT 3,25,000.00 by investing in this fund.

**This is a simple illustration. The amount can vary and will depend on individual circumstances. Also, please note that the tax rebates may change as per Government's decision in any year. Investors are advised to consult with tax advisor, if required.**

## 6.3 Rights of the Unit holders

a) Voting Rights: All the Unit holders shall have usual voting rights. Voting right can be exercised in person or by proxy in a meeting held in connection with any proposal to amend the characteristics of the Fund or any other agenda of meeting called by the Trustee in the circumstances mentioned in the Trust Deed or the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচ্যুয়াল ফান্ড) বিধিমালা, ২০০১. In case of show of hands, every Unit holder present in person or/and by proxy shall have only one vote and on a poll, every Unit holder present in person and/or by a proxy shall have one vote for every Unit of which he/she is the holder.

b) Transfer of Units: Units of the Fund are transferable by way of inheritance/gift and/or by specific operation of law.

c) Dividend: All the Unit holders have equal but proportionate right in respect of dividend.

d) Periodic Information: All the Unit holders of the Fund shall have the right to receive the annual report and audited accounts of the Fund. Moreover, the Unit holders shall be informed of the NAV of the Fund on weekly basis through newspaper, the website of the Asset Manager, the Selling Agent(s) to be appointed by the Asset Manager from time to time and any other means as the Asset Manager may deem fit.

1. The Fund, its asset manager, trustee, custodian and sponsor shall make such disclosures or submit such documents as may be called upon to do so by the Commission.

2. Without prejudice to the generality of the directions in above, the Fund shall furnish to the Commission the following reports, namely;

I. A copy of the duly audited annual financial statements including statement of financial position, statement of profit or loss, statement of cash flows, statement of changes in equity, and accompanying accounting policies, and notes to the financial statements of the fund and for each scheme, once a year, within 03 (three) months from the end of the financial year.

II. A copy of the half yearly un-audited financial statements within 45 (forty-five) days from the end of the first half of the financial year,

III. A quarterly statement of changes in the net asset of each of the schemes of the fund within 30 (thirty) of the ends of each quarter, and

IV. A quarterly statement of portfolios, including changes therein from the previous period, for each of the schemes;

e) Accounts and Information: The Fund's financial year will be closed on 31st December every year and the first year will end **on 31st December, 2022.** Annual report or major head of income and expenditure account and balance sheet in line with schedule VI of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচ্যুয়াল ফান্ড) বিধিমালা, ২০০১ will be published within 45 (forty five) days from the closure of each accounting year. Furthermore, the NAV of the Fund, NAV per Unit, any suspension or alteration of the calculation of NAV of the Fund will be published by the asset manager as per বিধিমালা.

f) Beneficial Interest

1. The unit holders shall preserve only the beneficial interest in the trust properties on pro rata basis of their ownership of the Fund.
2. Furthermore, the NAV, NAV per unit, and any suspension or alteration of the calculation of NAV of the Fund will be published/notified by the Asset Management Company.

# CHAPTER 7: UNIT SUBSCRIPTION

## 7.1 Terms and Conditions of Unit Subscription

i. The Units of Mercantile Bank Unit Fund may be bought and surrendered/repurchased through MBL Asset Management Limited and authorized Selling Agents appointed by MBL Asset Management Limited from time to time.

ii. Application must be made by an individual (both resident and non-resident), a corporation or company (both local and foreign), a trust or a society (registered in or outside Bangladesh) and not by a firm, minor or persons of unsound mind.

iii. Joint application by two persons is acceptable. In such cases, registration and issuance of Confirmation of Unit Allocation will be in favor of principal applicant while dividend and other benefits, if any, will be addressed to bank account of principal applicant mentioned in the application form/ bank account mentioned in BO account. In case of the death of any of the joint holders, only the survivor shall be recognized as having any title to the Units. On death of both the joint holders, the title to the Units will bestow upon the nominee mentioned in the application form.

iv. Minimum purchase amount for individual investors is 2,000 (Two thousand) Units and for institutional investors is 5,000 (five thousand) Units.

v. Application for purchase of Units should be accompanied by an account payee cheque/pay order/bank draft in favor of '**Mercantile Bank Unit Fund**' for the total value of the Units.

vi. After clearance/encashment of cheque/draft/pay order, the applicant will be issued with a Confirmation of Unit Allocation against every purchase of Units he/she/the institutional investor applies for. If BO



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A/C is provided during the registration, the units will also be delivered to the unit holder's BO A/C in demat form.

vii. Partial surrender is allowed without any additional cost subject to minimum surrender quantity is 2,000 (Two thousand) units for individuals and 5,000 (Five Thousand) units for institutions. Upon partial surrender, the Unit holder(s) will be issued with a new Confirmation of Unit Allocation representing the balance of his/her/their Unit holding.

viii. The Units may be transferred by way of inheritance/gift and/or by specific operation of the law. In case of transfer, the Fund will charge a nominal fee as decided by the Asset Manager from time to time except in the case of transfer by way of inheritance.

ix. Dividend may be delivered in cash or by way of Units under Cumulative Investment Plan (CIP) as the applicant gives option in the application form. The unit holders may change their dividend preference in future as per their need.

x. All payments /receipts in connection with or arising out of transactions of the Units applied for shall be in Bangladeshi Taka.

## CHAPTER 8: BANKER & SELLING AGENTS

### 8.1 Banker

Mercantile Bank Limited has been appointed to act as the Banker of the fund by the asset manager. The public subscription money collected from the investors through the Selling Agents will be remitted to the following bank account:

| | |
|---|---|
| Account Name | Mercantile Bank Unit Fund |
| Account Number | 1131000048326 |
| Bank | Mercantile Bank Limited |
| Branch | Main Branch |
| Routing Number | 140275353 |

### 8.2 Selling agent:

The Mercantile Bank Securities Limited (MBSL) have shown interest and has been appointed to act as the selling agents of the fund by the fund manager.

The asset manager in future may appoint other organizations as its agent or cancel existing selling agent subject to approval of the trustee with due intimation to the BSEC.

**Address for sell and repurchase Units:**

| Asset Manager | Selling agent |
|---|---|
| MBL Asset Management Limited<br>61, Dilkusha C/A (2nd Floor)<br>Dhaka-1000. | Mercantile Bank Securities Limited<br>Head Office, 41/6 Shawdesh Tower (3rd & 4th Fl),<br>Purana Paltan, Dhaka-1000 |

**Forms**

Specimen copies of the following forms are given in the following pages:

i. Application Form to Purchase Units, Individual
ii. Application Form to Purchase Units, Institution
iii. Surrender/Repurchase Form
iv. Transfer Form



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# Mercantile Bank Unit Fund

**APPLICATION FORM TO PURCHASE UNITS – INDIVIDUAL**

(Please Read Instructions Overleaf; Fill up the Form in Block Letters)

| For Office Use only |
|---|
| Registration No:..................... |
| Sale No......................... |

To
Chief Executive Officer
MBL Asset Management Limited
61, Dilkusha C/A, Dhaka-1000

I/We enclose Taka ____________________ ____________________________________________ (Taka ) vide Cheque /P.O. /D.D. No.____________________ ______Bank________________________________ Branch ______________________ dated________________ and request you to sell us____________________ units of Mercantile Bank Unit Fund, at the price of Tk______________ per unit. We are giving necessary information as follows:

**A. Principal Applicant**

Registration No. (for existing unit holder only): ______________________________
Name: ______________________________
Father's/Husband's Name: ______________________________
Mother's Name: ______________________________
Date of Birth: ________________ Occupation: ______________________________
Nationality: ________________ National ID no: ______________________________
Address: ______________________________
BO A/C: ______________________________
Telephone No.: ________________ Fax No.: ______________________________
E-mail: ________________ Bank: ______________________________
Branch: ________________ A/C No.: ______________________________
Bank Routing No.: ________________ eTIN No.: ______________________________

**B. Joint Applicant**

Name:______________________________
Father's/Husband's Name: ______________________________
Mother's Name:______________________________
Date of Birth:________________ Occupation:______________________________
Nationality:________________ National ID no.:______________________________
Address:______________________________
Telephone No.:________________ Fax No.:______________________________
E-mail: ________________ Signature:______________________________

**C. Nominee**

Name:______________________________
Father's/Husband's Name:______________________________
Mother's Name:______________________________
Relationship with principal applicant:______________________________
Date of Birth:________________ Occupation:______________________________
Nationality:________________ National ID no. :______________________________
Address:______________________________
BO A/C:______________________________
Telephone No.:________________ Fax No.:______________________________
E-mail: ________________ Signature:______________________________

**Signature of Applicants**

______________________________ **Principal Applicant**

______________________________ **Joint Applicant**

Date of Application: ______________________________

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ICB Capital Management Limited ★ Trustee & Custodian Department

MBL Asset Management Ltd. ★ ESTD-2018 ★

Mercantile Bank Limited ★ Treasury Division ★ Head Office, Dhaka

## TERMS AND CONDITIONS

1. The units of **Mercantile Bank Unit Fund**, hereinafter referred to as the Fund, may be bought /surrendered through **MBL Asset Management Limited (MBL AML)** and authorized selling agents appointed by **MBL AML** from time to time. Surrender of units is allowed through **MBL AML** or the selling agent from which the units are originally purchased.

2. Application must be made by an individual (both resident and non-resident), a corporation or company (both local and foreign), a trust or a society (registered in or outside of Bangladesh) and not by a firm, minor or persons of unsound mind.

3. Joint application by two persons is acceptable. In such a case, registration and issuance of unit allocation confirmation will be in favour of principal applicant while dividend and other benefits, if any, will be addressed to bank account of principal applicant mentioned in the application form. In case of the death of any of the joint holders, only the survivor shall be recognized as having any title to the units. On death of both the joint holders, the title to the units will bestow upon the nominee mentioned in the application form.

4. Minimum purchase quantity for individual investors is 2,000 (two thousand) units and for institutional investors is 5,000 (Five thousand) units.

5. Application for purchase of units should be accompanied by an account payee cheque/pay order/bank draft in favour of **"Mercantile Bank Unit Fund"** for the total value of units.

6. After clearance/encashment of cheque/draft/pay order the applicant will be issued with a confirmation of unit allocation for every purchase with a denomination of number of units he/she/the Institutional investor applies for. If BO A/C is provided during the registration, the units will also be delivered to the unit holder's BO A/C in demat form.

7. Partial surrender (fraction of total units held under a unit allocation confirmation) is allowed without any additional cost subject to minimum surrender quantity is 2,000 (Two Thousand) units both for individuals and 5,000 (Five Thousand) units for institutions. Upon partial surrender, the unit holder will be issued with a confirmation of allocation representing the balance of his unit holding.

8. The units may be transferred by way of inheritance/gift and/or by specific operation of the law. In case of transfer the Fund will charge a nominal fee as decided by **MBL AML** from time to time except in the case of transfer by way of inheritance.

9. All payments /receipts in connection with or arising out of transactions in the Units hereby applied for shall be in Bangladeshi Taka.

### FOR OFFICIAL USE ONLY

Registration No.:____________________

Date:____________________ Sale No.:____________________

No. of Units:____________________ Unit Allocation Confirmation No.:____________________

Sign and Seal of Issuing Office

I/we confirm that I/we have received the unit allocation confirmation mentioned above and also that I/we have read, understood and agree to abide by the terms set out above as may be altered, replaced and modified from time to time by MBL Asset Management Limited.

**Signature of Applicants**

____________________ ____________________

**Principal Applicant** **Joint Applicant**

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ICB Capital Management Limited Trustee & Custodian Department

MBL Asset Management Ltd. ESTD-2018

Mercantile Bank Limited Treasury Division Head Office, Dhaka

# Mercantile Bank Unit Fund

## APPLICATION FORM TO PURCHASE UNITS – INSTITUTIONAL

(Please Read Instructions Overleaf; Fill up the Form in Block Letters)

To
Chief Executive Officer
MBL Asset Management Limited
61, Dilkusha C/A, Dhaka-1000

<u>For Office Use only</u>
Registration No:.....................
Sale No.........................

We enclose Taka ______________________ (Taka- ______________________________________)
vide Cheque /P.O. /D.D. No.________________ Bank______________________________
Branch____________________ dated ______________ and request you to sell us ____________________ units of Mercantile Bank Unit Fund, at the price of Tk __________ per unit. We are giving necessary information as follows:

Registration no. with Mercantile Bank Unit Fund (for existing unit holder only)______________________

Name of the institution:______________________________________________

Type of institution: Local company ☐ Foreign Company ☐ Trust ☐ Society ☐ Other ☐

Registration No.:______________________________ eTIN No.:______________________

Address:______________________________________ BO A/C: ______________________

Telephone No.:____________________ Fax No.: ________________ E-mail: ____________________

Bank:______________________________________ Branch:______________________

A/C No.:____________________________________ Bank Routing No.: ______________________

Name of the CEO:______________________________________________

Details of Authorised Person(s), if any:

| Sl. | Name | Designation | Signature |
|---|---|---|---|
| 1. | | | |
| 2. | | | |

CEO | 1st Authorized Person | 2nd Authorized Person

Mode of operation: Jointly by______________________________ Singly by________________

**Documents enclosed:**

Incorporation certificate ☐
Memorandum and Article of Association ☐
TIN certificate ☐
Trade License ☐
Form Xii ☐
Extract of Board resolution ☐
Relevant document (NID and Pic) ☐
Letter of authority issued in favor of authorized person(s) ☐

Date of application:______________________

______________________________
Seal and Signature of the Applicant

14.03.22

ICB Capital Management Limited
Trustee &Custodian Department

MBL ASSET MANAGEMENT LTD
ESTD-2018

MERCANTILE BANK LIMITED
Treasury Division
Head Office, Dhaka

# TERMS AND CONDITIONS

1. The units of **Mercantile Bank Unit Fund**, hereinafter referred to as the Fund, may be bought /surrendered through **MBL Asset Management Limited (MBL AML)** and authorized selling agents appointed by **MBL AML** from time to time. Surrender of units is allowed only through **MBL AML** or the selling agent from which the units were originally purchased.

2. Application must be made by an individual (both resident and non-resident), a corporation or company (both local and foreign), a trust or a society (registered in or outside of Bangladesh) and not by a firm, minor or persons of unsound mind.

3. Joint application by two persons is acceptable. In such a case, registration and issuance of unit allocation confirmation will be in favour of principal applicant while dividend and other benefits, if any, will be addressed to bank account of principal applicant mentioned in the application form. In case of the death of any of the joint holders, only the survivor shall be recognized as having any title to the units. On death of both the joint holders, the title to the units will bestow upon the nominee mentioned in the application form.

4. Minimum purchase quantity for individual investors is 2,000 (Two Thousand) units and for institutional investors is 5,000 (Five Thousand) units.

5. Application for purchase of units should be accompanied by an account payee cheque/pay order/bank draft in favour of **"Mercantile Bank Unit Fund"** for the total value of units.

6. After clearance/encashment of cheque/draft/pay order the applicant will be issued with one unit Allocation Confirmation against every purchase with a denomination of number of units he/she/the Institutional investor applies for. If BO A/C is provided during the registration, the units will also be delivered to the unit holder's BO A/C in demat form.

7. Partial surrender (fraction of total units held under a single unit allocation confirmation) is allowed without any additional cost subject to minimum surrender quantity of 2,000 (Two Thousand) units both for individuals and 5,000 (Five Thousand) units for institutions. Upon partial surrender, the unit holder will be issued with a new unit allocation confirmation representing the balance of his unit holding.

8. The units may be transferred by way of inheritance/gift and/or by specific operation of the law. In case of transfer the Fund will charge a nominal fee as decided by **MBL AML** from time to time except in the case of transfer by way of inheritance.

9. All payments /receipts in connection with or arising out of transactions in the units hereby applied for shall be in Bangladeshi Taka.

## FOR OFFICIAL USE ONLY

Registration No.:____________________

Date:____________________ Sale No.:____________________

No. of Units:____________________ Unit Allocation Confirmation No.:____________________

Sign and Seal of Issuing Office

We confirm that we have received the unit allocation confirmation mentioned above and also that we have read, understood and agree to abide by the terms set out above as may be altered, replaced and modified from time to time by MBL Asset Management Limited.

____________________

Signature of the Applicant(s)

14.03.22

ICB Capital Management Limited Trustee & Custodian Department

MBL Asset Management ESTD-2018

Mercantile Bank Limited Treasury Division Head Office, Dhaka

# Mercantile Bank Unit Fund
## REPURCHASE/SURRENDER FORM
(Please Read Instructions Overleaf; Fill up the Form in Block Letters)

| For Office Use only |
|---|
| Surrender No:..................... |

Date:____________________

To
Chief Executive Officer
MBL Asset Management Limited
61, Dilkusha C/A, Dhaka-1000.

I/We______________________________________________________________________________

having the registration no. _______________ is/are the holder(s) of ____________________ units of **Mercantile Bank Unit Fund**. I/We would like to surrender ____________________ units at the repurchase price of Tk.__________ per unit as declared by you on ________________. My/Our surrender request is summarized below:

| SL No. | Unit Allocation Confirmation No. | Unit Held Under This Allocation No. | To be Surrendered | | |
|---|---|---|---|---|---|
| | | | No. of Units | Repurchase Price Tk/Unit | Total Surrender Value Tk |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| **Total** | | | | | |

I/We attach herewith the above mentioned unit allocation confirmation(s). Please issue an account payee cheque in favor of me/us for total surrender amount and issue a unit allocation confirmation for balance units, if any, at your earliest convenience.

Thank you.

**Witnesses** | **Signature of Unit Holder(s)**

1. Signature
   Name: | 1.
   Father's/Husband's Name:
   Address:

2. Signature
   Name: | 2.
   Father's /Husband's Name:
   Address:

VERIFICATION (OFFICIAL USE ONLY)

Checked and verified by ________________________________________ on ______________________________

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## TERMS AND CONDITIONS

1. The units of **Mercantile Bank Unit Fund**, hereinafter referred to as the Fund, may be bought /surrendered through **MBL Asset Management Limited (MBL AML)** and authorized selling agents appointed by **MBL AML** from time to time. Surrender of units is allowed only through **MBL AML** or the selling agent from which the units were originally purchased.

2. Units may be surrendered on all working days except last working day of the week and during the book closure period of the Fund.

3. Minimum surrender quantity is 2,000 (Two Thousand) units for individual and 5,000 (Five Thousand) units for institutions.

4. Partial surrender (fraction of total units held under a unit allocation confirmation) is allowed without any additional cost subject to minimum surrender quantity of 2,000 (Two Thousand) units for individuals and 5,000 (Five Thousand) units for institutions. Upon partial surrender, the unit holder will be issued with a new unit allocation confirmation representing the balance of his/her unit holding.

5. Unit holder is required to attach all the unit allocation confirmation he/she/the institution wants to surrender along with Surrender Form.

6. After verification of authenticity of certificate(s), account payee cheque for surrender amount will be issued in favour of unit holder within maximum of seven working days. In case of joint holding, account payee cheque will be issued in favour of principal holder.

## FOR OFFICIAL USE ONLY

Date of issuance of cheque____________________

Cheque no.________________ amount of Tk. ____________________ (Taka ____________________________________________)

in favour of ______________________________________________________________________________

For balance unit, if any,

Date of issuance of Unit Allocation Confirmation: ______________________________ Sale no.______________________

No. Units__________________________ Unit Allocation Confirmation no.________________________________

Sign and Seal of Issuing Office

Received cheque and/or Unit Allocation Confirmation(s) mentioned above.

Signature______________________________

Name ______________________________

Date______________________________

______________________________

Signature of the Unit holder(s)

# Mercantile Bank Unit Fund

## TRANSFER FORM

(Please Read Instructions Overleaf; Fill up the Form in Block Letters)

Date:____________________

To
Chief Executive Officer
MBL Asset Management Limited
61, Dilkusha C/A, Dhaka-1000.

| For Office Use only |
|---|
| Transfer No:…………………. |
| Registration No:………………… |

I/We______________________________________________________________________________

having the registration no.________________, hereinafter referred as Transferor, is/are the holder(s) of ___________________ units of **Mercantile Bank Unit Fund**. I/We would like to transfer unit allocation confirmation no.___________________________ having ________________________ units to the following person, hereinafter referred as Transferee:

Name:____________________________________________________

Father's/Husband's Name:__________________________________

Mother's Name:___________________________________________

BO A/C:_________________________________________________

Date of Birth:______________________ Occupation:______________________

Relationship with Transferor:_____________________________

Nationality:______________________ National ID no. (if any):______________________

Address:________________________________________________

Telephone No.:______________________ Fax No.:______________________

E-mail: ______________________ Bank: ______________________

Branch:______________________ A/C No.:______________________

Bank Routing No.: ______________________ eTIN No.: ______________________

Registration No. (for existing unit holder only) ______________________________

Means of transfer: Inheritance ☐ Gift ☐ Operation of law ☐

**Witnesses**

1. Signature
   Name:
   Father's/Husband's Name:
   Address:

2. Signature
   Name:
   Father's /Husband's Name:
   Address:

**Signature of Unit Holder(s)**

1.

2.

VERIFICATION (OFFICIAL USE ONLY)

Checked and verified by ______________________________________ on____________________________

14.03.22

ICB Capital Management Limited
Trustee & Custodian Department

MBL ASSET MANAGEMENT LTD
ESTD-2018

MERCANTILE BANK LIMITED
Treasury Division
Head Office, Dhaka

## TERMS AND CONDITIONS

1. The units may be transferred by way of inheritance/gift and/or by specific operation of the law. In case of transfer the Fund will charge a nominal fee as decided **MBL AML** from time to time except in the case of transfer by way of inheritance.

2. Transfer of units is allowed only through **MBL AML** or the selling agent from which the units were originally purchased.

3. The units will be transferred on all working days except the last working day of the week and during the book closure period of the Fund.

4. The total number of units held by a single unit allocation confirmation is required to be transferred at a time.

5. Partial transfer (fraction of total units held under a single unit allocation confirmation) is not allowed. However, the unit holders may split unit allocation confirmation to his/her desired denomination, but not less than 2,000 (Two Thousand) units per unit allocation confirmation, for the purpose of transfer.

6. The unit allocation confirmation (s) the unit holder(s) intends to transfer is/are required to be attached with the Transfer Form.

7. After verification of authenticity of unit allocation confirmation (s) as well as the information provided in transfer form issuing office, **MBL AML** or any of its authorized selling agent will deliver the unit certificate to the Transferee within a period of maximum seven working days.

8. The conditions applicable for original unit allocation confirmation will apply even after transfer of units in the name of Transferee.

### FOR OFFICIAL USE ONLY

Date of Transfer:_______________ Transfer no.:_______________

Unit Allocation Confirmation no.:_______________ No. of Units:_______________

Sign and Seal of Issuing Office

I/We, the said transferee, have received the above mentioned unit allocation confirmation and do hereby agree to accept and take the said unit allocation confirmation on the same terms and conditions on which they were held by the said transferor.

Signature_______________

Name _______________

Date_______________

Signature of Transferee(s)

14.03.22

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