

# PROSPECTUS (Abridged Version)

## PENINSULA AMCL BDBL UNIT FUND ONE

DK Tower (Level-5), 94 Sonargaon Road, Dhaka 1000,

Phone: +8802-9615907, Fax: +8802 9632186, E-mail: info@peninsula-amcl.com. Web: www.peninsula-amcl.com

Size of Issue : Initial Size TK 10,00,00,000/- (Taka Ten Crore) of 1,00,00,000 (One Crore) Units of TK.10 (taka Ten) each  
Initial/Opening price: TK.10 (Taka Ten) per unit  
Subscription Opens: January 5, 2016

### Asset Manager



### Trustee and Custodian



Investment Corporation of Bangladesh

### Sponsor



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

### THE SPONSOR, AMC OR THE FUND IS NOT GUARANTING ANY RETURNS

The particulars of the Fund have been prepared in accordance with the Securities and Exchange Commission (SEC) Form N-14, as amended till date and filed with Bangladesh Securities and Exchange Commission.

FUND HIGHLIGHTS	
Name	Peninsula AMCL BDBL Unit Fund One
Type	Open End Fund
Life and Size of the Fund	Perpetual life and unlimited size
Sponsor	Bangladesh Development Bank Limited (BDBL)
Asset Manager	Peninsula Asset Management Company Limited (Peninsula AMCL)
Trustee	Investment Corporation of Bangladesh (ICB)
Custodian	Investment Corporation of Bangladesh (ICB)
Initial Size of the Fund	Tk. 10,00,00,000 (Taka Ten crore) divided into 1,00,00,000 (One crore) Units of Tk. 10 (Taka ten) each
Face Value	Tk.10 (Taka ten) per Unit
Objective	The objective of the Peninsula AMCL BDBL Unit Fund One is to achieve superior risk adjusted return to the unit holders in forms of Capital Appreciation, dividend, interest income by investing the proceeds of the fund in the capital market and money market and to provide attractive dividend payments to the unit holders.
Minimum Application Amount	Tk.5,000.00/- per application (500 Units) for individuals Tk.50,000.00/- per application (5,000 Units) for institutions
Transparency	NAV will be calculated on a weekly basis and shall be published on the website of the Fund manager (www.peninsula-amcl.com) and as prescribed in the Rule
Target Group	Individuals – both resident and non-resident, institutions – both local and foreign, mutual funds and collective investment schemes are eligible to subscribe the Units of the Fund.
Dividend	Minimum 70 (seventy) percent of realized income of the Fund will be distributed as dividend in Bangladesh. Take only 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 encash their Units to the Asset Manager and through selling agents appointed by the Asset Manager.
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.peninsula-amcl.com). Every Unit holders will also get quarterly statements of portfolio in the official website of the Asset Manager.
Tax	Dividend income of the Fund will be tax free up to a certain level as permitted by the Finance Act.

### RISK FACTORS

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

- General:** There is no assurance that the Fund will be able to meet its investment objective and investors could potentially incur losses, including loss of principal when investing in the Fund. Investment in the Fund is not guaranteed by any government agency, the 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 Market and Money Market. Past performance of the Sponsors and their affiliates and the AMC do not indicate the future performance of the Fund. Investors should study this Offer Document carefully before investing.
- External Risk Factor:** Performance of the Fund is substantially dependent on the macroeconomic situation and in the capital market as well as money market of Bangladesh. Political and social instability may have an adverse effect on the value of the Fund's assets. Adverse natural calamities may impact the performance of the Fund.
- Market Risk:** The Bangladesh capital market is highly volatile and mutual fund prices and prices of securities can fluctuate significantly. The Fund may lose its value or incur a sizable loss on its investments due to such market volatility. Stock market trends indicate that prices of majority of all the listed securities move in unpredictable direction which may affect the value of the Fund.
- Concentration Risk:** Due to a limited number of listed securities in both the 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.
- Dividend Risk:** Despite careful investment selection of companies in the Fund, if the companies fail to provide the expected dividend or fail to disburse the dividends declared in a timely manner, this will impact the income of the Fund and the overall return of the Fund.
- Underlying Liquidity Risk:** For investing in Pre-Public Offer Placement securities i.e. in unlisted equity securities by the Fund, may involve liquidity risk. In addition, market conditions 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 that are listed on the stock exchange carry lower liquidity risk, the ability to sell these investments is limited by the overall trading volume on the stock exchanges and may lead to the Fund incurring losses till the security is finally sold.
- Investment Strategy Risk:** Since the Fund will be an actively managed investment 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.
- Credit Risk:** Since the Fund will seek to also invest as per the Securities and Exchange Commission (SEC) Form N-14, 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 are 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.
- Interest Rate Risk:** The Net Asset Value (NAV) of the Fund, to the extent invested in Debt and Money Market securities, will be affected by changes in the general level of interest rates. The NAV of the Fund is expected to increase from a fall in interest rates while it would be adversely affected by an increase in the level of interest rates. In addition, zero coupon securities do not provide periodic interest payments to the holder of the security; these securities are more sensitive to changes in interest rates. Therefore, the interest rate risk of zero coupon securities is higher. The AMC may choose to invest in zero coupon securities that offer attractive yields. This may increase the risk of the portfolio.
- 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, management decision to take on financial leverage. Such risk can develop in an unpredictable fashion and can only be partially mitigated, if 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.
- Repurchase Pressure Risk:** In the event of a very large number of repurchase requests, the NAV of the fund may be affected and there may be delays in the delivery of the payment.
- Risk Associated with change of Government Policy:** Government policy and Tax laws may change, affecting the return on investments of the fund, which may eventually affect the NAV and return of the Units.

## CHAPTER 1: PRELIMINARY

### 1.1 Publication of Prospectus for Public Offering

Peninsula Asset Management Company Limited (Peninsula AMCL) has received Registration Certificate from the Bangladesh Securities & Exchange Commission under Bangladesh Securities & Exchange Commission Act, 1993 and Securities and Exchange Commission (SEC) Form N-14, as made under and also received consent for issuing prospectus for public offering. A complete copy of the prospectus of the public offering is available for public inspection at DK Tower (Level 5), 94 Sonargaon Road, Dhaka 1000, Bangladesh, Corporate office of Peninsula AMCL – the asset manager of the Peninsula AMCL BDBL Unit Fund One, hereinafter referred to as the Fund.

### 1.2 Consent of the Bangladesh Securities and Exchange Commission

APPROVAL OF THE BANGLADESH SECURITIES AND EXCHANGE COMMISSION HAS BEEN OBTAINED TO THE ISSUE/OFFER OF THE FUND UNDER THE SECURITIES AND EXCHANGE ORDINANCE, 1969 AND THE SECURITIES AND EXCHANGE COMMISSION (SEC) Form N-14, as made under and also received consent for issuing prospectus for public offering. A complete copy of the prospectus of the public offering is available for public inspection at DK Tower (Level 5), 94 Sonargaon Road, Dhaka 1000, Bangladesh, Corporate office of Peninsula AMCL – the asset manager of the Peninsula AMCL BDBL Unit Fund One, hereinafter referred to as the Fund.

### 1.3 Listing of Fund

The securities will be kept in dematerialized form in Central Depository Bangladesh Limited (CDBL) to facilitate the holding and transfer of the securities of the Fund. Unit certificates will always be available for sale and surrender/repurchase except on the last working day of every week and during book closure period of the Fund at the corporate office of Peninsula AMCL and the authorized selling agents. Peninsula AMCL shall disclose selling price and surrender value/repurchase price of unit at the beginning of business operation on the first working day of every week as per Rule 14.

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 exchanges make arrangement in future. In that case public communication will be made as per BSEC approval.

### 1.4 Availability of Documents for Inspection

- Copy of this prospectus will be available at the registered office of the Asset Manager and offices of the authorized selling agents of the Fund. This prospectus will also be available at the website of Bangladesh Securities and Exchange Commission (www.secd.com), Peninsula Asset Management Company Limited (www.peninsula-amcl.com) and Bangladesh Development Bank Limited (www.bdbl.com.bd);
- Copy of the trust deed will be available for public inspection during business hours at the office of the asset manager of the Fund. One will be able to purchase a copy of the trust deed by paying the price as determined by the Asset Manager.

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

- The Fund shall not account for any upward revaluation of its assets creating reserve without clearance from Bangladesh Securities and Exchange Commission;
- The Fund shall not be involved in option trading, short selling or carry forward transaction;
- A confirmation of Unit allocation shall be issued at the cost of the Fund at par value of Tk.10.00 (Taka ten) each within 90 (ninety) days from the date of sale of such Units;
- Money receipt/acknowledgement slip issued at the time of sale of Units will be treated as allotment letter, which shall not be redeemable/transferable;
- 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;
- 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;
- 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 end of the period;

- 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;
- Net Asset Value (NAV) of the Fund shall be calculated and disclosed publicly at least once a week.
- 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. Difference between sale and repurchase price shall primarily be Tk. 0.30, which may be changed in future, but not be over 5% of the sale price of the unit;
- BSEC may appoint auditors for special audit/investigation on the affairs of the Fund, if it so desires;
- The Fund shall maintain separate bank accounts 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;
- 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 prospectus be published in 2 national daily newspapers (Bengali and English);
- If abridged version of the prospectus is published in the newspaper, complete prospectus shall be made available to the applicants;
- If the Fund manager fails to collect the minimum 40% of the initial target amount under Rule 14 of the Securities and Exchange Commission (SEC) Form N-14, the Fund manager will refund the subscription money within 30 days without any deduction. In case of failure, the Fund manager will refund the same with an interest @ 18 percent per annum from its own account within the next month;
- On achievement of 40% of the initial target amount, the Fund is allowed to commence investment activities of the Fund with permission of the Trustee;
- The size of the Fund will be increased from time to time by the AMC subject to approval of the Trustee and with intimation to the Commission;
- Confirmation of Unit Allocation of the sponsor's contribution amounting to Tk. 2,00,00,000/- (Two crore) only shall be subject to a lock-in for a period of three years from the date of formation of the Fund and after that period entire holding may be transferred to any institution eligible institution who has the qualification to be a sponsor of a mutual fund with prior permission of BSEC.
- A Confirmation of Unit Allocation amounting Tk. 2,00,00,000/- (20% of the Fund) 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 Sponsor shall be made without prior approval of the Commission.

### Please ensure that the following are adhered to:

- As per provisions contained in the Securities and Exchange Commission (SEC) Form N-14, 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;
- 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 hours of publication thereof;
- The Asset Management Company shall submit 40 (forty) copies of printed prospectus to the Commission for official record;
- 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.
- The expiry date of the sponsor's locked-in portion shall be specifically mentioned on the body of the jumbo confirmation of Unit allocation;
- The AMC shall apply the spot buying rate (TT clean) of Sonali Bank prevalent on the date of opening of subscription for conversion of foreign currencies;
- The AMC shall submit to the Commission a diskette containing the vetted prospectus and its abridged version;
- 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.
- After due approval by the Trustee regarding issue and formation expenses, the AMC shall submit in details to the Commission regarding issue and formation expenses within 15 days of fund operation.

### 1.6 General Information

- This prospectus has been prepared by Peninsula Asset Management Company 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 omission of which would make any statement herein misleading.
- 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 Peninsula Asset Management Company Limited.
- 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

Peninsula AMCL will maintain BO Accounts with Investment Corporation of Bangladesh, custodian of Peninsula AMCL BDBL Unit Fund One for creation and redemption of units of Peninsula AMCL BDBL Unit Fund One. 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 Peninsula AMCL after the acceptance of demat setup by the Custodian.

In the 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

#### Declarations about the responsibility of the Sponsor

The Sponsor, whose name appears in the "Peninsula AMCL BDBL Unit Fund One" Prospectus, accepts full responsibility for the authenticity and accuracy of the information contained in this Prospectus and other documents regarding the 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 documents, the omission of which would 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 an informed decision for investment.

Sd/-  
(Dr. Md. Zillur Rahman)  
Managing Director  
Bangladesh Development Bank Limited

#### Declaration about the responsibility of the Custodian

We, as Custodian of the Peninsula AMCL BDBL Unit Fund One, 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 Rules.

Sd/-  
(Mohammed Shahjahan)  
Deputy General Manager  
Trustee Division  
Investment Corporation of Bangladesh

#### Declaration about the responsibility of the Trustee

We, as Trustee of the Peninsula AMCL BDBL Unit Fund One, 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 & 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 they have reason to believe that the conduct of business of the Fund is not in conformity with relevant Rules.

Sd/-  
(Mohammed Shahjahan)  
Deputy General Manager  
Trustee Division  
Investment Corporation of Bangladesh

#### Declaration about the responsibility of the Asset Manager

This Peninsula AMCL BDBL Unit Fund One Prospectus has been prepared by us based on the Trust Deed, the Investment Management Agreement, the Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2006, the Securities and Exchange Commission (SEC) Form N-14, as made under and also received consent for issuing prospectus for public offering. A complete copy of the prospectus of the public offering is available for public inspection at DK Tower (Level 5), 94 Sonargaon Road, Dhaka 1000, Bangladesh, Corporate office of Peninsula AMCL – the asset manager of the Peninsula AMCL BDBL Unit Fund One, hereinafter referred to as the Fund.

We, as the Asset Manager of the Fund, accept the responsibility and confirm that we shall:  
i. the prospectus is in conformity with the documents, materials and papers related to the public offer;  
ii. all the legal requirements of the offer have been duly fulfilled; and  
iii. the disclosures made are true, fair and adequate for investment decision.

Investors should be aware that the value of investments in the Fund could be volatile and as 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 amount 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 of the Prospectus and to take proper cognizance of the risks associated with any investment in the Fund.

Sd/-  
(Firoz Kabir)  
Chief Executive Officer  
Peninsula Asset Management Company Limited

## CHAPTER 2: BACKGROUND

### 2.1 Preamble

The mutual fund industry has a long history tracing as far back as the early 1800's with its humble beginnings generally considered to be in Europe. Today, mutual funds are widely considered to offer investors attractive risk adjusted returns by pooling assets for various investment purposes. Despite of having huge potential, the open end unit fund in Bangladesh in particular, is at its early or nascent stages, offering room for greater growth and product innovation.

In Bangladesh unit fund was introduced by Investment Corporation of Bangladesh (ICB), a public sector investment bank, in 1981. Later ICB Asset Management Company, a subsidiary of ICB, has launched few unit funds but there has not been any initiative to launch an open end unit fund by private sector till 2013. Later few progressive AMCs launched some unit fund. Today nine open end unit funds are in operation in Bangladesh.

Considering the vital role that open-end mutual funds can play in improving the capital market efficiency, Bangladesh Development Bank Limited has come forward and sponsored an open end mutual fund. Bangladesh Development Bank Limited feels Bangladesh capital market is entering into a new growth phase and sponsorship of Peninsula AMCL BDBL Unit Fund One will offer them a responsible and profitable way of participating in this growth.

Bangladesh Development Bank Limited has chosen two trusted partners: Peninsula Asset Management Company Limited (Peninsula AMCL) as the Asset Manager, and Investment Corporation of Bangladesh (ICB) as the Trustee and the Custodian of the Fund.

### 2.2 Necessity of Unit Fund in the Context of the Current State of Affairs of the Capital Market of Bangladesh

Capital market of Bangladesh presents opportunities and challenges of a frontier market like other markets. Expansive monetary policy, relaxed regulatory framework, over valuation of primary market and behavioral aspect originated a four year bull-run which commenced in 2007 before burst in December 2010. Index reached to all time high of 8,918 on December 05, 2010 with highest daily turnover reaching over BDT 3.0 bln.

After the bubble burst, while bearish mood continued till now from the inception of 2011, market is gradually finding a baseline around 4,000 index after long four years. We can decompose this bearish trend into three phases; in the first phase, the overvalued market went through correction during 2011 and 2012 and in second phase, uncertain political climate is denting the investment confidence and subsequent bearish mood in 2013 and 2014 and after the anniversary of the last national election, recently we are optimistic to term the present condition a little bit stable one.

Bangladesh's economy has consistently been rising over last three decades and now stable with average GDP growth rate around 6.0% for almost ten (10) years. Consistent growth in GDP indicates underlying strength of our economy and beckons further growth potential in days ahead. And capital market is an integral part of this economic growth. At present, mutual funds, 41 close end funds (only 1.77% of market capitalization and 2.68% of turnover) and 9 open end unit funds, represent a very small percentage of the total market capitalization; thus allowing greater scope for market growth in the mutual fund sector.

Being at a nascent stage of development, Bangladesh's capital market is going through volatility that is prevalent in any frontier market. The capital market of Bangladesh has thousands of individual small investors who do not have access to the proper investment decision-making tools such as equity research, market information etc. That is why rumors and personal whim have become the investment tools for these individuals speculating about the stock prices. As a result the country's capital market does not behave rationally.

As riding on volatility requires professional skill to generate abnormal return at higher risk, fundamentals of the economy is also exhibiting strength, which is translated in sound return based on buy & hold strategy in specific scrips. A paradigm shift is expected to take place with institutions and professional money managers representing a more sizable and reasonable proportion of the market compared retail and short term investors. This shift will help to reduce unnecessary market volatility, lead to more rational price discovery and limit the influence of rumor-based trading in the market on a day-to-day basis. This growth and maturity in the market will play a pivotal role to attract fund from both local and foreign sources.

### 2.3 Advantages of Investing in Peninsula AMCL BDBL Unit Fund One

The investors of Peninsula AMCL BDBL Unit Fund One will have some great advantages because mutual fund when compared to direct investment in securities of the capital market enjoys the following:

- The Bangladesh Securities and Exchange Commission has strict policies in place which regulates the mutual fund industry in Bangladesh. The extensive disclosures of operation and management of mutual funds to the regulator as well as to general public assures the transparency and security for investors.
- Peninsula Asset Management Company Limited will ensure the Securities and Exchange Commission (SEC) Form N-14 will be followed dutifully under all circumstances.
- This Fund will help lower the investment risk of small investors because of the diversified fund portfolio. The diversified portfolio of the Fund will also help the small investors gain broad exposure to whole stock market which would have been difficult at individual level.
- Stock selection and market timing by the Asset Manager may generate higher return.
- Unit Funds offer automatic reinvestment (i.e. Cumulative Investment Plan) efficiently. Investors who like to receive current dividend income can enjoy receiving yearly dividends. Alternatively, investors who want to see their Unit Funds grow can easily and automatically have capital gains and dividends reinvested. Over time, reinvesting dividends can add substantially to the value of a fund as the result of compounding.
- Under current rules of Initial Public Offerings (IPOs) in Bangladesh, the mutual funds are entitled to participate in a 10 (ten) per cent reserved quota during the lottery. It may be noted that IPOs have historically outperformed the general index.
- Dividend income from this Fund will be tax free up to a certain level as permitted by the Finance Act.
- This Unit Fund will add liquidity to the market by pooling small investors' savings.

## CHAPTER 3: THE FUND

### 3.1 Formation of the Fund

The Trust Deed of the Fund was registered on July 30, 2015 under the Trust Act, 1882 and Registration Act, 1908.

The Fund was registered by the BSEC on September 14, 2015 under the Securities and Exchange Commission (SEC) Form N-14, as made under and also received consent for issuing prospectus for public offering.

### 3.2 Life of the Fund

The Fund will be an open-end mutual fund with a perpetual life established to broaden the base of investment and develop the capital market. Institutional, local and foreign, and individual investors, resident and non-resident, are eligible to invest in this Fund. The initial target size of the Fund will be Tk. 10,00,00,000 (Taka ten crore) only divided into 1,00,00,000 (one crore) units of Tk.10 (Taka ten) each. Size of the Fund will be increased from time to time by the Asset Manager subject to approval of the Trustee and with due intimation to the BSEC.

### 3.3 Face Value and Denomination

Face value of each Unit will be Tk.10 (Taka Ten) only. Initially, unit holders of the Fund shall be issued with a Confirmation of Unit Allocation letter by the Asset Manager at the cost of the Fund in any denomination but not less than 500 (five hundred) units for individuals and 5,000 (five thousand) units for institutions.

### 3.4 Investment Objective

The objective of the Peninsula AMCL BDBL Unit Fund One is to achieve superior risk adjusted return to the unit holders in forms of Capital Appreciation, dividend, interest income by investing the proceeds of the fund in the capital market and money market and to provide attractive dividend payments to the unit holders.

### 3.5 Some important policies regarding investment and operation of the Fund

- The Fund shall invest subject to the Securities and Exchange Commission and only in those securities, deposits and investments approved by the Bangladesh Securities and Exchange Commission and/or the Bangladesh Bank and/or the Insurance Development and Regulatory Authority (IDRA) of Bangladesh or any other competent authority in this regard.
  - Not less than 60 (sixty) per cent of the total assets of the Scheme of the Fund shall be invested in capital market instruments out of which at least 50 (fifty) per cent shall be invested in listed securities.
  - Not more than 25 (twenty five) per cent of the total assets of the Scheme of the Fund shall be invested in Fixed Income Securities (FIS).
  - Not more than 15 (fifteen) per cent of the total asset of the Scheme of the Fund shall be invested in pre-IPOs at any time.
  - 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.
  - The Fund shall get the securities purchased or transferred in the name of the Fund.
  - 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.
- ### 3.6 Investment restrictions
- The Fund shall not invest more than 10 (ten) per cent of its total assets in any one particular company.
  - The Fund shall not invest in more than 15 (fifteen) percent of any company's paid up capital.
  - The Fund shall not invest more than 20 (twenty) percent of its total assets in shares, debentures or other securities of a single company or group.
  - The Fund shall not invest more than 25 (twenty five) percent of its total assets in shares, debentures or other securities in any one industry.
  - The Fund shall not invest in, or lend to, any scheme under the same Asset Management Company.
  - 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.
  - The Fund or the Asset Management Company on behalf of the Fund shall not give or guarantee term loans for any purpose or take up any activity in contravention of the Securities and Exchange Commission.
  - 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 in no case put itself in a position whereby it has to make short sale or carry forward transaction.
  - The Fund shall not involve in option trading or short selling or carry forward transaction.
  - The Fund shall not buy its own unit.

### 3.7 Valuation policy

- For listed securities, the average quoted closing 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.
- 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.
- The fund shall fix the valuation method for the Scheme subject to the prior approval of the Commission.
- 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.
- 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 Mutual Fund but shall not be more than the intrinsic value of the securities.
- The valuation of non-listed securities will be made by the Asset Management Company with their reasonable value and approved by the Trustee and commented upon by the Auditors in the annual report of the Scheme.
- Once non-listed securities are valued, the valued amount will be considered for purpose of valuing the Fund's assets in any interval of time until the securities are further revalued by the Asset Management Company.
- Asset Management Company and Trustee will value the non-listed securities at least once in every three months.
- In case of deferred expenses, accrued expenses for the period will be taken into account for determining total liabilities.
- Net Asset Value (NAV) calculation  
The Fund will use the following formula to derive NAV per unit:  
Total NAV = VA - LT  
NAV per unit = Total NAV / No. 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.

