



# VANGUARD AML RUPALI BANK BALANCED FUND



“পুঁজিবাজারে বিনিয়োগ ঝুঁকিপূর্ণ। জেনে ও বুঝে বিনিয়োগ করুন।”

“ Investment in capital market involves certain degree of risks. The investors are required to read the prospectus and risk factors carefully, assess their own financial conditions and risk taking ability before marking their investment decisions.”

## PROSPECTUS

For

### Vanguard AML Rupali Bank Balanced Fund

**SIZE OF THE FUND:** Tk. 200,00,00,000 divided into 20,00,00,000 units at par value of Tk. 10 each

**SPONSOR'S CONTRIBUTION:** 4,00,00,000 units of Tk. 10 each at par for Tk. 40,00,00,000

**PRE-IPO PLACEMENT:** 6,50,00,000 units of Tk. 10 each at par for Tk. 65,00,00,000

**PUBLIC OFFER:** 9,50,00,000 units of Tk. 10 each at par for Tk. 95,00,00,000

**RESERVED FOR MUTUAL FUNDS:** 95,00,000 units of Tk. 10 each at par for Tk. 9,50,00,000

**OTHER ELIGIBLE INVESTORS:** 3,80,00,000 units of Tk. 10 each at par for Tk. 38,00,00,000

**NON RESIDENT BANGLADESHI:** 95,00,000 units of Tk. 10 each at par for Tk. 9,50,00,000

**GENERAL PUBLIC:** 3,80,00,000 units of Tk. 10 each at par for Tk. 38,00,00,000

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 VANGUARD AML RUPALI BANK BALANCED FUND (HEREINAFTER THE FUND) BEARS CERTAIN RISKS THAT INVESTORS SHOULD CAREFULLY CONSIDER BEFORE INVESTING IN THE FUND. INVESTMENT IN THE CAPITAL MARKET AND IN THE FUND BEARS CERTAIN RISKS THAT ARE NORMALLY ASSOCIATED WITH MAKING INVESTMENTS IN SECURITIES INCLUDING LOSS OF PRINCIPAL AMOUNT INVESTED. THERE CAN BE NO ASSURANCE THAT THE FUND WILL ACHIEVE ITS INVESTMENT OBJECTIVES. THE FUND VALUE CAN BE VOLATILE AND NO ASSURANCE CAN BE GIVEN THAT INVESTORS WILL RECEIVE THE AMOUNT ORIGINALLY INVESTED. WHEN INVESTING IN THE FUND, INVESTORS SHOULD CAREFULLY CONSIDER THE RISK FACTORS OUTLINED IN THE DOCUMENT.

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

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

The Issue/Fund shall be placed in "A" category. The Fund shall apply for listing with both the Stock Exchanges.

<b>SPONSOR:</b> Rupali Bank Limited	<b>TRUSTEE &amp; CUSTODIAN:</b> Investment Corporation of Bangladesh (ICB)
<b>ASSET MANAGEMENT COMPANY (AMC):</b> Vanguard Asset Management Limited (VAML)	

#### Subscription

Subscription opens Date : **September 18, 2016**

Subscription closes Date (Cut-Off) : **October 02, 2016**

**Date of Publication of ABRIDGED VERSION OF Prospectus: August 22, 2016**

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## VANGUARD AML RUPALI BANK BALANCED FUND



### FUND DIRECTORY

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<b>Sponsor</b>	Rupali Bank Limited 34, Dilkusha C/A Dhaka-1000	<b>Asset Management Company</b>	Vanguard Asset Management Limited House # 20 (4th Floor) Road # 99, Gulshan-2 Dhaka 1212
<b>Trustee</b>	Investment Corporation of Bangladesh (ICB) 8, Rajuk Avenue (Lever 13-16) Dhaka-1000	<b>Custodian</b>	Investment Corporation of Bangladesh (ICB) 8, Rajuk Avenue (Lever 13-14) Dhaka-1000
<b>Auditor</b>	Hoda Vasi Chowdhury & Co. Chartered Accountants BTMC Bhaban (8th Level) 7-9 Karwan Bazar, Dhaka-1215	<b>IPO Collection</b>	All eligible Stock Brokers and Merchant Bankers shall receive the IPO subscription
<b>Investors Service</b>	Vanguard Asset Management Limited House # 20 (4th Floor) Road # 99, Gulshan-2 Dhaka 1212		

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## ABBREVIATIONS AND DEFINITIONS

<b>Term</b>	<b>:</b>	<b>Definition</b>
বিধিমালা / Rules	:	সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১
Act	:	Bangladesh Securities and Exchange Commission Act 1993 and its amendment made from time to time
Allotment	:	Letter of Allotment for Units
AMC	:	The Asset Management Company (AMC) refers to “Vanguard Asset Management Ltd.” registered with the Registrar of Joint Stock Companies and Firms and licensed by the Bangladesh Securities and Exchange Commission
BAS	:	Bangladesh Accounting Standards
BSA	:	Bangladesh Standards on Auditing
BO A/C	:	Beneficiary Owner’s Account or Depository Account
BSEC	:	Bangladesh Securities and Exchange Commission
CDBL	:	Central Depository Bangladesh Limited
Certificate	:	Unit Certificate of the Fund
Commission	:	Bangladesh Securities and Exchange Commission
Cheque(MICR code)	:	All payment instruments (Cheque/Pay Order/Other Cash Instrument) should be Magnetic Ink Character Recognition (MICR) coded as per the Bangladesh Bank Rules
Companies Act	:	Companies Act 1994 (Act number 18)
CSE	:	Chittagong Stock Exchange Ltd.
DSE	:	Dhaka Stock Exchange Ltd.
EI	:	Eligible Investor or EI means the institution who has business operation/ investment in Bangladesh as per Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015
EPS	:	Earnings Per Share
FC Account	:	Foreign Currency Account
IPO	:	Initial Public Offer
Issue	:	Public Issue
ISA	:	International Standards on Auditing
NAV	:	Net Asset Value of the Fund
NBFI	:	Non-Banking Financial Institutions
Net Assets	:	The excess of Assets over liabilities of the Fund, computed in the manner specified hereunder
NRB	:	Non-Resident Bangladeshis means Bangladeshi citizens staying abroad including all 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
RJSC	:	Registrar of Joint Stock Companies and Firms
Re-Investment	:	Means distribution of profit by way of issuing new units at a valuation of the last published NAV per unit or amended by BSEC from time to time
Securities	:	Units of the Fund
Sponsor	:	Sponsor of the Fund i.e., Rupali Bank Ltd. incorporated under the relevant Acts of Bangladesh
Subscription	:	Application Money
Trustee	:	The Trustee refers to “Investment Corporation of Bangladesh” listed in both DSE & CSE and as Trustee licensed by the Bangladesh Securities and Exchange Commission
Unit	:	One undivided share of the Fund



# VANGUARD AML RUPALI BANK BALANCED FUND



## FUND HIGHLIGHTS

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<b>1. Name</b>	: Vanguard AML Rupali Bank Balanced Fund
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<b>2. Size of the Fund</b>	: Tk. 200,00,00,000.00 divided into 20,00,00,000 units at par value of Tk. 10.00 each.
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<b>3. Face Value &amp; Market Lot</b>	: Tk. 10.00 per unit, 500 units per lot.
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<b>4. Nature</b>	: Closed-end mutual fund for 10 (ten) years tenure. The Fund may be redeemed on its pre-determined maturity at the end of the tenth year but the Fund can be converted into the Open End Scheme by taking the acceptance proposal of conversion as per BSEC rule and subject to approval of the Commission.
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<b>5. Objective</b>	: The objective of the Fund is to provide attractive risk adjusted returns to the unit holders by investing the proceeds in the Capital Market and Money Market.
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<b>6. Target Group</b>	: Individuals, Institutions, Non-Resident Bangladeshis (NRB), Mutual Funds, Affected small investors and Collective Investment Schemes are eligible to apply for investment in the Fund.
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<b>7. Dividend</b>	<p>: Before declaration of any dividend, the Asset Management Company with the consent of the trustee shall make provisions for revaluation of investments to cover losses if market value of investments goes below from their acquisition cost. The method of calculation of provisions must be incorporated in the notes of the Accounts of the fund.</p> <p>Dividend shall be paid in Bangladeshi Taka or Re-Investment or combination of both with the consent of Trustee at the end of each accounting year. Minimum 70% income of the Fund will be distributed as dividends. The Fund may create a dividend equalization reserve fund to ensure consistency in dividend.</p>
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<b>8. Time of Distribution</b>	: The dividend will be distributed within 45 days from the date of declaration.
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<b>9. Transferability</b>	: Units are transferable. The transfer will be made by the CDBL under electronic settlement process.
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<b>10. Encashment</b>	: The Fund will be listed with DSE and CSE. So investment in this Fund will be easily encashable.
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<b>11. Tax Benefit</b>	<p><b>a)</b> Income from a mutual fund or a unit fund up to tk. 25,000.00 (Twenty Five Thousand) is exempted from tax under Income Tax Ordinance 1984.</p> <p><b>b)</b> Any sum invested by an assessee, being an individual, in the acquisition, of any mutual fund listed with any stock exchange under section 44(2) of the Income Tax Ordinance 1984 qualify for tax exemption.</p> <p><b>c)</b> Gain Tax is fully exempted for the investment in Mutual Fund according to এস, আর, ও নং ১৯৬-আইন/আয়কর/২০১৫.</p>
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<b>12. Report &amp; Accounts</b>	: Yearly, Half Yearly and Quarterly statement of the Accounts and other reports will be available at the website ( <a href="http://www.vanguardaml.com">www.vanguardaml.com</a> ) of the Asset Management Company Limited.
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## RISK FACTORS

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

- 1. General:** There is no assurance that the Fund will be able to meet its investment objective and investors could potentially incur losses, including loss of principal when investing in the Fund. Investment in the Fund is not guaranteed by any government agency, the 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:** 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:** 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. Furthermore, there is no guarantee that the market prices of the units of the Fund will fully reflect their underlying Net Asset Values.
- 4. Concentration Risk:** Due to a limited number of listed securities in both the DSE and CSE, it may be difficult to invest 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.
- 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 the dividends declared in a timely manner, this will impact the income of the Fund and the overall return of the Fund.
- 6. 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 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 that are listed on the stock exchange carry lower liquidity risk, the ability to sell these investments is limited by the overall trading volume on the stock exchanges and may lead to the Fund incurring losses till the security is finally sold.
- 7. Investment Strategy Risk:** Since the Fund will be an actively managed investment portfolio, the Fund is subject to 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.



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8. **Credit Risk:** Since the Fund will seek to also invest as per the Mutual Fund Regulations (2001) in both capital and money market securities, the credit risk of the money market issuers is also associated with the Fund. Investment in money market 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.
9. **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.
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.

**THE MUTUAL FUND IS NOT GUARANTEEING OR ASSURING ANY RETURNS.**





# VANGUARD AML RUPALI BANK BALANCED FUND



## 1. PRELIMINARY

### 1.1 PUBLICATION OF PROSPECTUS FOR PUBLIC OFFERING

Vanguard Asset Management Limited has received registration certificate from the Bangladesh Securities and Exchange Commission (BSEC) under the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন আইন ১৯৯৩ and the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১ made there under on April 28, 2013 and also received approval for issuing prospectus of the public offering on **August 17, 2016** and available for public inspection at the registered office of the Fund.

### 1.2 APPROVAL OF THE BANGLADESH SECURITIES AND EXCHANGE COMMISSION (BSEC)

“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 ITS AMENDMENT MADE FROM TIME TO TIME AND THE সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল 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 OF PRICE OF ITS UNITS OR 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

Declaration about Listing of Fund with the Stock Exchange(s):

“None of the Stock Exchange(s), if for any valid reason, grants listing within 30 (thirty) working days from the date of closure of subscription list, any allotment in terms of this Prospectus shall be void and the Asset Management Company shall refund the subscription money within 15 (fifteen) days from the date of refusal for listing by the stock exchange(s), or from the date of expiry of the said 30 (thirty) working days, as the case may be.

In case of non-refund of the subscription money within the aforesaid 15 (fifteen) days, the Asset Management Company, in addition to the Sponsor and Trustee, shall be collectively and severally liable for refund of the subscription money, with profit at the rate of 2% (two percent) per month above the bank rate, to the subscribers concerned.

The Asset Management Company, in addition to the Sponsor and Trustee shall ensure due compliance of the abovementioned conditions and shall submit compliance report thereon to the Commission within 7 (seven) days of expiry of the aforesaid 15 (fifteen) days time period allowed for refund of the subscription money.”

### 1.4 DOCUMENTS AVAILABLE FOR INSPECTION

1. Copy of this Prospectus will be available with the Members of the Stock Exchanges, website and at the registered office of Vanguard Asset Management Limited ([www.vanguardaml.com](http://www.vanguardaml.com)) and also at the website of Bangladesh Securities and Exchange Commission ([www.secbd.org](http://www.secbd.org)).

2. Copy of the Trust Deed and Investment Management Agreement will be available for public inspection during business hours at the head office of the Asset Management Company of the Fund.

## 1.5 CONDITIONS OF THE PUBLIC OFFER (PO)

### PART- A

1. The Fund shall go for Public Offer (PO) for 9,50,00,000 (nine crore fifty lac) units of Taka 10 (taka ten) each at par worth Taka 95,00,00,000 (taka ninety five crore) following the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১, the Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015, the ডিপজিটরি আইন, ১৯৯৯ and regulations issued there under.
2. **The prospectus/abridged version of the prospectus, as vetted by the BSEC, shall be published by the AMC in 2 (Two) widely circulated national daily newspapers (Bangla & English), within 5 (Five) working days of issuance of the consent letter. The AMC shall post the full prospectus, vetted by the Bangladesh Securities and Exchange Commission, in the AMC's website and shall also put on the websites of the Commission, stock exchanges, and the AMC, within 5 (Five) working days from the date of issuance of this letter and shall remain posted till the closure of the subscription list.**
3. Sufficient copies of the Prospectus shall be made available by the Asset Management Company so that any person requesting a copy may receive one. A notice shall be placed on the front of the application form distributed in connection with the offering, informing that interested persons are entitled to a Prospectus, if they so desire, and that copies of Prospectus may be obtained from the Asset Management Company. The subscription application shall indicate in bold type that no sale of securities shall be made, nor shall any money be taken from any person, in connection with such sale until **25 (twenty five) days** after the Prospectus has been published.
4. The AMC shall submit **40 (Forty)** copies of the printed prospectus along with a Diskette/Compact Disk (CD) prepared in "MS WORD" containing the prospectus and its abridged version, as vetted by BSEC, to the Bangladesh Securities and Exchange Commission for official record within **5 (Five) working days** from the date of publication of the abridged version of the prospectus in the newspaper.
5. The AMC shall ensure transmission of the prospectus and abridged version of the prospectus for NRBs through email, simultaneously with publication of the abridged version of the prospectus, to the Bangladesh Embassies and Missions abroad and shall also ensure sending of the printed copies of abridged version of the prospectus to the said Embassies and Missions within **5 (Five) working days** of the publication date by Express Mail Service (EMS) of the postal department. A compliance report shall be submitted in this respect to the BSEC by the AMC within **2 (Two) working days** from the date of said dispatch of the prospectus.
6. The paper clipping of the published Prospectus/abridged version of the Prospectus, all other published documents/notices regarding the Scheme shall be submitted to the Commission within **24 (twenty four) hours** of publication thereof.
7. The Asset Management Company shall maintain a separate bank account(s) for collecting proceeds of the Public Offering and shall also open Foreign Currency (FC) account(s) to deposit the application money of the Non-Resident Bangladeshis (NRBs) for Public Offer purpose, and shall incorporate full particulars of said FC account(s) in the Prospectus. The AMC shall open the above-mentioned accounts for Public Offer purpose and close these accounts after refund of over-subscription money. **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 concerned Bangladesh Embassy/High Commission to the effect that no visa is required for traveling to Bangladesh.**
8. The asset Management Company shall ensure prompt collection /clearance of the foreign remittances of NRBs for allotment of units without any difficulty/complain.
9. The AMC shall apply to all the stock exchanges in Bangladesh for listing **within 7 (Seven) working days** from the date of issuance of this letter and shall simultaneously submit the vetted prospectus with all exhibits, as submitted to BSEC, to the stock exchanges and shall also submit copy of the listing application to BSEC.

10. The following declaration shall be made by the AMC in the prospectus, name:-  
**“Declaration about Listing of Shares with the stock exchange(s):**  
None of the Stock Exchange(s), if for any reason, grants listing **within 30 (thirty) working days** from the closure of subscription, any allotment in terms of this Prospectus shall be void and the Asset Management Company shall refund the subscription money within **15 (fifteen) days** from the date of refusal for listing by the stock exchanges, or from the date of expiry of the said **30 (Thirty) working days**, as the case may be.  
In case of non-refund of the subscription money within the aforesaid **15 (fifteen) days**, the Asset Management Company shall be liable for refund of the subscription money, with interest at the rate of **2% (two percent) per month** above the bank rate, to the subscribers concerned.  
The Asset Management Company, in addition to the Sponsor and Trustee, shall ensure due compliance of the above mentioned conditions and shall submit compliance report thereon to the Commission **within 7 (seven) days** of expiry of the aforesaid **15 (fifteen) days** time period allowed for the refund of the subscription money”.
11. The subscription list shall be opened and the sale of securities commenced after **25 (Twenty Five) days** of the publication of the abridged version of the prospectus.
12. The IPO shall stand cancelled and the AMC shall inform the stock exchanges **within 2 (two) working days** of receiving verification report and information from CDBL to release the application money if/in case **at least 50% of the targeted amount under বিধি ৪৮ of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১ is not subscribed.**
13. The AMC should ensure compliance of বিধি ৪৬ of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১.  
**a) Under Eligible Investors (EIs): 10% of total public offering shall be reserved for Mutual Funds and 40% of total public offering shall be reserved for the Eligible Investors;**  
**b) 10% of total public offering shall be reserved for Non-Resident Bangladeshis (NRBs), and the 40% shall be reserved for subscription by others General public.**
14. **a) 20% of the securities reserved for other general public shall be reserved for ক্ষতিগ্রস্ত ক্ষুদ্র বিনিয়োগকারী.**  
**b) In case of under-subscription under any of sub-categories of eligible investor’s category or general public category, the unsubscribed portion shall be added to other sub-category of the same category. And even after adding the unsubscribed portion of the sub-category with other sub-category under the same category, if the category is still remain under-subscribed, the unsubscribed portion shall be fulfilled by oversubscribed portion (if any) of other category.**  
**c) In case of over subscription in the general public category, the Asset Management Company shall conduct an open lottery. In case of over subscription in the eligible investor’s category, securities shall be allotted on pro-rata basis.**
15. All the applicants shall first be treated as applied for one minimum market lot of **500 shares worth Taka 5,000/-(Taka Five Thousand only)** If, on this basis, there is over subscription, then lottery shall be held amongst the applicants allocating one identification number for each application, irrespective of the application money. In case of over-subscription under any of the categories mentioned hereinabove, the AMC shall conduct an open lottery of all the applications received under each category separately in presence of representatives from the trustee, BSEC, the stock exchanges and the applicants, if there be any.
16. **An applicant cannot submit more than two applications, one in his/her own name and the other jointly with another person. In case an applicant submits more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, 15% (fifteen) of the application money will be forfeited by the Commission and the balance amount will be refunded to the applicant.**
17. **The applicants who have applied for more than two applications using same bank account, their application will not be considered for lottery and the Commission will forfeit 15% of their subscription money too.**
18. **Making of any false statement in the application or supplying of incorrect information therein or suppressing any relevant information in the application shall make the application liable to rejection and subject to forfeiture of 25% of the application money and/or forfeiture of share (unit) before or after issuance of the same by the AMC. The said forfeited application money or share (unit) will be deposited in account of the Bangladesh Securities and Exchange Commission (BSEC). This is in addition to any other penalties as may be provided for by the law.**

**19. Public Offer distribution system:**

- a) Out of public offering **Tk. 9,50,00,000 (Nine Crore Fifty Lac)** only shall be reserved for Mutual Funds, **Tk. 38,00,00,000 (Thirty Eight Crore)** only shall be reserved for the Eligible Investors (EIs), **Tk. 9,50,00,000 (Nine Crore Fifty Lac)** only for Non-Resident Bangladeshis (NRBs) and the remaining units of **Tk. 38,00,00,000 (Thirty Eight Crore)** only shall be reserved for subscription by other General Public including ক্ষতিগ্রস্থ ক্ষুদ্র বিনিয়োগকারী.
  - b) All securities/units stated in para (a) shall be offered for subscription and subsequent allotment by the Asset Management Company subject to any restriction which may be imposed from time to time by the Bangladesh Securities and Exchange Commission;
  - c) In case of **over-subscription in all of the 4 (four) sub-categories** mentioned in para (a), the Asset Management Company shall conduct an open lottery of all the applications received under each category **separately** in accordance with the BSEC's instructions;
  - d) **20% of the securities reserved for other general public shall be reserved for ক্ষতিগ্রস্থ ক্ষুদ্র বিনিয়োগকারী. In case of under-subscription under any of sub categories of Eligible Investors category or General Public category, the unsubscribed portion shall be added to other sub category of the same category. And even after adding the unsubscribed portion of the sub-category with other sub-category under the same category, if the category is still remain under-subscribed, the unsubscribed portion shall be fulfilled by oversubscribed portion (if any) of other category. In case of over subscription in the general public category, the Asset Management Company shall conduct an open lottery. In case of over subscription in the eligible investor's category, securities shall be allotted on pro-rata basis;**
  - e) The lottery as stated in para (c) and (d) shall be conducted in the presence of authorized representatives of the BSEC, Stock Exchange(s) concerned, Sponsor, Asset Management Company, Trustee and the applicants.
- 20.** The Asset Management Company shall furnish the list of Allotees to the commission and the Stock Exchange(s) simultaneously in which the units will be listed, **within 24 (twenty four) hours** of allotment.
- 21. Unit Certificates for 100% of the Sponsor's contribution amounting to Tk. 40,00,00,000 (Forty Crore) only shall be subject to a lock-in period of 1 (one) year from the date of listing in the Stock Exchange(s) and 1/10<sup>th</sup> of the Sponsor's contribution amounting to Tk. 4,00,00,000 (Four Crore) only shall be subject to a lock-in period of full time of the Fund.**
- 22.** All Pre-IPO placement will be in **6 (six) months** lock-in period from the date of listing of the Fund.
- 23.** If the Asset Management Company fails to collect the minimum 50% of the targeted amount under বিধি ৪৮ of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১, it will **refund** the subscription money within **30 (thirty) days** from the closure of subscription without any deduction. In case of failure, the Asset Management Company shall refund the same with an interest @ 18% per annum from its own account within the next month.
- 24.** The Asset Management Company shall apply for listing of the Scheme with stock exchange(s) **within 7 (seven) working days** from the date of approval for publication of the Prospectus.
- 25.** The Scheme shall maintain **escrow bank account** for the proceeds of public offering. The Fund collected through public offering shall not be utilized prior to the allotment and shall be effected through banking channel i.e., through account payee cheque, pay order, bank draft etc..
- 26.** The Scheme shall not be involved in **option trading, short selling** or **carry forward transactions**.
- 27.** The Annual Report or its abridged version of the Scheme shall be published within **45 (forty five) days** of the closure of each accounting year of the Fund.
- 28.** The Annual Report and details of investment and savings of the Scheme shall be submitted to the Commission, Trustee and Custodian of the Schemes of the fund **within 90 (ninety) days** from the closure of the accounts.

29. Half-yearly accounts/financial results of the Fund shall be submitted to the Commission & the Stock Exchange(s) and published in at least one widely circulated Bangla national daily newspaper within **30 (thirty) days** from end of the period.
30. 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.
31. Net asset Value (NAV) of the Fund shall be calculated and disclosed publicly as per the বিধি ৬০ of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১.
32. BSEC may appoint auditors for special audit/investigation on the affairs of the Scheme, if it so desires.

## **PART – B**

### **Application Process**

#### **Step-1 (Applicant)**

1. An applicant for public issue of securities shall submit application/buy instruction to the Stockbroker/ Merchant Banker where the applicant maintains customer account, within the cut-off date (i.e. The subscription closing date), which shall be the **25th (twenty fifth) working day** from the date of publication of abridged version of prospectus.
2. The application/buy instruction may be submitted in prescribed paper or electronic form, which shall contain the Customer ID, Name, BO Account Number, Number of Securities applied for, Total Amount and Category of the Applicant. At the same time:
  - a. Other than non-resident Bangladeshi (NRB) and Foreign applicants shall make the application money and service charge available in respective customer account maintained with the Stockbroker/Merchant Banker. No margin facility, advance or deferred payment is permissible for this purpose. In case the application is made through a margin account, the application money shall be deposited separately and the Stockbroker/Merchant Banker shall keep the amount segregated from the margin account, which shall be refundable to the applicant, if become unsuccessful.
  - b. Non-resident Bangladeshi (NRB) and Foreign applicants shall submit bank drafts (FDD), issued in favor of the mutual fund for an amount equivalent to the application money, with their application to concerned Stockbroker/Merchant Banker. A Non-resident Bangladeshi (NRB) and Foreign applicant may also submit a single draft against 02(two) applications made by him/her, i.e. one in his/her own name and the other jointly with another person. The draft (FDD) shall be issued by the Bank where the applicant maintains NITA/Foreign Currency account debiting the same account. No banker shall issue more than two drafts from any NITA/Foreign Currency account for any public issue. At the same time, the applicant shall make the service charge available in respective customer account maintained with the Stockbroker/Merchant Banker.

#### **Step-2 (Intermediary)**

3. The Stockbroker/Merchant Banker shall maintain a separate bank account only for this purpose namely “Public Issue Application Account”. The Stockbroker/Merchant Banker shall:
  - a. post the amount separately in the customer account (other than NRB and Foreign applicants), and upon availability of fund, block the amount equivalent to the application money;
  - b. accumulate all the application/buy instructions received up to the cut-off date, deposit the amount in the “Public Issue Application Account” maintained with its bank within the **first banking hour of next working day** of the cut-off date. In case of application submitted by the Stock-dealer or the Merchant Banker’s own portfolio, the application amount should also be transferred to the “Public Issue Application Account”;

- c. instruct the banker to block the account for an amount equivalent to the aggregate application money and to issue a certificate in this regard.
4. Banker of the Stockbroker/Merchant Banker shall block the account as requested for, issue a certificate confirming the same and handover it to the respective Stockbroker/Merchant Banker.
5. For Non-resident Bangladeshi (NRB) and Foreign applicants, the Stockbroker/Merchant Banker will prepare a list containing the draft information against the respective applicant's particulars.
6. The Stockbroker/Merchant Banker shall prepare category wise lists of the applicants containing Customer ID, Name, BO Account Number and Number of Securities applied for, and within **03 (three) working days** from the cut-off date, send it to the respective Stock Exchange in electronic (text format with tilde "~" separator) format, the certificate(s) issued by its banker, the drafts received from Non-resident Bangladeshi (NRB) and Foreign applicants and a copy of the list containing the draft information.
7. **On the next working day**, the stock Exchanges shall provide the AMC with the information received from the Stockbroker/Merchant Bankers, the drafts submitted by Non-resident Bangladeshi (NRB) and Foreign applicants and the list containing the draft information. Exchanges shall verify and preserve the bankers' certificates in their custody.
8. The application/buy instructions shall be preserved by the Stockbroker/Merchant Bankers up to 6 months from listing of the securities with exchange.

### **Step-3 (AMC of Mutual Fund)**

9. The Asset Management Company (AMC) shall prepare consolidated list of the applications and send the applicants' BOIDs in electronic (text) format in a CDROM to CDBL for verification. The AMC shall post the consolidated list of applicants on its website and websites of Exchanges. CDBL shall verify the BOIDs as to whether the BO accounts of the applicants are active or not.
10. **On the next working day**, CDBL shall provide the AMC with an updated database of the applicants containing BO Account Number, Name, Addresses, Parents' Name, Joint Account and Bank Account Information along with the verification report.
11. After receiving verification report and information from CDBL, the AMC shall scrutinize the applications, prepare category wise consolidated lists of valid and invalid applications and submit report of final status of subscription to the Commission and the stock exchanges **within 10 (ten) working days** from the date of receiving information from the stock exchanges.
12. The AMC of mutual fund shall conduct category wise lottery with the valid applications within **03 (three) working days** from the date of reporting to the Commission and the Exchanges, if do not receive any observation from the Commission or the Exchanges.
13. The AMC of mutual fund shall arrange posting the lottery result on their websites **within 06 (six) hours** and on the websites of the Commission and Stock Exchanges **within 12 (twelve) hours** of lottery.
14. **Within 02 (two) working days** of conducting lottery, the AMC shall:
  - a. Send category wise lists of the successful and unsuccessful applicants in electronic (text format with tilde "~" separator) format to the respective Exchange.
  - b. send category wise lists of unsuccessful applicants who are subject to penal provisions as per conditions of the Consent Letter issued by the Commission in electronic (text format with tilde "~" separator) format to the Commission and Exchanges mentioning the penalty amount against each applicant.

- c. issue allotment letters in the names of successful applicants in electronic format with digital signatures and send those to respective Exchange in electronic form.
- d. send consolidated allotment data (BOID and number of securities) in electronic text format in a CDROM to CDBL to credit the allotted shares to the respective BO accounts.

**Step-4 (Intermediary)**

15. On the next working day, Stock Exchanges shall distribute the information and allotment letters to the Stockbroker /Merchant Bankers concerned in electronic format and instruct them to:
  - a. remit the amount of successful (other than NRB and Foreign) applicants to the AMC of mutual fund's respective Escrow account opened for subscription purpose and unblock the amount of unsuccessful applicants;
  - b. send the penalty amount of other than NRB and Foreign applicants who are subject to penal provisions to the Mutual Fund's respective Escrow Accounts along with a list and unblock the balance application money;
16. **On the next working day** of receiving the documents from the Stock Exchanges, the Stockbrokers/Merchant Bankers shall request its banker to:
  - a. release the amount blocked for unsuccessful (other than NRB and Foreign) applicants;
  - b. remit the aggregate amount of successful applicants and the penalty amount of unsuccessful applicants (other than NRB and foreign) who are subject to penal provisions to the respective "Escrow" account of the AMC opened for subscription purpose.
17. **On the next working day** of receiving request from the Stockbrokers/Merchant Bankers, their bankers shall unblock the amount blocked in the account(s) and remit the amount as requested for to the Fund's "Escrow" account.
18. **Simultaneously**, the Stockbrokers/Merchant Bankers shall release the application money blocked in the customer accounts; inform the successful applicants about allotment of securities and the unsuccessful applicants about releasing their blocked amounts and send documents to the Exchange evidencing details of the remittances made to the respective "Escrow" accounts of the Fund. The unblocked amounts of unsuccessful applicants shall be placed as per their instructions. The Stockbroker/Merchant Banker shall be entitled to recover the withdrawal charges, if any, from the applicant who wants to withdraw the application money, up to an amount of Tk. 5.00 (five) per withdrawal.
19. All drafts submitted by NRB or Foreign applicants shall be deposited in the Mutual Fund's respective 'Escrow' accounts and refund shall be made by the AMC by refund warrants through concerned stockbroker or merchant banker or transfer to the applicant's bank account through banking channel **within 10 (ten) working days** from the date of lottery.

**Miscellaneous:**

20. The AMC, Stockbrokers and Merchant Bankers shall jointly ensure compliance of the above.
21. The bank draft (FDD) shall be issued considering TT Clean exchange rate of Sonali Bank Ltd. on the date of publication of abridged version of prospectus.
22. Amount deposited and blocked in the "Public Issue Application Account" shall not be withdrawn or transferred during the blocking period. Amount deposited by the applicants shall not be used by the Stockbrokers/Merchant Bankers for any purpose other than public issue application.

23. The AMC of mutual fund shall pay the costs related to data transmission, if claimed by the Stock Exchange concerned up to an amount of Tk. 2,00,000.00 (two lac) for public issue.
24. The Stockbrokers/Merchant Bankers shall be entitled to a service charge of Taka 5.00 only per application irrespective of the amount or category. The service charge shall be paid by the applicant at the time of submitting application.
25. The Stockbroker/Merchant Banker shall provide the AMC of mutual fund with a statement of the remittance and drafts sent.
26. The AMC of Mutual Fund shall accumulate the penalty amount recovered and send it to the Commission through a bank draft/payment order issued in favor of the Bangladesh Securities and Exchange Commission.
27. The concerned Exchange are authorized to settle any complaints and take necessary actions against any Stockbroker/Merchant Banker in case of violation of any provision of the public issue application process with intimation to the Commission.

**PART – C**

1. The Asset Management Company (i.e. Vanguard Asset Management Limited) shall ensure that the prospectus/abridged version of prospectus is published correctly and in strict conformity without any error/omission, as vetted by the Bangladesh Securities and Exchange Commission.
2. The Asset Management Company shall carefully examine and compare the published prospectus/abridged version of prospectus on the date of publication with the prospectus, as vetted by BSEC. If any discrepancy/inconsistency is found both the Sponsor and the Asset Management Company shall jointly publish a corrigendum immediately in same newspapers concerned, simultaneously endorsing copies thereof to BSEC and the Stock Exchange(s) concerned, correcting the discrepancy/inconsistency as required under 'Declaration' provided with BSEC.
3. The sponsor and the Asset Management Company shall immediately after publication of prospectus jointly inform the Commission in writing that the published prospectus/abridged version of the prospectus is a verbatim copy of the prospectus vetted by the commission.
4. The sponsor and the Asset Management Company shall simultaneously submit to the Commission an attested copy of the application filed with Stock Exchange(s) for listing of the securities.
5. The fund collected through public offering shall not be utilized prior to allotment and/or issuance of unit, as and when applicable, and that utilization of the said fund shall be effected through banking channel, i.e. account payee cheque, pay order or bank draft etc..

**PART – D**

1. All the above-imposed conditions imposed under section 2CC of the Securities and Exchange Ordinance, 1969 shall be incorporated in the Prospectus/abridged version immediately after the page of the table of contents where applicable, with a reference in the table of contents, prior to its publication.
2. The Commission may impose further conditions/restrictions etc. from time to time as and when considered necessary which shall also be binding upon the Sponsor, Asset Management Company, Trustee and Custodian.





## VANGUARD AML RUPALI BANK BALANCED FUND



### PART - E

1. As per provision of the ডিপজিটরি আইন, ১৯৯৯ and regulations made hereunder, units shall only be issued in dematerialized condition. All transfer/transmission/splitting will take place in Central Depository Bangladesh Limited (CDBL) system and any further issuance of units will be issued in dematerialized form only.

**An applicant (including NRB) shall not be able to apply for allotment of units without Beneficiary Owner account (BO account).**

2. The Asset Management Company shall also ensure due compliance of all above mentioned conditions.

#### **General Information:**

1. This Prospectus has been prepared by Vanguard Asset Management 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 that there are no other material facts, the omission 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 given or made, any such information or representation must not be relied upon as having been authorized by the Vanguard Asset Management Limited.
3. The issue as contemplated in this document is made in Bangladesh and 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.

#### **1.6 SUBSCRIPTION**

Subscription to the **Vanguard AML Rupali Bank Balanced Fund** will remain open for trading which will commence at the opening of trading business on **September 18, 2016** and will be closed at the end of the trading business on **October 02, 2016**



## VANGUARD AML RUPALI BANK BALANCED FUND



### 1.7 DECLARATIONS

#### Declarations about the responsibility of the Sponsor

The Sponsor, whose name appears in this Prospectus, accept 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 conditions and requirements concerning this public issue and all the information contained in this document, drawn up by virtue of the Trust Deed of the Fund by the entrusted AMC, have been met and there is no other information or documents 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 an informed decision for investment.

Sd/-

**(Debasish Chakrabarty)**

Managing Director (Additional Charge)  
Rupali Bank Limited

#### Declaration about the responsibility of the Asset Management Company

This Prospectus has been prepared by us based on the Trust Deed, Investment Management Agreement, the Securities and Exchange Commission (Public Issue) Rules, 2006, the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১, ডিপজিটরি আইন, ১৯৯৯, and other documents as relevant for adequate disclosure of the Fund's objectives and investment strategies to the investors. We also confirm that:

- a) This Prospectus is in conformity with the documents, materials and papers related to the offer;
- b) All the legal requirements of the issue have been duly fulfilled and
- c) 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 Chapter 4 and to take proper cognizance of the risks associated with any investment in the Fund.

Sd/-

**(Waqar Ahmad Choudhury)**

Managing Director & Chief Executive Officer  
Vanguard Asset Management Limited



## VANGUARD AML RUPALI BANK BALANCED FUND



### Declaration about the responsibility of the Trustee

We, as Trustee of the **Vanguard AML Rupali Bank Balanced Fund**, accept the responsibility and confirm that we shall:

- a) Be the guardian of the Fund, held in trust for the benefit of the unit holders in accordance with the Rules & Trust Deed;
- b) Always act in the interest of the unit holders;
- c) 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;
- d) Make such disclosure 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
- e) 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 the relevant Rules.

Sd/-

**(Mohammed Shahjahan)**

Deputy General Manager

Trustee Division

Investment Corporation of Bangladesh

### Declaration about the responsibility of the Custodian

We, as Custodian of the **Vanguard AML Rupali Bank Balanced Fund**, accept the responsibility and confirm that we shall:

- a) Keep all the securities in safe custody and shall provide the highest security for the assets of the Fund; and
- b) Preserve necessary documents and record so as to ascertain movement of assets of the Fund as per Rules.

Sd/-

**(Mohammed Shahjahan)**

Deputy General Manager

Investment Corporation of Bangladesh



## VANGUARD AML RUPALI BANK BALANCED FUND



### 2. BACKGROUND

#### 2.1. FORMATION OF VANGUARD AML RUPALI BANK BALANCED FUND IN THE CONTEXT OF PRESENT MARKET SCENARIO:

A mutual fund is an investment vehicle that is made up of a pool of funds collected from many investors for the purpose of investing in securities such as stocks, bonds, money market instruments and similar assets managed by a professional fund manager. Mutual funds are operated by Asset Managers who invest such fund's capital and attempt to produce capital gains and income for their investors. A mutual fund's portfolio is structured and maintained to match the investment objectives stated in its prospectus. The Asset Managers apply their investment management skills and necessary research works to ensure secured return of investors' investment.

Mutual fund (MF) is a very useful investment mechanism in a capital market. A developed capital market consists of varieties of investment instruments and MF is one of them. Mutual Funds contribution is bigger than other securities in developed countries. But the Market capitalization of mutual funds in Bangladesh's capital market is very low i.e. below 2% which is more than 30% in many developed countries.

Expert Asset Manager, Vanguard AML, backed by a dedicated research team, investors are provided with the services of an experienced fund manager who handles the financial decisions based on the performance and prospects available in the market to achieve the objectives of the mutual fund scheme.

Keeping in view the situation, Rupali Bank Limited (Rupali Bank), emerged as the largest public limited banking company of the country, has stepped into the mutual fund sector. Rupali Bank, which initially emerged as a Nationalized Commercial Bank (NCB) under the Bangladesh Banks (Nationalization) Order, 1972 (President's Order No. 26 of 1972), has now become a state-owned commercial bank (SCB) through a vendor's agreement dated 15 November 2007. Rupali Bank has decided to sponsor the mutual fund, **VANGUARD AML RUPALI BANK BALANCED FUND**.

The parties to the Fund are: Rupali Bank Limited (Rupali Bank as the Sponsor), Vanguard Asset Management Limited as the Asset Manager, Investment Corporation of Bangladesh as the Trustee and Custodian of the Fund.

#### 2.2 RATIONALE FOR LAUNCHING PROPOSED MUTUAL FUND UNDER CURRENT CAPITAL MARKET CONDITIONS

"A long way to go for mutual fund industry" may be a cliché statement but the sector is still at a nascent stage as it is very small compared to the capital market. Bangladesh stands nowhere close to the rest of the world. Though there are about 24 asset management companies licensed by BSEC. The asset management companies manage roughly Tk. 7,707 Crore which is less than 2% of the total market capitalization. As of June 30, 2016; 35 (thirty five) close end mutual funds were listed on the Dhaka Stock Exchange.

The mutual fund sector registered a gain of around 8% (eight percent) in the year 2014 against approximate 5% (five percent) increase by DSEX and around 1% (one percent) in 2015 against -5% (i.e. five percent down) by DSEX, the benchmark index of the Dhaka Stock Exchange, on the back of good performance of asset managers. The NAV of a mutual fund shows its ability to give dividends to unit holders. When the NAV of a fund rises beyond its face value, it is more able to give dividends. Based on the latest NAV, the market capitalization of the closed-end mutual fund sector stands at Tk 5,000 crore.

Look at the overall growth of (close-End) MFs during the period of 2009 to 2015. The number of MFs was 19, 31, 37, 41, 41, 41, and 35 from Year- 2009 – 2015 respectively. In 2010, only 12 closed-end MFs entered into the market and only 12 MFs entered the market for the next 4 (four) from 2011 – 2015. The figures show a gradual fall in the number of MFs entering the market during the period of 4 (four) years. By most measures the current listed closed-end mutual funds in the market, which number 35 in total, represent a very small percentage of the total domestic market capitalization; thus there exists greater scope for market growth in the mutual fund sector. In the present scenario, mutual fund has emerged as the effective investment vehicle for those who like to rely on professional fund manager for investment management as it has been tested over time in both developed and emerging economies. The Professional fund management, portfolio diversification, low cost but high quality investing convenience, flexibility and liquidity are distinct features of a mutual fund that make it a very reliable market instrument for small investors. It is apparent that there is simple opportunity for growth of our nascent mutual fund industry.



## VANGUARD AML RUPALI BANK BALANCED FUND



It can be said that in course of time mutual fund will play a vital role in our capital market because of its inherent strength of being a professionally managed investment vehicle and the small individual investors will gradually go under the umbrella of professional fund managers like those other emerging market.

Furthermore, the BSEC and other market regulators and industry veterans view responsible expansion of the mutual fund industry as a key driver for further development of the capital market in Bangladesh. With the above framework in mind, Rupali Bank Limited, looks forward to greater participation for economic development of Bangladesh has joined forces with Vanguard Asset Management Ltd. to launch this mutual fund.

### 2.3 ADVANTAGES OF INVESTING IN VANGUARD AML RUPALI BANK BALANCED FUND

A mutual fund's portfolio is structured and maintained to match the investment objectives stated in its trust deed and prospectus. The portfolio managers apply their investment management skills and necessary research works to ensure secured return of investors' investment. In this perspective, investment in mutual funds provides certain incremental advantages when compared to investment made directly in individual securities in the capital market. Highlighted below are some of the advantages that investors may benefit from when investing in a mutual fund:

- **Professional Management:** Mutual funds has gained popularity among individual and institutional investors as it provides them the opportunity to actually invest in handpicked stocks that are selected by the investment managers after thoroughly researching companies, industries and markets.
- **Diversification:** Diversified portfolio to be developed for the fund will help in lowering investment risk of the small investor. It also helps the small investors to access to the whole market, which is difficult at individual level.
- **Liquidity & Stability:** 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 market.
- **Risk Management:** Investments across securities in a wide range of companies and industry sectors can help lower risk, in case of a company or sector fails. The diversified portfolio will allow investors gain a broad exposure to the overall stock market which may not be possible at the individual level.
- **MF IPO Quota:** In Bangladesh, the mutual funds enjoy a 10% (ten percent) reserved quota in all Initial Public Offerings (IPOs). Given the lack of supply of high-quality scripts in the Bangladeshi stock market, IPOs have historically outperformed the general Bangladeshi market index significantly and, therefore, have been a major source of outperformance for the mutual fund industry in Bangladesh.
- **Tax Benefits:**
  - a) Income from a mutual fund or a unit fund up to tk. 25,000.00 (Twenty Five Thousand) is exempted from tax under Income Tax Ordinance 1984.
  - b) Any sum invested by an assessee, being an individual, in the acquisition, of any mutual fund listed with any stock exchange under section 44(2) of the Income Tax Ordinance 1984 qualify for tax exemption
  - c) Gain Tax is fully exempted for the investment in Mutual Fund according to এস, আর, ও নং ১৯৬-আইন/আয়কর/২০১৫.
- **Dividend Payout:** Fund will distribute cash dividend or reinvestment or combination of both among the unit holders of the relevant scheme which shall not be less than 70% of annual profit of that fund or as determined by the BSEC from time to time.
- **Conversion:** The Fund can be converted into the Open End Scheme by taking the acceptance proposal of conversion as per BSEC rules and subject to approval of the Commission.

- **Transparency:** 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 funds. The laws governing mutual funds require exhaustive disclosure to the regulator and general public.
- **Audit:** Auditor of the fund appoints by Trustee and qualified the accounts under rules of BSEC; comply with BASs, BSA, ISA accepted by ICAB. Auditor of the fund shall be different from the auditor of the AMC.
- **Periodical Disclosure:** The AMC shall furnish reports at regular interval (i.e. daily, weekly, fortnightly, monthly, quarterly, half-yearly, yearly) to BSEC and as called upon to do so by the BSEC.
- **Provision:** Not to keep provision for losses against investment in mutual funds if the unit's cost price is equivalent to or lower than 85% of its Net Asset Value (NAV) in current market prices or as per BSEC rules.

## 2.4 THE CONSTITUTION OF THE FUND

Vanguard AML Rupali Bank Balanced Fund has been constituted through a Trust Deed entered into between Rupali Bank Limited and Investment Corporation of Bangladesh on November 21, 2013 under the Trust Act, 1882 and Registration Act, 1908.

The Fund was registered by the BSEC on December 12, 2013 under the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১.

## 2.5 LIFE OF THE FUND

The Fund will be a closed-end mutual fund of 10 (Ten) years tenure, established with a view to broaden the base of investment and develop the capital market. The Fund may be redeemed on its pre-determined maturity at the end of the tenth year but the Fund can be converted into the Open End Scheme by taking the acceptance proposal of conversion as per BSEC rules and subject to approval of the Commission.

## 2.6 SIZE, FACE VALUE AND MARKET LOT OF THE FUND

- Total Fund fixed at 20,00,00,000 (Twenty Crore) units of Tk. 10 each in totaling Tk. 2,00,00,00,000 (Two Hundred Crore).
- The Sponsor's portion of the Fund is 4,00,00,000 (Four Crore) units of Tk. 10 each in totaling Tk. 40,00,00,000 (Forty Crore).
- Size of the Pre-IPO Private Placement is 6,50,00,000 (Six Crore Fifty Lac) units of Tk. 10 each in totaling Tk. 65,00,00,000 (Sixty Five Crore).
- Size of the Initial Public Offering (IPO) is 9,50,00,000 (Nine Crore Fifty Lac) units of Tk. 10 each in totaling Tk. 95,00,00,000 (Ninety Five Crore) available for subscription by **Eligible Investors (EIs)** and **General Public** as per Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015
- The market lot will be constituted of 500 (Five Hundred) units.

### 3. INVESTMENT OBJECTIVES AND POLICIES

#### 3.1 INVESTMENT OBJECTIVE

The objective of Vanguard AML Rupali Bank Balanced Fund is to earn superior risk adjusted return by maintaining a diversified investment portfolio and provide attractive dividend payments to the unit-holders.

#### 3.2 INVESTMENT POLICIES

<b>Investment Objective</b>	The Fund shall invest subject to the বিধিমালা and only in securities, deposits and investments approved by the Bangladesh Securities and Exchanges Commission and/or the Bangladesh Bank and/or Insurance Development & Regulatory Authority (IDRA) of Bangladesh. The Fund may invest in Pre-IPO Private Placements or IPO of debt or equity.
<b>Investment Exposure &amp; Liquidity</b>	Any Scheme of the Mutual Fund shall not invest more than 10% of its total assets in any one particular company.
	All the Scheme of the Mutual Fund shall not invest in more than 15% of any company's total paid-up capital.
	All the Scheme of the Mutual Fund shall not invest more than 20% in shares, debentures, or other securities of a single company or group.
	All the Scheme of the Mutual Fund shall not invest more than 25% of its total assets in shares, debentures or other securities in any one industry.
	Not less than 60% of the total assets of the Fund shall be invested in capital market instruments out of which at least 50% shall be invested in listed securities.
<b>Investment Decision</b>	Only the Asset Management Company will make the investment decisions and place orders for securities to be purchased or sold by the Fund.

#### 3.3 INVESTMENT RESTRICTIONS

In making investment decisions, the following restrictions should be taken into due consideration:

- 1) The Fund shall not invest in or lend to another Scheme under the same Asset Management Company.
- 2) 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.
- 3) 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 সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা ২০০১.
- 4) All money collected under the Fund except for the part of fixed income and hedging instruments shall be invested only in encashable/transferable instruments, securities whether in money market or capital market or privately placed Pre-IPO equity, preference shares, and debentures or securities debts.
- 5) The Fund shall not involve itself in option trading or short selling or carry forward transaction.
- 6) The Fund shall not buy its own unit.
- 7) The Fund shall not take any loan.

### 3.4 VALUATION POLICY

The Fund intends to determine its NAV per unit on the last business day of each week by dividing the value of the net asset of the Fund (the value of total assets less total liabilities as per Rule 60 of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১, by the total number of units outstanding. As per Rule 58 of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১, the valuation policy of investment of the Fund need to be approved by the Commission in the Trust Deed as follows:

- 1) For listed securities, the average quoted closing 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.
- 2) The Fund shall fix the valuation method for each of the schemes subject to prior approval of the Commission.
- 3) 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 value of such investment. The auditors shall comment on such investment in the annual reports of the Fund.
- 4) When the securities were not traded in the Stock Exchanges on the particular valuing date, immediate previous average price, which one is nearer, but no longer than 30 (thirty) days to the valuing date will be taken into account.
- 5) The valuation of Listed Securities not traded within previous one month will be made within reasonable standards by the Asset Management Company and approved by the Trustee and commented upon by the Auditors in the Annual Report of the mutual fund but shall not be more than the intrinsic value of the securities.
- 6) 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 (NAV) of such securities in the portfolio of the Fund.

Following the valuation criteria as set forth above, the Fund will use following formula to derive NAV per unit:

$$\text{Total NAV} = V_A - L_T$$

$$\text{NAV per unit} = \frac{\text{Total NAV}}{\text{No. of units outstanding}}$$

$V_A$  = Value of Total Assets of the Fund as on date

$L_T$  = Total liabilities of the Fund as on date

$V_A$  = 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.

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





## VANGUARD AML RUPALI BANK BALANCED FUND



### 3.5 INVESTMENT MANAGEMENT

Vanguard Asset Management Limited will have discretionary authority over the Fund's portfolio about investment decision. Vanguard Asset Management Limited shall conduct the day-to-day management of the Fund's portfolio as the Asset Management Company subject to the provisions laid down in the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১ and Trust Deed or any general directions given by the Trustee and/or by the Commission

### 3.6 DIVIDEND POLICY

- 1) The accounting year of the Fund shall end on 31<sup>st</sup> December of every calendar year or as determined by the Commission. If the accounting year closes in less than 3 (three) months from the listing date then this period will be added with the next accounting year and will be treated as first accounting year.
- 2) The AMC of Mutual Fund may from time to time declare and pay dividends to the shareholders as appears to the mutual fund to be appropriate and approved by the Trustee.
- 3) Dividend shall be paid in cash or Re-Investment units or combination of both with the consent of Trustee at the end of each accounting year. Minimum 70% income of the Fund will be distributed as dividends.
- 4) Before declaration of dividend, the Asset Management Company shall make provision with agreement of the auditors for revaluation of investments caused from loss if market value of investments goes below the acquisition cost, and the method of calculation of this provision must be incorporated in the notes of accounts.
- 5) The Fund may create a dividend equalization reserve.
- 6) The Asset Management Company shall dispatch the dividend entitlement at the expense of the Fund, within 45 days of the declaration of the dividend and shall submit a statement within next 7 (seven) days to the Commission, the Trustee and the Custodian.
- 7) Before record of ownership by CDBL, a transferee shall not possess the right to any dividend declared by the Fund.

## 4. RISK CONSIDERATIONS

### 4.1 RISK FACTORS

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

- 1. General:** There is no assurance that the Fund will be able to meet its investment objective and investors could potentially incur losses, including loss of principal when investing in the Fund. Investment in the Fund is not guaranteed by any government agency, the 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:** 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:** 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. Furthermore, there is no guarantee that the market prices of the units of the Fund will fully reflect their underlying Net Asset Values.
- 4. Concentration Risk:** Due to a limited number of listed securities in both the DSE and CSE, it may be difficult to invest 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.
- 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 the dividends declared in a timely manner, this will impact the income of the Fund and the overall return of the Fund.
- 6. 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 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 that are listed on the stock exchange carry lower liquidity risk, the ability to sell these investments is limited by the overall trading volume on the stock exchanges and may lead to the Fund incurring losses till the security is finally sold.
- 7. Investment Strategy Risk:** Since the Fund will be an actively managed investment portfolio, the Fund is subject to 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.



## VANGUARD AML RUPALI BANK BALANCED FUND



- 8. Credit Risk:** Since the Fund will seek to also 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 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.
- 9. 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.
- 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.

**THE MUTUAL FUND IS NOT GUARANTEEING OR ASSURING ANY RETURNS.**

#### 4.2 EXPECTED MARKET PERFORMANCE OF THE FUND

- 1) Mutual fund industry is still at its infancy in Bangladesh and represents less than 2% of market capitalization and currently a significant demand for the product exists. Therefore it is possible that demand for the Vanguard AML Rupali Bank Balanced Fund units will be substantially over the supply of units.
- 2) Brand name of Rupali Bank Limited as a Sponsor, Investment Corporation of Bangladesh (ICB) as a Trustee and Custodian, and their respective track record in the past may motivate investors to invest in this Fund.
- 3) Vanguard Asset Management Limited, the most experienced and highly qualified investment management team in Bangladesh as a new-generation Asset Management Company (AMC) would attract investors to invest in this Fund.

#### 4.3 WHO TO INVEST AND HOW MUCH TO INVEST

- 1) Individuals who do not have tolerance of bearing risk and know nothing about the functioning of the capital market need not apply for the units of the Fund.
- 2) Individuals who are looking for long-term capital growth and dividend payment and are comfortable with the risk associated with equity investments should consider investing in the Fund.
- 3) An individual should also consider investing in the Fund if he/she can accept variability of returns, have a moderate to high tolerance for risk and is planning to invest in the Fund over the medium to long-term.
- 4) Considering other factors like the investment opportunities available in the market, return expectation, income level and consumption pattern, one may put only a limited portion of his/her total portfolio into the Fund.



## VANGUARD AML RUPALI BANK BALANCED FUND



### 5. FORMATION, MANAGEMENT AND ADMINISTRATION

#### 5.1 SPONSOR OF THE FUND

Rupali Bank Limited has been incorporated on 14 December 1986 under the Companies Act 1913 after taking over and acquiring as a going concern the undertaking and businesses of Rupali Bank with all of its assets, liabilities, benefits, rights, powers, authorities, privileges, borrowings and obligations. Rupali Bank, which initially emerged as a Nationalized Commercial Bank (NCB) under the Bangladesh Banks (Nationalization) Order, 1972 (President's Order No. 26 of 1972), has now become a state-owned commercial bank (SCB) through a vendor's agreement dated 15 November 2007.

Given the scarcity of Mutual Funds in the Bangladesh stock market, Rupali Bank Limited has decided to Sponsor the 'Vanguard AML Rupali Bank Balanced Fund'. The Bank also realizes that Mutual Fund is the need of the hour to make our stock market more vibrant and efficient - furthermore 'Vanguard AML Rupali Bank Balanced Fund' will expand the Bank's product offerings to clients. In order to efficiently launch 'Vanguard AML Rupali Bank Balanced Fund', the Bank has appointed 'Vanguard Asset Management Limited', an Asset Management Company.

The present authorized and paid-up capital of the Bank is Tk. 700.00 Crore and Tk. 276.03 Crore respectively. The mission of the Bank is to actively participate in the socio-economic development of the nation by operating a commercially sound banking organization. The core business of the Bank are corporate banking, project finance, SME finance, consumer credit, international trade, trade finance, loan syndication, foreign exchange dealing, rural & micro credit, NGO-linkage loan, investment, government treasury function, money market operation, capital market operation, remittance etc.

The capital structure of the bank is 90.19% of shares are owned by the government, 2.94% owned by Institutions and the rest 6.87% are owned by public share holders.

#### 5.2 TRUSTEE & CUSTODIAN OF THE FUND

##### Investment Corporation of Bangladesh (ICB)

In order to ensure maximum trust and confidence of the investors, supervisory bodies and the persons concerned towards the Fund, the Investment Corporation of Bangladesh (ICB) would act as the Trustee and Custodian of the said Mutual Fund.

The Investment Corporation of Bangladesh (ICB) was established on October 01, 1976, under "The Investment Corporation of Bangladesh" Ordinance, 1976 (No. XL of 1976). The establishment of ICB was a major step in a series of measures undertaken by the government to accelerate the pace of industrialization and to develop a well-organized and vibrant capital market, particularly securities market in Bangladesh. ICB provides institutional support to meet the equity gap of the companies. In view of the national policy of accelerating the rate of savings and investment to foster self-reliant economy, ICB assumes an indispensable and pivotal role. Through the enactment of the Investment Corporation of Bangladesh (Amendment) Act, 2000 (No. 24 of 2000), reforms in operational strategies and business policies have been implemented by establishing and operating subsidiary companies under ICB. The main objectives of ICB are to encourage and broaden the base of investments, to develop the capital market, to mobilize savings, to promote and establish subsidiary companies for business expansion and to provide for matters ancillary thereto etc.

Over the years, the activities of ICB have grown manifold, particularly in Merchant Banking, Mutual Funds operations and Lease Financing activities. ICB pioneered the Mutual Fund Industry in Bangladesh. The country's first Mutual Fund, the "First ICB Mutual Fund" was launched on 25 April 1980. ICB also manages the country's first open-end Mutual Fund. It has also the single largest stockbroker and dealer in DSE and CSE.

The ICB has long and proven experience in advisory function, particularly in buying and selling of shares, corporate restructuring and engineering, off loading of government shares and hosts of other merchant bank related activities for the benefit of its clients. Since inception, ICB has been playing a unique role in the development of country's capital market. The company has authorized capital of Tk. 10,000 million and paid up capital of Tk. 6,328.1 million and is listed on both Dhaka Stock Exchange and Chittagong Stock Exchange.



## VANGUARD AML RUPALI BANK BALANCED FUND



### 5.3 ASSET MANAGER OF THE FUND

Vanguard Asset Management Limited (VAML) obtained the Asset Management Company (AMC) license from Bangladesh Securities and Exchange Commission (BSEC), regulator of the country's capital market on April 28, 2013 with a view to implementing stipulated investment objectives.

VAML manage funds across the entire risk-return continuum. These include equity funds, balanced funds and debt and money market oriented funds. VAML provide investment management, risk management to institutional, intermediary and individual investors. VAML aim to sustain that position through achieving long-term investment performance in line with our clients' needs and providing superior client relationship management.

VAML's core strength stems not only from its secure system and processes, but from the quality of its intellectual capital, which derives from the best and professional minds. At the same time there is a robust risk management framework with in-built controls and balances. We make investments, directly and indirectly through funds that we manage in stock market, debt securities as well as public and private equities. Our professional team's research oriented methodology imbues them with the right knowledge to identify the best investment opportunities in Bangladesh for the benefit of the investors.

We are committed to extensive research and process driven approach to investment management. Our services include institutional portfolio management. By developing and deploying integrated investment strategies we enable our investors to manage risk and navigate constantly challenging and changing markets.

Our logo represents our aspiration toward the highest standard of expertise as well as our dedicated transaction services to high-net-worth individuals and families.

#### Investment Objective

Our investment objective is to provide superior risk adjusted returns over a medium to long term by investing in strong companies, with good management and at a great price by leveraging our time tested investment process. The investment specialists seek to provide consistent out-performance over time to its investors with a strong attention to risk management. We believe our investment process, grounded in the importance of fundamental research, allows our experienced investment professionals to identify quality growth opportunities in the capital markets.

#### Investment Philosophy

At the core of Investment Philosophy is a set of fundamental investment beliefs which are the underpinnings of all investment policies of the fund.

- **Investment premises:** The Core investment premise of the Fund is the Capital Market that is not completely efficient. A well-organized and thorough research effort combined with a disciplined portfolio management approach will enable outperformance of the market index over time and most importantly applying a robust investment process that include relevant macro economic trends, sector drivers, quality of the issuer, a disciplined risk management process and effective capital allocation.
- **Tailor Made Solution:** Fund manager needs to create benefits for the fund with its own expertise in financial specialties. Fund will be managed by experts in line with investment objectives and risk constraints which clearly defined and proven processes, ensuring fund's mandate is being implemented proficiently. For all the solutions, this Investment Philosophy focuses on performance, risk management, and ethical standards.



## VANGUARD AML RUPALI BANK BALANCED FUND



### Investment Process

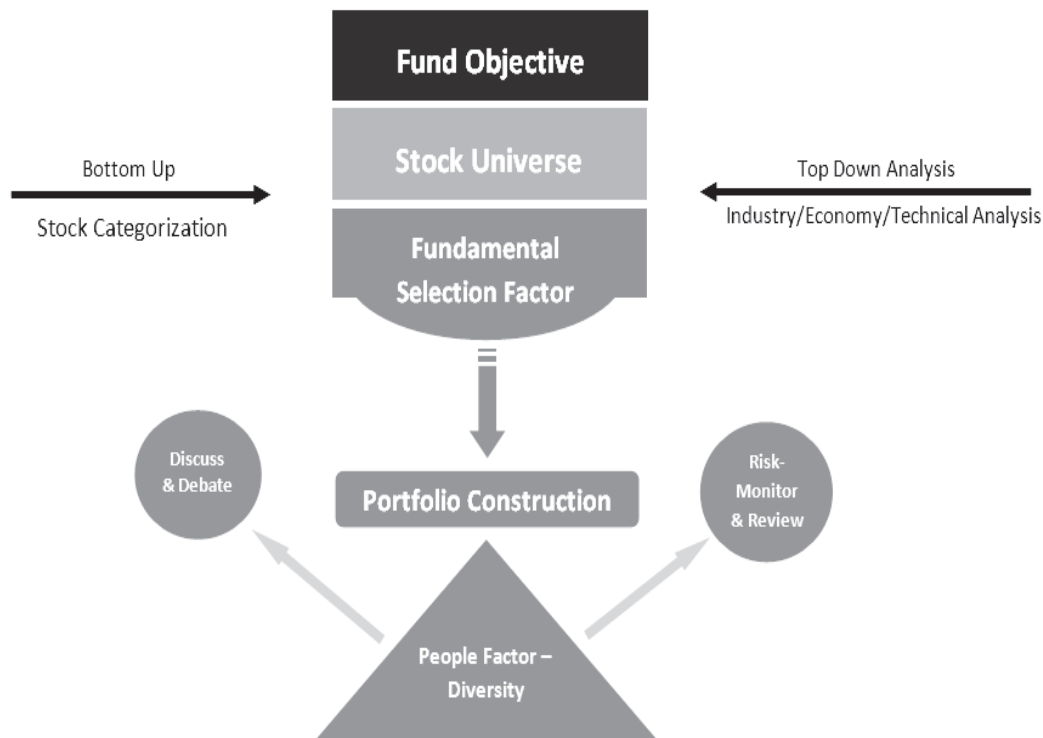
At Vanguard AML Rupali Bank Balanced Fund, our emphasis is on delivering superior long-term risk-adjusted performance. And so we follow a disciplined approach to investment and risk management. Our investment process comprises three main steps to investing: Generation of Ideas, Evaluation of companies and Manufacturing and Monitoring of portfolios. A robust monitoring and risk management process ensures checks and balances at every stage. Here is what happens through every step of the investment process:

**Generation of ideas:** Analysts and portfolio managers actively identify new ideas: For equity investing, the search spectrum includes investment team meetings, meetings with a company's management, competitors, suppliers, industry experts, regulators, external research and reports. And for fixed income investment, investment ideas are born out of team strategy meetings, in-depth interaction with issuers and market participants, macro analysis and internal and external research ideas.

**Evaluation of companies:** Filters such as liquidity, market capitalization ownership and other parameters help identify opportunities, which are then thoroughly evaluated for profitability, business attractiveness, competitive positioning, balance sheet strength, management track record, corporate governance and valuations for equities. Thorough credit or issuer analysis and macro analysis underpins the evaluation framework for identifying issuers and instruments for fixed income portfolios.

**Developing or Monitoring of portfolios:** Among all the ideas that are generated and evaluated, the fund manager picks those that have the most potential. Portfolios are monitored continuously to ensure that they are positioned to meet their investment objectives and are within the set risk framework. A fund manager may decide to exit a holding on achieving the price target or for other reasons such as weakened business prospects or credit, or if better investment opportunities wait in the wings.

Our investment process has been developed consistent with our investment objectives and investment philosophy. The key elements of our process are as follows:



- 1. Top down and bottom up** - Our investment portfolios are constructed employing our proprietary methodology of a top-down overlay of the economy, sector and markets risks and bottom-up rigorous fundamental analysis. Our Research team focuses on understanding individual companies as businesses rather than simply as stocks by conducting independent research. Our top down and bottom up investment approach is further enhanced by our proprietary technical trading platform. We combine time-tested investment specialization, industry knowledge and active risk management to seek investment opportunities that we believe will be promising over time. We do not restrict our analysis to the traditional framework of industry buckets. Instead, we employ a truly comprehensive process that aims to identify the best performing companies in a given industry. As investment managers, our mission is to take advantage of these opportunities while effectively managing and diversifying the risks-on behalf of our clients. Our investment process is a marriage of traditional fundamental security valuation and proprietary quantitative risk-control techniques.
- 2. Risk management** - The investment portfolio is actively monitored on a regular basis and re-balanced as required. While we pride ourselves on taking a long-term approach to investing our client assets, our process is fluid and dynamic. Our portfolios are constantly monitored using and strictly adhering to our research and analysis driven process. While we do not have a mechanical sell discipline, we will typically either eliminate or trim positions when they no longer meet our three critical factors as stated in our investment objectives. Moreover, we perform a rigorous review on any investment that declines materially in price. Importantly, our emphasis upon downside protection leads us to investments in companies with attractive valuations. We believe this emphasis limits our loss potential should the catalyst not materialize. We embrace the notion that security prices must follow company fundamentals. Simply put,

a stock's weight in a portfolio should be directly related to its qualitative and quantitative value, rather than its weight in an index. However, stock price/valuation and liquidity is equally important. We attempt to build downside protection into our process by evaluating and quantifying the risks versus the reward opportunity of every investment in the portfolio. This is achieved by analyzing: free cash flow; the intrinsic or asset value of the company; price-to-sales and/or price-to-tangible book value. This analysis helps us to assess downside risk should unexpected adverse events unfold.

- 3. Valuation process** - Our corporate finance approach and cash flow focus helps us better identify potential investments. Our analysis will often include breaking down a company's financial results by business segment to determine a valuation for the whole business. Importantly, our valuation analysis focuses upon absolute valuations, rather than relative valuations; we believe this process focus helps to limit losses and downside risk. Qualitative measures and quantitative measures assist us in determining attractive investments. While evaluating management strength and changes within a company's business are examples of qualitative measures, quantitative measures may include various financial ratios including price-to-cash flow, price-to-sales and price-to-book analysis. All of these elements contribute to assist us in determining the appropriate valuation for an investment and its respective return expectations.
- 4. Forward looking analysis** - We do not believe that investing after positive or negative news is an investment discipline. Rather, we seek to uncover the factors that will drive business improvement three months to a year in advance and take positions accordingly. So that, portfolios can fully benefit when these inflection points and catalysts emerge and are recognized. The ingredients for change can come in many forms. For example, there are company specific catalysts, i.e. a new management team, a shift in business strategy, or a restructuring to "unleash" hidden assets. Change can also come from an improving outlook for an entire industry or a changed regulatory framework. We pride our self upon our ability to think independently and identify unique opportunities.

#### Investment Committee (IC)

Investment Committee (IC) assume full authority and responsibility for investment of all assets of the Fund and delegate to the Working Committee (WC) the authority necessary to manage the investment of such assets and ensure that the policies of the Fund are executed appropriately within the guideline of BSEC and the parameters set in this IPS. The Investment Committee (IC), as the utmost decision making body, shall establish such policies and review the evaluation of performance. IC will comprise of representatives from different departments of Vanguard AML. They are responsible for the oversight of all investment accounts and publicly traded assets as well as private equity and other illiquid assets or the money market pool to striving maximizing portfolio performance within the bounds of good corporate practice and satisfy of the compliance requirements of the BSEC. They shall act solely in the best interest of the Fund and in concert with the mission of the Company. The committee shall be comprises of the followings:

- Managing Director & Chief Executive Officer (CEO)
- Deputy Chief Executive Officer (DCEO)
- Chief Operating Officer (COO)
- Chief Investment Officer (CIO)
- Head of Research & Development

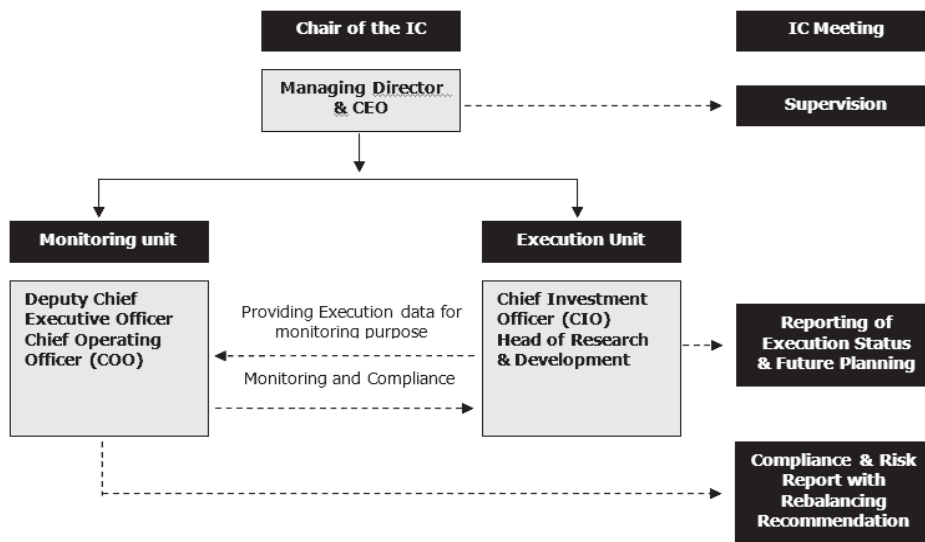
Managing Director & Chief Executive Officer (CEO) will be heading the IC and have full authority for investment and exit decision within the frame work of Mutual Fund Rules, 2001 and parameters set in the Investment Policy and approved by the Board of Directors (BOD) of Vanguard AML. Anything outside the parameters of this Investment Policy should be informed to the BOD by the Head of IC. IC members shall meet more frequently when necessary. IC shall review the present and future economic condition from the research report and regular updates from WC, and will take investment decision. IC shall deliberate and resolve the following matters in connection with investment:

- Developing investment objectives, asset allocation strategies and performance guidelines.
- Short, mid and long-term investment policies of the Fund and amend it time to time as necessary.
- Develop and maintain investment guidelines and performance criteria for each investment along with entrustment of each asset class.



- Determine the Fund's risk tolerance and investment horizon and communicate such to the WC as risk management policies of the fund.
- Evaluate investment performance
- Oversee the Working Committee (WC)
- Monitoring Fund cash flow, liquidity and overall Net Asset Value (NAV) of the fund.
- Compare Portfolio composition with desired composition and instruct Portfolio rebalancing if necessary.
- Determine weekly or monthly strategy for new Investment decision along with Sell decision from situation report of Working Committee (WC).
- Administrative decision including review of fund expenses and Accounting control.

### Establishment & Authority Chart of Investment Committee (IC)



### Responsibilities of IC members

#### Members of IC

Managing Director & Chief Executive Officer (CEO)  
Deputy Chief Executive Officer (DCEO)  
Chief Operating Officer (COO)  
Chief Investment Officer (CIO)  
Head of Research & Development

#### Responsibility in IC

Chair of IC  
Deputy Chair & Monitoring  
Committee Secretary & Compliance  
Investment Management  
Market Intelligence

### Investment & Operation Team

The investment management operation of Vanguard Asset Management Ltd. is managed by a team of investment professionals and it's guided by an investment committee. The investment committee reviews the fund portfolio and selection process to ensure compliance with the objectives set out in the Trust Deed. In addition, the VAML's investment committee pays special regards to the BSEC guidelines regarding restriction on investments/investment limits as prescribed from time to time; these restrictions related to BSEC's guideline. In addition, VAML's investment committee also reviews the portfolio periodically to assess liquidity positions and evaluate the risk parameters and will, from time to time, rebalance the portfolio.

The VAML's team includes senior investment professionals with experience in investment management and research in capital market and senior professionals from the local banking and financial services industry with operational experience and an extensive contact base among the local business community.



## VANGUARD AML RUPALI BANK BALANCED FUND



### **Selected Bio's of the Directors, leadership and Senior Management of Vanguard Asset Management Ltd.:**

#### **Sharif Zahir - Chairman**

Mr. Sharif Zahir is a brilliant and successful entrepreneur who has founded his own company in the fields of IT, apparel, properties, finance and energy. His background comprises about 16 years of extensive international professional exposure.

In 1998, Mr. Sharif Zahir founded Creative Visions Ltd which has collaborated with Datapro Info World for providing software training and banking solution in the finance industry. In the year 2006, Sharif took the helm of Ananta Group of Companies as the Managing Director. Ananta Group is primarily engaged in the apparel sector with an annual turnover of USD 160 million. The group employs 18,000 people exporting to major retailers in the USA and European markets. Under his leadership the company has grown at a remarkable rate of 25-30% every year over the last three years.

Mr. Sharif Zahir held the position of Director of United Commercial Bank Limited, one of the oldest private commercial banks with a network of 158 branches in Bangladesh. He is also a chairman of Vanguard Asset Management Ltd, an investment management company founded in 2013. Mr. Zahir is actively involved in the real-estate industry as the Managing Director of Ananta Properties Limited, a real estate management company that owns and manages various properties in Bangladesh. In addition he founded Ananta Energy Resources Ltd which has investments in the CNG refilling and distribution business.

Mr. Sharif holds a degree in Economics from University of Texas, Austin, USA. He holds the status of CIP from the Government of Bangladesh.

#### **Waqar Ahmad Choudhury - Director and Managing Director & CEO**

Mr. Waqar Ahmad Choudhury was the stakeholder and sponsor Director from 1996 to 2012, of Green Delta Insurance Company Limited, one of the largest Private sector General Insurance Companies in Bangladesh. During this period Mr. Choudhury played a pivotal role making equity investments in creating the following ventures:

- Delta BRAC Housing Limited (DBH), largest housing finance company in Bangladesh.
- United Hospital Limited, one of the leading corporate hospitals in Bangladesh.
- Green Delta Securities Limited, having membership of Dhaka Stock Exchange and Chittagong Stock Exchange.
- Green Delta Capital Limited, one of the leading Merchant Banks in Bangladesh.

Apart from the above investments he played a key role to finalize the equity participation of IFC to Green Delta Insurance Company. He was immediate past Managing Director and CEO of Green Delta LR Holdings Limited with 30 years of experience in the field of investment banking mainly in the capital market, insurance and trading business. Mr. Waqar also worked as Director of Nascom (Pvt.) Ltd. He is widely reputed for crafting requisite strategic vision to achieve business goals. Mr. Waqar holds a Bachelor of Commerce in Finance and Banking from Adelphi University in Long Island, NY, USA.

#### **Asif Zahir - Director**

Mr. Asif Zahir joined Ananta Group as a Director in August 2008, and has been responsible for leading his family business into one of the largest and fastest growing apparel manufacturing companies in Bangladesh with a turnover of over USD 160 million and employee over 18,000 people. Mr. Asif is also serving as the Director of National Finance Limited, a non-banking financial institution and Vanguard Asset Management Ltd, an investment management firm. Prior to returning to Bangladesh, Mr. Asif Zahir spent several years in the USA working as a Product Manager at Google, Inc. where he focused on developing applications for the Android mobile operating platform.

Mr. Asif graduated from Stanford University, USA with degree in Computer Science, where he was recognized as a President's Scholar and a Mayfield Fellow. Mr. Asif has also completed his masters in Business Administration (MBA) from Harvard University, USA.



## VANGUARD AML RUPALI BANK BALANCED FUND



### **Syed Ishtiaq Alam - Director**

Mr. Syed Ishtiaq Alam is the Director of Ananta Group Limited. Mr. Alam to his credit has over 10 years of Management Consulting experience in the Financial Services, Insurance, Apparel and Retail sectors. Prior to joining Ananta Group Limited, Mr. Alam was based at New York headquarters of Deloitte Consulting as a Manager where he was responsible for assisting leading Insurance companies, Wall Street Investment Banks and Apparel/Retail clients implement multi-year projects including strategy/planning, program/project management, develop business processes, project implementation and rollout. His career includes leadership roles including partnership to handle capital expenditures and systems upgrades. He holds a Bachelor of Science with distinction in Mathematics and Physics from the University of Pennsylvania and a Masters Degree in Computer and Information Science also from the University of Pennsylvania.

### **Akiqur Rahman Choudhury - Director**

Mr. Akiqur Rahman Choudhury is a Non Resident Bangladeshi with nearly 18 years of experience to his credit as a Financial Consultant, Real Estate and Restaurant business expert in UK. He is the Director of Dil Chad Holdings Limited, Dil Chad Investment Limited, Dil Chad Restaurant Limited, Onupam Development Limited, Property Time Limited, Bangla City Supermarket Limited, Bangla Town Business Complex Limited, Wild Fusion Limited, Platinum 2007 Limited, E1 Accountancy and Broad Land UK Corporation Limited in the United Kingdom. He is also Managing Director of Wild Cross Properties Limited and E1 Finance Direct Limited in UK. Mr. Choudhury is an IFA Diploma in Independent Financial Consultancy in UK. His reputation includes outstanding capability of leading complex systems implementation and applications development toward enhanced profit through quality performance.

### **5.4 AUDITORS**

The Trustee shall appoint auditor for the fund with reasonable fees, where the incumbent auditor 'if any' shall be eligible for re-appointment for up to three consecutive terms of one year each. Thereafter, the auditor shall only be eligible for appointment after the lapse of at least one year. The Asset Management Company may at any time, with the concurrence of the Trustee, and shall, if directed by the BSEC, remove the auditor and appoint another auditor in its place.

The Auditor shall be responsible to ensure that calculation and entry of any income due to be paid to the fund and also any income received for the holders of the units and the reports of accounts are in accordance of the fund and in accordance with the Trust Deed and the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১.

As Per Order No. SEC/CMRRCD/2009-193/174/Admin/61 dated July 08, 2015 Bangladesh Security and Exchange Commission has approved a Panel of Auditors' for auditing financial statements of listed securities. The Trustee, ICB has appointed Hoda Vasi Chowdhury & Co. Chartered Accountants as the Auditor of the Fund from the panel of auditors' for the First accounting period. It is one of the reputed and older audit firms of the country.

The trustee of the fund shall not appoint any firm of chartered accountants as its statutory auditors for a consecutive period exceeding three years.

The Trustee will continue to appoint the Fund Auditor throughout the tenure of the Fund.

## 5.5 FEES AND EXPENSES

The Fund will pay the fees of Asset Management Company, 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, marketing & promotion, registration, public offering, listing together with

certain other costs and expenses incurred in its operation, including without limitation, expenses of legal and consulting services, auditing, other professional fees and expenses, brokerage, share/debenture registration expenses, guarantee or underwriting commission and fees due to the BSEC. The Fund will also bear all other incidental expenses including printing, publication and stationery relating to its smooth and fair operation.

Keeping in mind, the Fund size of Taka 200,00,00,000 (Two Hundred Crore), Vanguard Asset Management Ltd. has estimated the normal annual operating expenses of the Fund, which will not exceed 4% of the average NAV of the Fund. However, there may be variation in the actual operating expenses of the Fund. Major expenses of the Fund are detailed as follows:

- 1. Issue and Formation Expenses:** Issue and formation expenses are estimated to be not over 5.00% of the total fund size. The expenses will be amortized within 10 (Ten) years on a straight-line method. The estimated expenses for the issue and formation of the Fund are presented below:

Sl.	Type of Expense	Percent	Total (Tk.)	Sub -Total/Basis	Description
1	Formation Fee Payable to AMC	1.00%	20,000,000.00	Set-Fee	Formation Fee to AMC on Collected Fund of Approved Fund Size
2	Management Fee for Pre-Scheme Formation Period	1.18 % (Estimated)	23,645,205.00	on Scheme	Management Fee for AMC for pre-scheme formation period ( Approximate ) as per BSEC Directive (No.: SEC/CMRRCD/2009 -193/160) dated May 28, 2014
3	Legal Expenses (Listing, Registration Fees etc.)	1.08 %	21,587,500.00		
				4,000,000.00	BSEC Registration Fees (0.2% of initial fund size)
				10,000.00	BSEC Application Fees
				3,100,000.00	DSE Listing Fees (Up to 10 Crore, @0.25% and if > 10 Crore @ 0.15% of size of fund)
				3,100,000.00	CSE Listing Fees
				400,000.00	Data Transmission Fee (DSE & CSE)
				302,500.00	CDBL Fees (Securities trans. Fee tk. 3,00,000 + Documentation fee tk. 2,500)
				2,000,000.00	Legal Fees
				50,000.00	Trust Deed Registration Fees
				3,000,000.00	Trustee Fee (0.15% of fund size)
				5,625,000.00	15% VAT on Formation, Management & Trustee Fee
4	Printing & IPO subscription expenses	0.37 %	7,475,000.00		
				2,000,000.00	Printing of Prospectus
				2,775,000.00	Publication of Abridged version of Prospectus & IPO notification in Daily Newspaper
				2,000,000.00	Road show for IPO
				500,000.00	Lottery conducting expenses & BUET fee
				200,000.00	Courier & distribution expenses
5	Other Expenses	0.29 %	5,700,000.00		
				3,700,000.00	Post Issue Manager/ Data Entry, data processing and other related job
				2,000,000.00	Others / Misc.
	<b>Total</b>	<b>3.92 %</b>	<b>78,407,705.00</b>		

2. **Management Fee:** As per সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১ and Trust Deed, the Asset Management Company shall be paid annual management fee for investment management as per following rates:
- @ 2.50% per annum of the weekly average NAV fund up to Tk. 5,00,00,000 (Five Crore) and
  - @ 2.00% per annum for additional amount of the weekly average NAV above Tk. 5,00,00,000 (Five Crore) fund up to Tk. 25,00,00,000 (Twenty Five Crore) and
  - @ 1.50% per annum for additional amount of the weekly average NAV above Tk. 25,00,00,000 (Twenty Five Crore) fund up to Tk. 50,00,00,000 (Fifty Crore) and
  - @ 1.00% per annum for additional amount of the weekly average NAV over Tk. 50,00,00,000 (Fifty Crore).

The above fees shall be paid quarterly in advance basis by the Fund.

Initially, total Pre-scheme management fee for the Vanguard AML Rupali Bank Balanced Fund will be accumulated as per BSEC rules.

3. **Trustee Fee:** The Fund shall pay an annual trusteeship fee of Tk. 3,000,000.00 (Thirty Lac) only or @ 0.15% of the Net Asset Value (NAV) of the Fund whichever is higher on semi-annual in advance basis, during the life of the fund or as may be agreed upon between the parties.
4. **Custodian Fee:** The Fund shall pay to the custodian i.e. Investment Corporation of Bangladesh (ICB) for safekeeping of securities @ 0.15% of balance (dematerialized and non-dematerialized) securities held by the Fund and calculated on the basis of average month-end value per annum. Any out of pocket expenses may be applicable to the Fund operation time to time.
5. **CDBL Fee:** For listing with the Central Depository of Bangladesh Limited (CDBL) there are both initial and recurring expenses. An amount of Tk. 5,00,000 (Five Lac) only as security deposit shall be kept with CDBL without interest during the whole life of the Fund, while an IPO fee of Tk. 3,00,000 (Three Lac) will be paid during the public subscription. Depository connection fee is Tk. 6,000 (Six Thousand) only per annum. Annual fee on Face Value of Issued Eligible Security is Tk. 100,000.00 (One Lac) only and Documentation fee is Tk. 2,500 (Two Thousand Five Hundred) only.
6. **Fund Registration and Annual Fee:** The Fund has paid Tk. 40,00,000 (Forty Lac, 0.20%) only to the Bangladesh Securities and Exchange Commission as registration fee. In addition to that, the Fund will have to pay at the rate of Tk. 20,00,000.00 (Twenty Lac) only (@ Tk. 0.10% of the NAV) per annum as annual fee in terms of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১.

The above registration fee of Tk. 40,00,000 (Forty Lac) was paid on base of initial fund size of Tk. 200 Crore. This fee will be adjusted after IPO subscription and final fund size.

7. **Listing Fee:** The usual listing fees to DSE, CSE and CDBL, annual renewal fees and other charges are to be paid by the Fund. As per listing regulation an initial listing fee for mutual funds at the following rates:
- Up to Taka 10 crore of size of the fund @ 0.25%
  - Above Taka 10 crore of size of the fund @ 0.15%.

Every issuer of listed securities shall pay annual listing fee to the exchange within 31st March of every Gregorian calendar year at the following rates:

- Up to Taka 100 crore of size of the fund @ 0.05%
- Above Taka 100 crore of size of the fund @ 0.02%.

8. **Audit Fee:** The audit fee will be Tk. 40,000 (Forty Thousand) only, plus VAT, for the first year and Trustee will fix fees for subsequent years.



## VANGUARD AML RUPALI BANK BALANCED FUND



9. **Brokerage Fee:** The fund will pay to the stock broker commission of 0.20% - 0.35% of the total amount of transaction including Howla, Laga, CDBL fees and any other associated costs.
10. **Other Expenses:** As per terms of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১ and trust deed AMC may charge the expenses for fund lunching. Those expenses are reimbursable to the AMC.

### 5.6 LIMITATION OF EXPENSES

- 1) The initial issue expenses in respect of the Fund shall not exceed 5% of the collected amount of the Fund raised under the Fund to be raised, the details of which are provided in this Prospectus.
- 2) The total expenses charged to the Fund except the amortization of initial issue expenses including transactions cost in the form of stock brokerage against buy and sell 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, CDBL charges, listing fees payable to the stock exchanges, the annual registration fees payable to the Commission, audit fees, cost for publication of reports and periodicals, bank charge, and all other expenses related to the operations of the Fund etc shall not exceed 4% of the weekly average value of the outstanding net assets during any accounting year or as may be determined by the Rules.

## 6. CAPITAL STRUCTURE, TAX STATUS AND RIGHTS OF UNIT HOLDERS

### 6.1 ISSUE OF UNITS

The target size of the scheme shall be Tk. 200,00,00,000 (Two Hundred Crore) divided into 20,00,00,000 units of Tk. 10.00 each. The total distribution of units shall be as follows:

Subscribers	No of units	Face Value (Tk.)	Amount (Tk.)	Remarks
<b>Sponsor &amp; Pre-IPO</b>				
Sponsor	4,00,00,000	10.00	40,00,00,000	Subscribed
Pre-IPO Placement	6,50,00,000	10.00	65,00,00,000	Subscribed
<b>Sub Total</b>	<b>10,50,00,000</b>		<b>105,00,00,000</b>	
<b>Under Initial Public Offering (IPO)</b>				
Mutual Funds	95,00,000	10.00	9,50,00,000	Yet to be subscribed
Other Eligible Investors	3,80,00,000	10.00	38,00,00,000	Yet to be subscribed
Non-Resident Bangladeshis (NRBs)	95,00,000	10.00	9,50,00,000	Yet to be subscribed
General Public	3,80,00,000	10.00	38,00,00,000	Yet to be subscribed
<b>Sub Total</b>	<b>9,50,00,000</b>		<b>95,00,00,000</b>	
<b>Total</b>	<b>20,00,00,000</b>	<b>10.00</b>	<b>200,00,00,000</b>	

All Pre-IPO Placement will be in 6 months lock-in period from the date of listing of the Fund. The percentage of institutional lock-in including Sponsor is 52.50% of total Fund Size. The following is a list of the institutions:

Sl. No.	Institution	Nos. of Units	Amount	Lock in
1	Rupali Bank Ltd. (Sponsor)	4,00,00,000	40,00,00,000	1 Year*
2	Agrani Bank Limited	2,00,00,000	20,00,00,000	6 Months
3	Investment Corporation of Bangladesh	2,00,00,000	20,00,00,000	6 Months
4	Janata Bank Ltd.	2,50,00,000	25,00,00,000	6 Months
	<b>Total</b>	<b>10,50,00,000</b>	<b>105,00,00,000</b>	

\* Unit Certificates for 100% of the Sponsor's contribution amounting to Tk. 40,00,00,000 (Forty Crore) only shall be subject to a lock-in period of 1 (one) year from the date of listing in the Stock Exchange(s) and 1/10th of the Sponsor's contribution amounting to Tk. 4,00,00,000 (Four Crore) only shall be subject to a lock-in period of full time of the Fund.

### 6.2 PRE-IPO PLACEMENT

#### 1) Subscription from Sponsor

Rupali Bank Limited, the Sponsor, has already subscribed Tk. 40,00,00,000 for 4,00,00,000 units of Tk. 10.00 each at par as per বিধি ৯ of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১.

#### 2) Pre-IPO Investor

The following Institutions have subscribed Tk. 65,00,00,000 (Sixty Five Crore) only for 6,50,00,000 (Sixty Crore Fifty Lac) units with each unit worth Tk. 10.00 (Ten) at par:

Sl. No.	Institution	Nos. of Units	Amount	Lock in
1	Agrani Bank Limited	2,00,00,000	20,00,00,000	6 Months
2	Investment Corporation of Bangladesh	2,00,00,000	20,00,00,000	6 Months
3	Janata Bank Ltd.	2,50,00,000	25,00,00,000	6 Months
	<b>Total</b>	<b>6,50,00,000</b>	<b>65,00,00,000</b>	

**3) Public Offer:**

Category	Particulars	Number of Units	Issue Price per Unit	Amount in BDT
<b>Eligible investors (EIs)</b>	10% of IPO i.e. 95,00,000 units shall be reserved for Mutual Funds	95,00,000	10.00	9,50,00,000
	40% of IPO i.e. 3,80,00,000 units shall be reserved for Other Eligible Investors (EIs)	3,80,00,000		38,00,00,000
<b>General public</b>	10% of IPO i.e. 95,00,000 units shall be reserved for Non Resident Bangladeshis (NRBs)	95,00,000		9,50,00,000
	40% of IPO i.e. 3,80,00,000 units shall be reserved for General Public including ক্ষতিগ্রস্ত ক্ষুদ্র বিনিয়োগকারী	3,80,00,000		38,00,00,000
<b>Total</b>		<b>9,50,00,000</b>		<b>95,00,00,000</b>

**6.3 TAX BENEFIT**

- Income from a mutual fund or a unit fund up to tk. 25,000.00 (Twenty Five Thousand) is exempted from tax under Income Tax Ordinance 1984.
- Any sum invested by an assessee, being an individual, in the acquisition, of any mutual fund listed with any stock exchange under section 44(2) of the Income Tax Ordinance 1984 qualify for tax exemption.
- Gain Tax is fully exempted for the investment in Mutual Fund according to এস, আর, ও নং ১৯৬-আইন/আয়কর/২০১৫.

**6.4 RIGHTS OF THE UNIT HOLDERS**

- Unit holders of the Fund have a proportionate right in the beneficial ownership of the assets of the Fund.
- Dividend: All the unit holders have equal but proportionate right with respect to dividend. Dividends will be paid in Bangladeshi Taka or Re-Investment or both (in cash and re-investment) with the consent of Trustee.
- Transfer of units: Units are transferable. The transfer will be made by CDBL under electronic settlement process.
- Voting Right: 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 (মিউচুয়াল 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.
- Encashment: The units will be listed with DSE and CSE. So investment in Fund will easily be encashable.

**6.5 BENEFICIAL INTEREST**

- Ownership: The unit holders shall preserve only the beneficial interest in the trust properties on pro rata basis of their ownership of the Fund.
- Periodic Information: Annual Report & Audited Accounts of the Fund will be available at the website (www.vanguardaml.com) of the AMC. The Fund will calculate their NAV each week. Moreover, NAV of the Fund (according to cost and market price) will be informed to the Commission and to the DSE/CSE on the first business day of the week before the beginning of the trading hour. Furthermore, weekly NAV of the Fund is to be published in the website of the AMC's. All the unit holders of the Fund shall have the right to receive the Annual Report & Audited Accounts of the Fund. Moreover, NAV of the Fund will be informed to the unit holders on a quarterly and half-yearly basis through DSE/CSE and newspaper(s) respectively.
- Accounts and Information: The Fund's financial year will be closed on December 31<sup>th</sup> of every calendar year or as determined by the Commission. If the accounting year closes in less than 3 (three) months of the listing date then this period will be added with the next accounting year and will be treated as first accounting year. Annual report or major head of Income & Expenditure A/C and Balance Sheet in line with schedule VI of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১ will be published within 45 (forty five) days from the closure of each accounting year.

Furthermore, the NAV, NAV per unit, any suspension or alteration of the calculation of NAV of the Fund will be published/notified to DSE and CSE by the Asset Management Company.



## **7. REDEMPTION / WINDING UP AND CONVERSION**

### **7.1 EFFECT OF REDEMPTION / 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:

1. Cease to carry on any business activities of the Fund
2. Cease to create and cancel units of the Fund
3. Cease to issue and redeem units of the Fund

### **7.2 PROCEDURE OF REDEMPTION / WINDING UP**

- 1) The Fund shall wind up on expiry of the ten-year tenure of the Fund from the date of first listing. The Fund may be redeemed on its pre-determined maturity at the end of the tenth year but the Fund can be converted into the Open End Scheme by taking the acceptance proposal of conversion as per BSEC rules and subject to approval of the Commission.
- 2) The Fund may also wind up on the occurrence of any event, which, in the opinion of the Trustee with approval from the Commission, requires the Fund to be wound up.
- 3) The Fund will wind up if 75% of the unit holders vote in favor of winding up the Fund.
- 4) The Commission has the right to wind up the Fund in the interests of the unit holders.
- 5) If the Fund is to be wound up in pursuance to the above (1), (2), (3) and (4), the Trustee and the Asset Management Company shall simultaneously give separate notices of the circumstances leading to the winding up of the Fund to the Commission and the Stock Exchanges. If the winding up is permitted by the Commission, the Trustee and the Asset Management Company shall publish the notice of winding up of the Fund in two national daily newspapers including a Bengali newspaper having circulation all over Bangladesh.

### **7.3 MANNER OF REDEMPTION/WINDING UP**

1. The Trustee shall call a meeting within 30 (thirty) days from the notice date of the unit holders to consider and pass necessary resolutions by the unit holders present and voting at the meeting as per BSEC rules for authorizing the Trustee to take steps for winding up of the Fund. If it fails to have mandate as per BSEC rules, the Commission shall have the power to supersede the mandate, if situation demands such.
2. The Trustee shall dispose off the assets of the Fund in the best interest of the unit holders, provided that the proceeds of sale made in pursuance of the wewagvjv shall in the first instance be utilized towards discharge of such liabilities as are properly due under the Fund 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 Fund as on the date when the decision for winding up was taken.
3. Within 30 (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 Fund 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 Fund.

### **7.4 CONVERSION**

The conversion of close-end Mutual Fund shall be done to comply with the Conversion Guidelines issued by the BSEC.

## 8. CONDITION FOR PUBLIC OFFER, ALLOTMENT AND APPLICATION OF UNITS

### *Disclosure in respect of issuance of security demat form*

As per provisions of the ডিপজিটরি আইন, ১৯৯৯, and regulations made there under, unit of the Fund will be issued in dematerialized form, only and, for this purpose, Vanguard AML Rupali Bank Balanced Fund has signed an agreement with the Central Depository Bangladesh Limited (CDBL). Therefore, all transfers/transmissions, splitting or conversion will take place in the CDBL system.

### 8.1 ISSUE OF UNITS

Subscribers	No of units	Face Value (Tk.)	Amount (Tk.)	Remarks
<b>Sponsor &amp; Pre-IPO</b>				
Sponsor	4,00,00,000	10.00	40,00,00,000	Subscribed
Pre-IPO Placement	6,50,00,000	10.00	65,00,00,000	Subscribed
<b>Sub Total</b>	<b>10,50,00,000</b>		<b>105,00,00,000</b>	
<b>Under Initial Public Offering (IPO)</b>				
Mutual Funds	95,00,000	10.00	9,50,00,000	Yet to be subscribed
Other Eligible Investors	3,80,00,000	10.00	38,00,00,000	Yet to be subscribed
Non-Resident Bangladeshis (NRBs)	95,00,000	10.00	9,50,00,000	Yet to be subscribed
General Public	3,80,00,000	10.00	38,00,00,000	Yet to be subscribed
<b>Sub Total</b>	<b>9,50,00,000</b>		<b>95,00,00,000</b>	
<b>Total</b>	<b>20,00,00,000</b>	<b>10.00</b>	<b>200,00,00,000</b>	

### 8.2 MINIMUM SUBSCRIPTION FOR THE ISSUE

The target amount to be raised in respect of the Fund is Tk. 200,00,00,000 (Two Hundred Crore) including Sponsors portion and Pre-IPO Placement. As per the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১, the minimum subscription will be 50 percent of the Fund's target amount i.e. Tk. 100,00,00,000 (One Hundred Crore) of the targeted amount Tk. 200,00,00,000 (Two Hundred Crore) only. The Trustee and Asset Management Company shall be liable to refund the entire amount collected if public subscription stands below Tk. 100,00,00,000 (One Hundred Crore) only.

### 8.3 CONDITIONS OF ALLOTMENT

1. 20,00,00,000 units of Tk. 10 each will be allotted among the Resident and Non-Resident Bangladeshis (NRBs), Affected Small Investors, Mutual Funds and Collective Investment Schemes.
2. In case of oversubscription, Vanguard Asset Management Limited will conduct an open lottery of all the applications received.
3. PUBLIC OFFER Distribution System:
  - a) Out of public offering Tk. 9,50,00,000 (Nine Crore Fifty Lac) only shall be reserved for Mutual Funds, Tk. 38,00,00,000 (Thirty Eight Crore) only shall be reserved for the Eligible Investors (EIs), Tk. 9,50,00,000 (Nine Crore Fifty Lac) only for Non-Resident Bangladeshis (NRBs) and the remaining units of Tk. 38,00,00,000 (Thirty Eight Crore) only shall be reserved for subscription by other General Public including ক্ষতিগ্রস্ত ক্ষুদ্র বিনিয়োগকারী
  - b) All securities/units stated in para (a) shall be offered for subscription and subsequent allotment by the Asset Management Company subject to any restriction which may be imposed from time to time by the Bangladesh Securities and Exchange Commission.

- c) In case of **oversubscription** in all of the 4 (four) sub-categories mentioned in para (a), the Asset Management Company shall conduct an open lottery of all the applications received under each category separately in accordance with BSEC's instructions.
- d) **20% of the securities reserved for other general public shall be reserved for ক্ষতিগ্রস্থ ক্ষুদ্র বিনিয়োগকারী. In case of under-subscription under any of sub categories of Eligible Investors category or General Public category, the unsubscribed portion shall be added to other sub category of the same category. And even after adding the unsubscribed portion of the subcategory with other subcategory under the same category, if the category is still remain under-subscribed, the unsubscribed portion shall be fulfilled by oversubscribed portion (if any) of other category. In case of over subscription in the General public category, the Asset Management Company shall conduct an open lottery. In case of over subscription in the eligible investors category, securities shall be allotted on pro-rata basis;**
- e) The lottery as stated in para (c) and (d) shall be conducted in presence of the authorized representatives of the BSEC, Stock Exchange(s) concerned, Sponsor, Asset Management Company, Trustee and the applicants.
4. Lottery, if needed, shall be conducted in the presence of representatives from the Stock Exchanges, BSEC & the applicants, if present.
5. In case of any difficulty in respect to implementation of the conditions of offer and allotment of units, the allotment of units will be made in such a manner as determined by the BSEC.
6. The Fund reserves the right to accept or reject any application in whole or in part.
7. In case of joint application, all correspondence will be made with the person whose name appears first.
8. The Bangladesh Securities and Exchange Commission has decided that the primary shares allotted to an applicant through public offer may be forfeited by BSEC, if the BO account of the said applicant is found closed at the time of allotment of units. So, all Public Offer applicants are required to keep their BO accounts operational till allotment of Public Offer units.

#### 8.4 APPLICATION FOR SUBSCRIPTION

- 1) Application/buy instruction for shares may be made for a minimum lot for **500** Ordinary shares to the value of **Taka 5,000/- (Five Thousand Only)**. Prospectus may be obtained from the registered office of the AMC, and Stock Exchanges. Application/buy instruction must not be for less than **500 shares**. Any application/buy instruction not meeting this criterion will not be considered for allotment purpose.
- 2) An applicant for public issue of securities shall submit application/buy instruction to the Stockbroker/ Merchant Banker where the applicant maintains customer account, within the cut-off date (i.e. subscription closing date).
- 3) The application/buy instruction may be submitted in prescribed paper or electronic form, which shall contain the Customer ID, Name, BO Account Number, Number of Securities applied for, Total Amount and Category of the Applicant.
- 4) Application/buy instruction must be in full name of individuals or limited companies or trusts or societies and not in the name of firms, minors or persons of unsound mind. Application/buy instruction from insurance, financial and market intermediary companies and limited companies must be accompanied by Memorandum and Articles of Association.
- 5) **An applicant cannot submit more than two applications, one in his/her own name and the other jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, 15% (fifteen) of the application money will be forfeited by the Commission and the balance amount will be refunded to the applicant.**

- 6) The applicants who have applied for more than two applications using same bank account, their application will not be considered for lottery and the Commission will forfeit 15% of their subscription money too.
- 7) **Making of any false statement in the application or supplying of incorrect information therein or suppressing any relevant information in the application shall make the application liable to rejection and subject to forfeiture of 25% of the application money and/or forfeiture of share (unit) before or after issuance of the same by the AMC of mutual fund. The said forfeited application money or share (unit) will be deposited in account of the Bangladesh Securities and Exchange Commission (BSEC). This is in addition to any other penalties as may be provided for by the law.**
- 8) An IPO applicant shall ensure his/her BO account remains operational till the process of IPO (including securities allotment or refund of IPO application/buy instruction) is completed. If any BO account mentioned in the application/buy instructions found closed, the allotted security may be forfeited by BSEC.
- 9) Bangladeshi Nationals (including non-resident Bangladeshi Nationals working abroad) and Foreign Nationals shall be entitled to apply for shares.
- 10) Non-resident Bangladeshi (NRB) and Foreign applicants shall submit bank drafts (FDD), issued in favor of the Mutual Fund for an amount equivalent to the application money, with their application to concerned Stockbroker/Merchant Banker. The draft (FDD) shall be issued by the Bank where the applicant maintains NITA/Foreign Currency account debiting the same account. No banker shall issue more than two drafts from any NITA/Foreign Currency account for any public issue. At the same time, the applicant shall make the service charge available in respective customer account maintained with the Stockbroker/Merchant Banker.
- 11) The bank draft (FDD) shall be issued considering TT Clean exchange rate of Sonali Bank Ltd. on the date of publication of abridged version of prospectus.
- 12) The IPO subscription money collected from successful applicants (other than NRB applicants) by the Stockbrokers/ Merchant Bankers will be remitted to the Mutual Fund's **A/C No. 240000383 with Rupali Bank Limited, Gulshan Corporate Branch, Dhaka**, Bangladesh for this purpose.
- 13) The IPO subscription money collected from successful NRB applicants in US Dollar or UK Pound Sterling or EURO shall be deposited to three FC accounts opened by the AMC of Mutual Fund for IPO purpose are as follows:

Sl.	Name of the FC Accounts	Currency	Account No.	Bank	Branch
1	Vanguard AML Rupali Bank Balanced Fund	USD	5010	Rupali Bank Ltd.	Local office, Dhaka
2	Vanguard AML Rupali Bank Balanced Fund	GBP	5012	Rupali Bank Ltd.	Local office, Dhaka
3	Vanguard AML Rupali Bank Balanced Fund	EUR	5011	Rupali Bank Ltd.	Local office, Dhaka

**APPLICATIONS NOT IN CONFORMITY WITH THE ABOVE REQUIREMENTS ARE LIABLE TO BE REJECTED.**

#### 8.5 SUBSCRIPTION BY AND REFUND TO NON-RESIDENT BANGLADESHI (NRB)

- 1) Non-resident Bangladeshi (NRB) and Foreign applicants shall submit bank drafts (FDD), issued in favor of the Mutual Fund for an amount equivalent to the application money, with their application to concerned Stockbroker/Merchant Banker. The draft (FDD) shall be issued by the Bank where the applicant maintains NITA/Foreign Currency account debiting the same account. No banker shall issue more than two drafts from any NITA/Foreign Currency account for any public issue. At the same time, the applicant shall make the service charge available in respective customer account maintained with the Stockbroker/Merchant Banker.
- 2) The bank draft (FDD) shall be issued considering TT Clean exchange rate of Sonali Bank Ltd. on the date of publication of abridged version of prospectus.
- 3) Stockbrokers/Merchant Bankers shall send the bank drafts (FDD) submitted by successful NRB and Foreign applicants to the Stock Exchange and return the drafts submitted by unsuccessful applicants.
- 4) Stockbrokers/Merchant Bankers shall send the drafts (FDD) submitted by unsuccessful NRB and Foreign applicants who are subject to penal provisions, to the respective Stock Exchange, along with a list.
- 5) Stock Exchanges shall send the drafts submitted by successful NRB and Foreign applicants and also by unsuccessful NRB and Foreign applicants who are subject to penal provisions, to the AMC.
- 6) In case of drafts (FDD) submitted by successful NRB or Foreign applicant for any amount excess to the value of securities to be allotted or by unsuccessful NRB and Foreign applicants who are subject to penal provisions, refund of the balance amount shall be made by the AMC of mutual fund to the applicant through bank drafts issued in the same currency **within 7 (seven) working days** of receiving the drafts from Stock Exchange.

#### 8.6 ALLOTMENT

The AMC of mutual Fund reserves the right of accepting any application, either in whole, or in part. Within 02 (two) working days of conducting lottery, the AMC shall issue allotment letters in the names of successful applicants in electronic format with digital signatures and send those to respective Stock Exchange in electronic form. On the next working day, Stock Exchanges shall distribute the information and allotment letters to the Stockbroker/Merchant Bankers concerned in electronic format. The Stockbrokers/Merchant Bankers shall inform the successful applicants about allotment of securities.

**“ All eligible Stock Brokers and Merchant Bankers Shall receive the IPO subscription”**



VANGUARD AML RUPALI BANK  
BALANCED FUND



শেয়ারবাজারে বিনিয়োগ ঝুঁকিপূর্ণ, জেনে ও বুঝে বিনিয়োগ করুন।

**APPLICATION FOR PUBLIC ISSUE**

**Date :**

<b>Name of Applicant</b>	:	
<b>Client Code</b>	:	
<b>BO ID NO</b>	:	
<b>Category of Applicant</b>	:	
<b>Name of the Company</b>	:	
<b>Number of Shares</b>	:	..... Shares of Tk. .... each
<b>Total amount in Tk.</b>	:	
<b>Amount in Word</b>	:	

\_\_\_\_\_  
**Applicant**

\_\_\_\_\_  
**Authorized Officer**