

P r o s p e c t u s

Prime Financial First Unit Fund (The First Private Sector Unit Fund in Bangladesh)



Sponsor

Prime Finance & Investment Limited



Asset Manager

Prime Finance Asset Management Company Limited

If you have any queries about this document, you may consult your bank manager, lawyer, professional accountant or other professional adviser

PROSPECTUS

Prime Financial First Unit Fund

Size of Issue

Initial Size Tk 20,00,00,000 (Taka twenty crore) of 20,00,000 (twenty lac) Units of Tk 100 (Taka one hundred) each

Initial/Opening Price

Tk 100 (Taka one hundred) per Unit

Asset Manager

Prime Finance Asset Management Company Limited

Sponsor

Prime Finance & Investment Limited

Trustee

Bangladesh General Insurance Company Limited

Custodian

BRAC Bank Limited

Subscription Opens

26 September 2010

Registered Office

57, Dilkusha Commercial Area, Dhaka, Bangladesh.
Phone : 88-02-9513562, 9513563, Fax: 88-02-9513564
Email: info@pamcbd.com

Date of Publication of Prospectus

19 September 2010 in “The Daily Prothom Alo”
and

20 September 2010 in “The Financial Express”

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Fund Directory

Registered office : 57, Dilkusha Commercial Area,
Dhaka 1000, Bangladesh
Tel: +88 (02) 9513562-63

Sponsor : Prime Finance & Investment Limited
63, Dilkusha Commercial Area
Dhaka 1000, Bangladesh
Tel: +88 (02) 9563883

Trustee : Bangladesh General Insurance Company Limited
42, Dilkusha Commercial Area
Dhaka 1000, Bangladesh
Tel: +88 (02) 9555073-74

Custodian : BRAC Bank Limited
1, Gulshan Avenue
Dhaka 1212, Bangladesh
Tel: +88 (02) 9884292

Asset Manager : Prime Finance Asset Management Company Limited
57, Dilkusha Commercial Area
Dhaka 1000, Bangladesh
Tel: +88 (02) 9513562-63

Auditor : S. F Ahmed & Co.
Chartered Accountants
House 25, Road 13A, Block D
Banani, Dhaka 1213, Bangladesh
Tel: +88 (02) 8825135

Banker : Dutch-Bangla Bank Limited
Local Office
1, Dilkusha Commercial Area
Dhaka 1000, Bangladesh
Tel: +88 (02) 9568539

Selling Agents :

SI No.	Name of the Selling Agent	Branch Name	Branch location	Branch Phone
1	BRAC EPL Stock Brokerage Ltd.	Head Office	WW Tower, Level-8, 68, Motijheel C/A, Dhaka 1000	T: +88 (02) 9514721-30 F: +88 (02) 9553306-7
2	Chittagong Capital Ltd.	Head Office	Crown Chamber, 3rd Floor, 325 Asadgonj, Chittagong 4000	T: +88 (031) 622247 T: +88 (031) 631460 F: +88 (031) 610995
3	Fareast Stocks & Bonds Ltd.	Head Office	Printer's Building(9th Fl.),5, Rajuk Ave Motijheel C/A, Dhaka-1000	T: +88 (02) 7162328 F: +88 (02) 9554174

SI No.	Name of the Selling Agent	Branch Name	Branch location	Branch Phone
4	Green Delta Financial Services Ltd.	Head Office	Hadi Mansion (6th Fl.) 2 Dilkusha C/A, Dhaka-1000	T: +88 (02) 9560005 T: +88 (02) 9567505
		Gulshan	Sheba House (1st Floor), Plot # 34, Road # 46, Gulshan-2, Dhaka-1210	T: +88 (02) 8824120 F: +88 (02) 8811727
		Chittagong	Faruk Chember 1403, Sk Mujib Road Pathantuly, Chittagong-4100	T: +88 (031) 2517845-46 F: +88 (031) 726273
		Sylhet	City Centre (8th Fl.), Zinda Bazar, Sylhet-3100	T: +88 (082) 12831757 F: +88 (082) 1714255
		Feni	Kazi Centre (2nd Floor), Holding No # 106,S.S.K. Road, Feni	T: +88 (033) 73785
5	IIDFC	Dilkusha	Eunoos Trade Centre (Level # 7), 52-53 Dilkusha C/A, Dhaka 1000	T: 9560526 F: 9570756
		Gulshan	Uday Tower (8th Floor),Plot # 57 & 57/A, Gulshan Avenue, Gulshan 1	T: 8824090, 8824026
		Chittagong	C & F Tower (4th Floor), 1222 Sheikh Mujib Road, Agrabad C.A.,Chittagong	T: 880 31 251 8393-4 F: 031 2518391
6	Kabir Securities Ltd.	Corporate Office	Lokman Tower (2nd Floor), 1646, Sk. Mujib Road, Agrabad, Chittagong	T: 031 2519305-07
		Agrabad branch	Kshfia Plaza (Ground Floor), 923/A, Sk. Mujib Road, Agrabad, Chittagong	T: 031 2519305-07
		Mehedibagh	Forum Central (3rd Floor), M. M. Ali Road, Mehedibagh, Golpahar, Chittagong	T: 031 2854218-19
		Halishahar	Green Hasam (2nd Floor), Plot-4,Road-2, Lane-1, Block-L, Halishahar Housing Estate, Agrabad, Chittagong	T: 031 2514276 T: 031 2514892
		Jubilee Road	Kader Tower (3rd Floor), 128, Jubilee Road, Chittagong	T: 031 2856088-99
		Khatungonj	City Bank Building (2nd Floor), 282, Khatungonj, Chittagong	T: 031 2858351-52
		Bahaddarhat	Highway Complex (3rd Floor), Bahaddarhat Moor, Chittagong	T: 031 2555229-30
7	Lanka Bangla Securities Ltd.	Pricipal Branch	9/E, Motijheel C/A, Dhaka-1000	T: 9561868, 7174256 F: 955384
		Agrabad branch	Shafi Bhaban (2nd Floor), 1216/A, SK Mujib Road, Agrabad, Chittagong	T: 031 724547 F: 2524278
		Sylhet Branch	R.N. Tower (4th Floor) Chowdhala, Sylhet	T: 01730073831

SI No.	Name of the Selling Agent	Branch Name	Branch location	Branch Phone
8	LRK Securities Ltd.	Motijheel	160, Motijheel C/A, Modhumita Building (2nd Floor), Dhaka-1000	T: 7125444, 9564393
		Karwanbazar	Pragati Centre 20-21, Karwanbazar (7th Floor),Dhaka	T: 01716879009
9	Mercantile Bank Limited	Main Brokerage House	Swadesh Tower, 41/6, Purana Paltan, Dhaka	T: 02 9564355 F: 02 9563876
		Sylhet Brokerage House	Al-Hamra Shopping City (5th Flr.), 1052-00, Zindabazar, Sylhet-3100	T: 0821 711565
		Khulna Brokerage House	Rupsha Plaza, 73, K.D.A. Avenue, Commercial Area, Khulna-9100	T: 041 731396
		Mirpur Brokerage House	Rokeya Sarani, Razia Plaza (2nd Floor), 184, Senpara parbata, Mirpur, Dhaka-1216	T: 02 9014640 T: 02 9014660
10	Multi Securities & Services Ltd.	Head Office	Shareef Mansion (5th Floor), 56-57, Motijheel C/A, Dhaka-1000	T: 9569985, 9569592 F: 9568852
11	Mutual Trust Bank Ltd.	MTB Securities Corporate Head Office	14-15, Motijheel C/A, Dhaka-1000	T: 9570563 Ext-18.
		Uttara	House # 41, Road # 07, Sector # 04,Ultra-Dhaka	T: 8911248
		Agrabad branch	21-22, Agrabad C/A, Chittagong	T: 031 2514797
		Narayangonj	31, 31/1 Loyal Tank road, Tan Bazar Noor Mansion, Narayangonj	T: 7648218
		Sylhet	Sylhet City Centre 8th Floor,	T : 0821-2830319
		Rajshahi	419, Parents Plaza, Alupatty, Ghoramara, Rajshahi	T: 0721 811407
		Rangpur	Mostafa Super Market (1st & 2nd Floor) 1 Jahaj Company Mour, Rangpur Sadar, Rangpur	T: 0521 54026

SI No.	Name of the Selling Agent	Branch Name	Branch location	Branch Phone
12	NCC Bank Ltd.	Motijheel	Estern Elite Centre (2nd Floor), Room # 2/8, 741, Sat Mosjid Road, Dhanmondi,	T: 7125684, 7122683, F: 880-2-7125684
		Dhanmondi	Estern Elite Centre (2nd Floor), Room # 2/8, 741, Sat Mosjid Road, Dhanmondi, 9/A (New) Dhanmondi R/A, Dhaka-1209	
		Uttara	Holding No # 7, (2nd Floor), Road No # 12, Sector # 06, Ultra Model Town, Dhaka	
		Banani	Classic Centre (1st Floor), House No # 1, Road No # 11, Block F, Banani,Dhaka	
13	PFI Securities Ltd.	Head Office	57, Dilkusha C/A, Dhaka-1000	M: 01678003157
		Rajshahi	Zodaik Bhaban (3rd Floor), 88, Shaheb Bazar,Rajshahi-6100	T: 0721 774801 F: 0721 774803
		Chittagong	C & F Tower (3rd Floor), 1222 Sheikh Mujib Road, Agrabad C/A,Chittahong	T: 031 2517475 F: 031 2517478
		Sylhet	Holy Complex (3rd Floor), East Dorga Gate,Sylhet-3100	T: 0821 2832368 F: 08212831212
14	SES Company Limited	Head Office	Noor Tower (5th Floor), 73 Sonargaon Road, Dhaka 1205	T: 02-9662888
		Mothijheel Branch	A-A Bhaban (9th Floor) 23 Motijheel C/A, Dhaka-1000	T: 02-9515947
		Chittagong Branch	Ayub Trade Centre (7th Floor), 1269/B, SK Mujib Road, Agrabad, Chittagong-4000	T: 031 2513558, 2513353-4
		Sylhet Branch	Bengal Shopping Complex (2nd Fl) Subhanighat, Mendibagh, Sylhet	T: 0821-2831523-6

SI No.	Name of the Selling Agen	Branch Name	Branch location	Branch Phone
15	The City Bank Ltd.	Main	Jiban Bima Tower (1st & 2nd Floor), 10, Dilkusha C/A, Dhaka-1000	T: +88 02 9553918 F: +88 02 71115049
		Gulshan	Hosna Centre (2nd Floor) Suit No.211-212 Plot-2,Block-CES (A)	T +88 02 882543 F: +88 02 89153
		Dhanmondi	Road # 27(Old),32(New), House # 321,Suvastu Zenim Plaza, 2nd Floor, Dhanmondi,	T: +88 02 9101341 F: +88 02 9101342
		Nikunja	57 Zoar Shahara C/A Lotus Kamal Tower (Ground Floor) Nikunja-2, Dhaka-1229	T: +88 02 8915330 F: +88 02 8915363
		Chittagong	Ayub Trade Centre (6th Floor), 1269/B, SK Mujib Road,Agrabad, Chittagong-4000	T: 01913515414
		Sylhet	Holy Complex (1st Floor), East Dorga Gate,Sylhet-3100	T: 01713363047
16	Vision Capital Management Ltd	Head Office	Modhumita Bhaban (7th Floor), 158-160, Motijheel C/A, Dhaka-1000	T: 9558989, 9568110 F: 71711104
		Sena Kalyan Office	Suite# 1202 (7th Floor), Sena Kalyan Bhaban, Motijheel C/A, Dhaka-1000	T: 9562328, 9562329, 7121619., 7121620 F: 7121246
		Agrabad branch	C & F Tower (7th Floor), 1222, Sk. Mujib Road, Agrabad C/A,Chittagong	T: 031-2519441 F: 031-2519442
		Asadgonj	Golsen Park (2nd Floor), 3/A, Ramjoy Mohajan Lane, Asadgonj, Chittagong	T: 031-2855531 F: 031-2855532

Definitions and Elaboration of Abbreviated Terms

Asset Manager /	
Asset Management Company /	
Fund Manager /	
Investment Manager	: Prime Finance Asset Management Company Limited
Certificate	: Unit Certificate of the Fund
Commission	: Securities and Exchange Commission
Custodian	: Brac Bank Limited
Effective Date	: The date of registration of the Trust Deed
Government	: The Government of the People's Republic of Bangladesh
Guardian	: The Trustee of the Prime Financial First Unit Fund
Mutual Fund / The Fund /	
Unit Fund /	
Open End Mutual Fund	: Prime Financial First Unit Fund
Rule / বিধিমালা	: সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১
Sponsor	: Prime Finance & Investment Limited
Trustee	: Bangladesh General Insurance Company Limited
BBL	: Brac Bank Limited
BDT	: Bangladeshi Taka
BGIC	: Bangladesh General Insurance Company Limited
CAGR	: Cumulative Average Growth Rate
CIP	: Cumulative Investment Plan
CSE	: Chittagong Stock Exchange Ltd
DSE	: Dhaka Stock Exchange Ltd
EPS	: Earning Per Share
FIS	: Fixed Income Securities
IPO	: Initial Public Offering
IRA	: Insurance Regulatory Authority
MD & CEO	: Managing Director and Chief Executive Officer
NAV	: Net Asset Value
PAMC	: Prime Finance Asset Management Company Limited
PFI	: Prime Finance & Investment Limited
SEC	: Securities and Exchange Commission
SME	: Small and Medium Enterprise

Fund Highlights

1. Name	Prime Financial First Unit Fund
2. Initial size of the Fund	Tk 20,00,00,000 (Taka twenty crore) divided into 20,00,000 (twenty lac) units of Tk 100 (Taka one hundred) each
3. Face value	Tk 100 (Taka one hundred) per Unit
4. Nature	Open end with perpetual life and unlimited size
5. Objective	The objective of the Fund is to provide attractive risk adjusted return to the unit holders by investing the proceeds in the capital market and money market.
6. Target group	Individuals – both resident and non-resident, institutions – both local and foreign, mutual funds and collective investment schemes are eligible to subscribe the units of the Fund.
7. Dividend	Minimum 70 (seventy) per cent of realized income of the Fund will be distributed as dividend in Bangladeshi Taka only at the end of each accounting year.
8. Dividend distribution	The dividend warrant will be distributed within 30 (thirty) days from the date of declaration.
9. Transferability	The units of the Fund are transferable by way of inheritance/gift and/or by specific operation of the law.
10. Encashment	The unit holders can surrender their units through the Asset Manager and the authorized selling agents. So investment in this Fund will be easily encashable.
11. Tax	Dividend income of the Fund will be tax free up to a certain level as permitted by the Finance Act.
12. Reports and Accounts	Every unit holder is entitled to receive annual report along with the yearly and half-yearly statements of accounts as and when published.

1.1 Publication of Prospectus for public offering

Prime Finance Asset Management Company Limited has received Registration Certificate from the Securities & Exchange Commission under Securities & Exchange Commission Act, 1993 and সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১ made thereunder and also received consent for issuing prospectus for public offering. A complete copy of the prospectus of the public offering is available for public inspection at 57, Dilkusha C.A. (3rd Floor), Dhaka 1000, the corporate office of Prime Finance Asset Management Company Limited (PAMC) – the asset manager of the Prime Financial First Unit Fund, hereinafter referred to as the Fund.

1.2 Consent of the Securities and Exchange Commission

“APPROVAL OF THE SECURITIES AND EXCHANGE COMMISSION HAS BEEN OBTAINED TO THE ISSUE/OFFER OF THE FUND UNDER THE SECURITIES AND EXCHANGE ORDINANCE, 1969 AND THE সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (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 PRICE OF ITS UNITS OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINION EXPRESSED WITH REGARD TO THEM. SUCH RESPONSIBILITY LIES WITH THE ASSET MANAGER, TRUSTEE, SPONSOR AND/OR CUSTODIAN.”

1.3 Listing of Fund

The Fund, being an open-ended one, will not be listed with any stock exchanges of the country hence the units of the Fund will not be traded in the stock exchanges. Unit certificates will always be available for sale and surrender/repurchase except on the last working day of every week and during book closure period of the Fund at the corporate office of PAMC and the authorized selling agents. PAMC shall disclose selling price and surrender value/repurchase price of unit at the beginning of business operation on the first working day of every week as per বিধিমালা.

1.4 Documents available for inspection

1. Copy of this Prospectus will be available at the corporate office of PAMC and offices of the authorized selling agents of the Fund.
2. Copy of the Trust Deed and the Investment Management Agreement will be available for public inspection during business hours at the corporate office of the Asset Manager of the Fund.

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

1. The Fund shall not account for any upward revaluation of its assets creating reserve without clearance from the Securities and Exchange Commission;
2. The Fund shall not be involved in option trading, short selling or carry forward transaction;
3. Unit Certificates shall be issued at the cost of the Fund at par value of Tk. 100.00 each within 90 (ninety) days from the date of sale of such units;
4. Money receipt issued at the time of sale of units will be treated as allotment letter, which shall not be redeemable/transferrable;
5. The annual report of the Fund/or its abridged version will be published within 45 (forty five) days

of the closure of each accounting year of the Fund;

6. An annual report and details of investment and savings of the Fund shall be submitted to the Commission, Trustee and Custodian of the Fund within 90 (ninety) days from the closure of the accounts;
7. Half-yearly accounts/financial results of the Fund will be published in at least one English and another Bangla national daily newspapers within thirty days from end of the period;
8. Dividend shall be paid within 30 (thirty) days of its declaration, and a report shall be submitted to SEC, Trustee and Custodian within 7 days of dividend distribution;
9. Net Asset Value (NAV) of the fund shall be calculated and disclosed publicly at least once a week;
10. After initial public subscription, the sale and repurchase/surrender price of units will be determined by the asset Management Company. NAV calculated on a date shall from the repurchase price of units by rounding up the amount and shall be effective up to next calculation of NAV of the Fund. Difference between sale and repurchase price shall not be over 5% of the face value of the unit;
11. SEC may appoint auditors for special audit/investigation on the affairs of the Fund, if it so desires;
12. The Fund shall maintain separate bank account(s) to keep the sale proceeds of units and to meet up day-to-day transaction including payment against Repurchase of units. All transactions of the account shall be made through banking channel and shall be properly documented;
13. The prospectus/abridged version of the prospectus shall be published in one widely circulated Bengali national daily newspaper. Provided that information relating to publication of prospectus be published in 2 national daily newspapers (Bengali and English);
14. If abridged version of the prospectus is published in the newspaper, complete prospectus shall be made available to the applicants;
15. If the Fund Manager fails to collect the minimum 60% of the initial target amount under section 48 of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১, will refund the subscription money within 30 days without any deduction. In case of failure, the Fund Manager will refund the same with an interest @ 18 percent per annum from its own account within the next month;
16. On achievement of 60% of the initial target amount, the fund is allowed to commence investment activities of the fund with permission of the Trustee;
17. The size of the Fund will be increased from time to time by the AMC subject to approval of the Trustee and with intimation to the Commission;
18. Unit certificates of the Sponsor's contribution amounting to Tk. 3,00,00,000/- (Tk three crore) only shall be subject to a lock in period of minimum three years from the date of formation of the fund and after that period entire holding may be transferred to any eligible institution who has the qualification to be a sponsor of a mutual fund with prior permission of SEC.
19. A Jumbo Certificate amounting Tk. 3,00,00,000/- (15% of the Fund) will be issued in favour of the Sponsor. The said certificate shall be in the custody of Trustee. No splitting of the certificate shall be made without prior approval of the Commission.

General Information

1. This prospectus has been prepared by Prime Finance Asset Management Company Limited based on the Trust Deed executed between the trustee and the sponsor of the Fund which is approved by the Commission and available publicly. The information contained herein is true and correct in all material aspects and that there are no other material facts, the commission of which would make any statement herein misleading.
2. No person is authorized to give any information to make any representation not contained in this prospectus and if given or made, any such information or representation must not be relied upon as having been authorized by Prime Finance Asset Management Company 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 Sale and Repurchase of Units

Sale and repurchase of Units of Prime Financial First Unit Fund will commence at the counter of corporate office of Prime Finance Asset Management Company Limited and authorised selling agents at the opening of banking business hours on 26 September 2010 and continue until winding up of the Fund.

1.7 Declarations

Declarations about the responsibility of the Sponsor

The Sponsor, whose name appears in this Prospectus, accepts full responsibility for the authenticity and accuracy of the information contained in this Prospectus and other documents regarding the Fund. To the best of the knowledge and belief of the Sponsor, who has taken all reasonable care to ensure that all the conditions and requirements concerning this public offer and all information contained in this document, drawn up by virtue of the Trust Deed of the Fund by the entrusted Asset Management Company, have been met and there is no other information or documents, the omission of which 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/-

(Md. Akter Hossain Sannamat FCA, FCS)
Managing Director
Prime Finance & Investment Limited

Declaration about the responsibility of the Custodian

We, as Custodian of the Prime Financial First Unit Fund, accept the responsibility and confirm that we shall:

- i. keep all the securities in safe custody and shall provide the highest security for the assets of the Fund; and
- ii. preserve necessary documents and record so as to ascertain movement of assets of the Fund as per সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১.

Sd/-

(Khawaja Shahriar)
Head of Cash Management, Custodial Services & Probashi Banking
BRAC Bank Limited

Declaration about the responsibility of the Trustee

We, as Trustee of the Prime Financial First Unit Fund, accept the responsibility and confirm that we shall:

- i. be the guardian of the Fund, held in trust for the benefit of the unit holders in accordance with the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১ and Trust Deed;
- ii. always act in the interest of the unit holders;
- iii. take all reasonable care to ensure that the Fund floated and managed by the Asset Management Company are in accordance with the Trust deed and the বিধিমালা;
- iv. make such disclosures by the Asset Management Company to the investors as are essential in order to keep them informed about any information, which may have any bearing on their investments; and
- v. take such remedial steps as are necessary to rectify the situation where they have reason to believe that the conduct of business of the Fund is not in conformity with relevant Rules.

Sd/-

(A.K.A.H. Chaudhuri)

Managing Director

Bangladesh General Insurance Company Limited

Declaration about the responsibility of the Asset Manager

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

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

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

Sd/-

(Moin Al Kashem)

Managing Director & CEO

Prime Finance Asset Management Company Limited

2.1 Preamble to formation of Prime Financial First Unit Fund

Unit Fund in other words open-end mutual fund is one of the most common and widely accepted investment vehicles all over the world. Unit funds are synonymous with mutual funds world wide as most of them are open-end mutual funds by nature. In Bangladesh unit fund was introduced by Investment Corporation of Bangladesh (ICB), a public sector investment bank, in 1981. Later ICB Asset Management Company, a subsidiary of ICB, has launched two more unit funds but there has not been any initiative to launch an open end unit fund by private sector until 'Prime Financial First Unit Fund'.

Considering the vital role that open-end mutual funds can play in improving the capital market efficiency, Prime Finance & Investment Limited (PFI), one of the leading financial institutions, has come forward and sponsored the first private sector open end mutual fund in Bangladesh. PFI feels Bangladesh capital market is entering into a new growth phase and sponsorship of Prime Financial First Unit Fund will offer them a responsible and profitable way of participating in this growth.

Prime Finance & Investment Limited has chosen three trusted partners: Prime Finance Asset Management Company Limited (PAMC), an associate company of Prime Finance & Investment Limited and the fifth private sector asset management company of the country, as the Asset Manager, Bangladesh General Insurance Company Limited (BGIC) as the Trustee and BRAC Bank Limited as the Custodian of the Fund.

2.2 Necessity of unit fund in the context of the current state of affairs of the capital market

The capital market of Bangladesh has experienced an enormous growth in terms of both transaction volume and price level over the last five years. The DSE General Index on the Dhaka Stock Exchange (DSE) has grown at an impressive CAGR of 38 per cent from 2005 to 2010. On the other hand, the daily average market turnover has augmented significantly from BDT 6.02 billion in 2009 to 13.77 billion in 2010, a rise of 129 per cent. The market continues to be dominated by active local retail participation along with strong domestic institutional participation, primarily being local commercial and merchant banks. Current (as on 30th June 2010) market capitalization of DSE is around BDT 2,701 billion which is more than twelve times of the market capitalization of the year 2005.

But this is where the paradox lies. The capital market of Bangladesh has thousands of individual small investors who do not have access to the proper investment decision-making tools such as equity research, market information etc. That is why rumors and personal whim have become the investment tools for these individuals speculating about the stock prices. As a result the country's capital market does not behave rationally.

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 all around the world 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. At present 29 (twenty nine) mutual funds with total asset size of Tk 34 billion are in operation in the country's capital market. Total asset size is only 1.26 per cent of total market capitalization. It is apparent that there is ample opportunity for growth of our nascent mutual fund industry.

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 in any other emerging market.

2.3 Advantages in investing in Prime Financial First Unit Fund

The investors of Prime Financial First Unit Fund will have some great advantages because mutual fund when compared to direct investment in securities of the capital market enjoys the following:

- i. The Securities and Exchange Commission has strict policies in place which regulates the mutual fund industry in Bangladesh. The extensive disclosures of operation and management of mutual funds to the regulator as well as to general public assures the transparency and security for investors.
- ii. Prime Finance Asset Management Company Limited will ensure the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১ will be followed dutifully under all circumstances.
- iii. This Fund will help lower the investment risk of small investors because of the diversified fund portfolio. The diversified portfolio of the Fund will also help the small investor gain broad exposure to whole stock market which would have been difficult at individual level.
- iv. Stock selection and market timing by the Asset Manager may generate higher return.
- v. Under current rules of Initial Public Offerings (IPOs) in Bangladesh, the mutual funds are entitled to participate in a 10 (ten) per cent reserved quota during the lottery. It may be noted that IPOs have historically outperformed the general index.
- vi. Dividend income from this Fund will be tax free up to a certain level as permitted by the Finance Act.
- vii. This Unit Fund will add liquidity to the market by pooling small investors' savings.

3.3 Formation of the Fund

The Trust Deed of the Fund was registered on 2 June 2010 under the Trust Act, 1882 and Registration Act, 1908.

The Fund was registered by the SEC on 13 June 2010 under the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১.

3.4 Life of the Fund

The Fund will be an open-end mutual fund with a perpetual life established to broaden the base of investment and develop the capital market. Both institutional, local and foreign, and individual investors, resident and non resident, are eligible to invest in this Fund. The initial target size of the Fund will be Tk 20,00,00,000 (Taka twenty crore) only divided into 20,00,000 (twenty lac) units of Tk 100 (Taka one hundred) each. Size of the Fund will be increased from time to time by the Asset Manager subject to approval of the Trustee and with due intimation to the SEC

3.5 Face value and Denomination

Face value of each unit will be Tk 100 (Taka one hundred) only. Unit holders of the Fund shall be issued with certificates by the Asset Manager at the cost of the Fund in any denomination but not less than 50 (fifty) units per certificate.

3.6 Some important policies regarding investment and operation of the Fund

- i. The Fund shall invest subject to the বিধিমালা and only in those securities, deposits and investments approved by the Securities and Exchange Commission and/or the Bangladesh Bank and/or the Insurance Regulatory Authority (IRA) of Bangladesh or any other competent authority in this regards.
- ii. Not less than 75 (seventy five) per cent of the total assets of the Scheme of the Fund shall be invested in capital market instruments out of which at least 50 (fifty) per cent shall be invested in listed securities.
- iii. Not more than 25 (twenty five) per cent of the total asset of the Scheme of the Fund shall be invested in Fixed Income Securities (FIS).
- iv. Not more than 15 (fifteen) per cent of the total asset of the Scheme of the Fund shall be invested in pre-IPOs at one time.
- v. All money collected under the Fund shall be invested only in encashable/transferable instruments, securities whether in money market or capital market or privately placed pre-IPO equity, preference shares, debentures or securitized debts.
- vi. The Fund shall get the securities purchased or transferred in the name of the Fund.
- vii. Only the Asset Management Company will make the investment decisions and place orders for securities to be purchased or sold for the Scheme's portfolio.

3.7 Investment restrictions

- i. The Fund shall not invest more than 10 (ten) per cent of its total assets in any one particular company.
- ii. The Fund shall not invest in more than 15 (fifteen) per cent of any company's paid up capital.
- iii. The Fund shall not invest more than 20 (twenty) per cent of its total assets in shares, debentures or

- other securities of a single company or group.
- iv. The Fund shall not invest more than 25 (twenty five) per cent of its total assets in shares, debentures or other securities in any one industry.
 - v. The Fund shall not invest in, or lend to, any scheme under the same Asset Management Company.
 - vi. The Fund shall not acquire any asset out of the Trust property, which involves the assumption of any liability that is unlimited or shall result in encumbrance of the Trust property in any way.
 - vii. The Fund or the Asset 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 বিধিমালা.
 - viii. The Fund shall buy and sell securities on the basis of deliveries and shall, in all cases of purchases, take delivery of securities and in all cases of sale, deliver the securities on the respective settlement dates as per the custom and practice of the stock exchanges and shall in no case put itself in a position whereby it has to make short sale or carry forward transaction.
 - ix. The Fund shall not involve in option trading or short selling or carry forward transaction.
 - x. The Fund shall not buy its own unit.

3.8 Valuation policy

- i. For listed securities, the average quoted market price on the stock exchanges on the date of valuation shall form the basis of any calculation of Net Asset Value of such securities in the portfolio of the Fund.
- ii. For securitized debts, debentures, margin or fixed deposits, the accrued interest on such instruments on the date of valuation shall be taken into account in any calculation of Net Asset Value of such securities in the portfolio of the Fund.
- iii. The fund shall fix the valuation method for the Scheme subject to the prior approval of the Commission.
- iv. The Fund shall follow the method approved by the Commission for valuation of the non-listed investment, if any, and the Asset Management Company and the Trustee shall periodically review the non-listed investment, if any, and the Trustee shall periodically review the value of such investments. The auditors shall comment in the annual report of the Scheme of the Fund.
- v. The valuation of listed securities not traded within previous one month will be made based on their reasonable value by the Asset Management Company and approved by the Trustee and commented upon by the auditors in the Annual Report of the Scheme of the Mutual Fund but shall not be more than the intrinsic value of the securities.
- vi. The valuation of non-listed securities will be made by the Asset Management Company with their reasonable value and approved by the Trustee and commented upon by the Auditors in the annual report of the Scheme.
- vii. Once non-listed securities are valued, the valued amount will be considered for purpose of valuing the Fund's assets in any interval of time until the securities are further revalued by the Asset Management Company.
- viii. Asset Management Company and Trustee will value the non-listed securities at least once in every three months.
- ix. In case of deferred expenses, accrued expenses for the period will be taken into account for determining total liabilities.
- x. Net Asset Value (NAV) calculation

The Fund will use the following formula to derive NAV per unit:

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

NAV per unit = Total NAV / No. of units outstanding

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 + Payable as Trustee fees + All other payable related to printing, publication and stationery + Accrued deferred expenses with regard to management fee, annual fee, audit fee and safe keeping fee

3.9 Limitation of expenses

The initial issue expenses in respect of the Fund shall not exceed 5 (five) per cent of the targeted amount of the Fund raised under the scheme and will be amortized within 7 (seven) years on a straight-line method.

The total expenses charged to the Fund, except the amortization of initial issue expenses and including transaction cost in the form of stock brokerage against buy and sale of securities forming a part of acquisition or disposal cost of such securities, transaction fees payable to the Custodian against acquisition or disposal of securities, the annual registration fees payable to the Commission, audit fees, cost for publication of reports and periodicals, bank charge, etc, shall not exceed 4 (four) per cent of the weekly average net asset outstanding during any accounting year.

3.10 Price fixation policy and Sale & Repurchase procedure

After completion of initial subscription, the Fund will be opened to the investors for regular buy - sale of Units. The date of re-opening shall be declared by the Asset Manager upon approval of the Trustee and with due intimation to the SEC.

The Asset Manager shall calculate the Net Asset Value (NAV) per unit on the last working day of every week as per formula prescribed in the বিধিমালা and shall disclose sales price and repurchase/surrender price per unit determined on the basis of NAV before starting of business operation of the first working day of the following week to the Commission and to the investors through at least one national daily, the website of the Asset Management Company and the authorized selling agents of the Fund.

The difference between sales price and repurchase/surrender price shall primarily be Tk 3 (Taka three) per unit which may be changed in future with a maximum limit of 5 (five) per cent of the face value of the unit.

Sale and repurchase procedure is given below:

- i. The Units of Prime Financial First Unit Fund may be bought /surrendered through Prime Finance Asset Management Company Limited and authorized selling agents appointed by PAMC from time to time. Surrender of Units is allowed only through the selling agent from which the Units are originally purchased.
- ii. Minimum purchase amount for individual investors is 50 (fifty) Units and for institutional investors is 1000 (one thousand) Units.
- iii. Application for purchase of Units should be accompanied by an account payee cheque/pay order/bank draft in favour of “Prime Financial First Unit Fund” for the total value of Units.
- iv. After clearance/encashment of cheque/draft/pay order the applicant will be issued with one Unit Certificate against every purchase with a denomination of number of Units he/she/the Institutional investor applies for.

- v. Partial surrender (fraction of total Units held under a single certificate) is allowed without any additional cost subject to minimum surrender quantity is 50 (fifty) Units both for individuals and institutions. Upon partial surrender, the Unit holder will be issued with a new certificate representing the balance of his Unit holding.
- vi. All payments/receipts in connection with or arising out of transactions in the Units hereby applied for shall be in Bangladeshi Taka.

3.11 Winding up policy

Procedure of winding up

- i. If the total number of outstanding unit certificates held by the unit holders after repurchase at any point of time falls below 25 (twenty five) per cent of the actual certificate issued, the Fund will be subject to wound up.
- ii. The Fund may be wound up on the happening of any event, which, in the opinion of the Trustee with approval from the Commission, requires the Scheme to be wound up.
- iii. The Scheme may also be wound up if the Commission so directs in the interest of the unit holders.
- iv. Where a Scheme is to be wound up in pursuance to the above, the Trustee and the Asset Management Company shall give simultaneously separate notice of the circumstances leading to the winding up of the Scheme to the Commission and if winding up is permitted by the Commission, shall publish in two national daily newspapers including a Bangla newspaper having circulation all over Bangladesh.

Manner of winding up

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

provided that the proceeds of sale made in pursuance of the বিধিমালা, shall in the first instance be utilized towards discharge of such liabilities as are properly due under the Scheme and after making appropriate provision for meeting the expenses connected with such winding up, the balance shall be paid to the unit holders in proportion to their respective interest in the assets of the Scheme as on the date when the decision for winding up was taken.
- iii. Within thirty days from the completion of the winding up, the Trustee shall forward to the Commission and the unit holders a report on the winding up containing particulars, such as circumstances leading to the winding up, the steps taken for disposal of assets of the Scheme before winding up, expenses of the Fund for winding up, net assets available for distribution to the unit holders and a certificate from the auditors of the Scheme of the Fund.

Effect of winding up

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

- i. cease to carry on any business activities of the open-end fund;
- ii. cease to create and cancel units of the open-end fund;
- iii. cease to issue and redeem units of the open-end fund.

3.12 Investment management

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

3.13 Dividend policy

- i. The accounting year of the Fund shall be 1 January to 31 December;
- ii. The Fund shall, as soon as may be, after the closing of the annual accounts, distribute by way of dividend to the unit holders in accordance with the বিধিমালা, an amount, which shall not be less than 70 (seventy) per cent of the net profit earned during the year, or as determined by the Commission from time to time;
- iii. Before declaration of dividend, the Asset Management Company shall make a provision in consultation with the Auditors for revaluation of investments caused from loss if market value of investments goes beyond their acquisition cost, and the method of calculation of this provision will be incorporated in the notes of accounts;
- iv. The Fund shall create a dividend equalization reserve by suitable appropriation from the income of the Fund;
- v. Before registration for transfer of ownership, a transferee shall not possess the right to any dividend declared;
- vi. There will be a Cumulative Investment Plan (CIP) scheme in this Unit Fund. Under this scheme a unit holder instead of receiving dividend may reinvest such dividend income accrued for purchasing Unit at a concession rate. In such case, dividend amount accrued must have the value of at least 50 (fifty) Units;
- vii. Dividend warrants will be dispatched within 30 (thirty) days from the declaration of dividend.

- i. Any mutual fund is subject to market risk and there is no assurance or guarantee that the objectives of the fund will be achieved.
- ii. Past performance of the Sponsor or Asset Manager does not indicate the assurance of better future performance and may not necessarily provide a basis of comparison with other investments to this Fund.
- iii. As with any securities investment, the NAV of the Units issued under the Fund can go up or down depending on the factors and forces affecting the capital market and money market of the country.
- iv. The NAV of the Units issued under the Scheme may be affected, inter alia, by changes in the market, interest rate, performance of individual stock, changes in credit rating, trading volume, settlement period and transfer procedure.
- v. Investment in mutual fund involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal.
- vi. Investors are not being offered any guaranteed or assured return from this Fund.
- vii. In the event of a very large number of repurchase requests there may be delays in the delivery of the payment.
- viii. Government policy and Tax laws may change, affecting the return on investment in Units.
- ix. Bangladesh has been prone to natural disaster and political instability over last few decades. Undesirable events such as these may impact the value and performance of the fund.

5.1 Sponsor of the Fund

Prime Finance & Investment Limited (PFI), a leading non-bank financial institution and merchant bank operating in Bangladesh, will act as the Sponsor of the Fund.

Prime Finance & Investment Limited, incorporated in Bangladesh in 1996, is a fully integrated finance house, which offers both fund based and fee based products and/or services. PFI offers unique and extremely popular structured lease and term finance, SME finance, real estate finance, margin loan, corporate financial services including merger & amalgamation, syndicated finance, public issue of securities and many more. PFI is one of the six eligible financial institutions availing CBSF fund under FIDP project of IDA, World Bank. Shares of the company are traded on the DSE and CSE under the symbol of 'PRIMEFIN' and 'PFI' respectively.

Other than this Fund, PFI has already sponsored a close-end mutual fund namely 'Prime Finance First Mutual Fund' which is listed with the DSE and the CSE.

Prime Finance has geographically diversified its operation by opening a branch office at Agrabad, Chittagong. The company is being managed by a group of efficient professional people.

5.2 Trustee of the Fund

Bangladesh General Insurance Company Limited (BGIC) will act as the Trustee of the Fund.

BGIC, incorporated on 29 July 1985, is the first general insurance company in Bangladesh in the private sector. The company offers a full range of general insurance services for fire, marine, motor and miscellaneous risks with 24 branches across the country. BGIC has a proven record of being 'Trustee' for existing mutual fund and zero coupon bonds. Its dynamic team of dedicated professionals with superior underwriting and trustee skill can boost growth of the company. The company has authorised capital of Tk 1000 million and paid up capital of Tk 459.4 million and is listed on both the DSE and the CSE.

5.3 Custodian of the Fund

BRAC Bank Limited (BBL) will act as the Custodian of the Fund.

BRAC Bank Limited, operating in Bangladesh since 2001, is one of the largest private commercial banks of the country with 71 Branches, 59 SME Sales & Service Center and 400+ SME Unit Office. BBL provides custodial services to foreign and local investors since 2010. BBL is the fastest growing custodian bank of the country having dedicated Custodial Services Department.

5.4 Asset Manager

Prime Finance Asset Management Company Limited (PAMC) will act as the Asset Manager of the Fund.

Prime Finance Asset Management Company Limited is a public limited company registered on 9 June 2008 and received the license to operate as Asset Management Company on 18 March 2009 from the Securities and Exchange Commission. PAMC is an associate company of Prime Finance & Investment Limited, one of the best known non-bank financial institutions of the country, which owns 49 (forty nine) per cent shares of the Company.

PAMC is being led by a team of professional asset managers. The members of the team have professional experience in respective areas as well as local and international training. PAMC with its highly skilled, research oriented, and market savvy team as well as advanced technological support, is an ideal asset management company of the country.

The brief profiles of Chairman and Managing Director & CEO are given below:

Mr. Sayed Tarek Kamal

Chairman

Sayed Tarek Kamal, son of Mr. Sayed Kamaluddin and Sayeda Fauzia Kamal was born on 11 November 1969. He has earned his MBA from University of Wisconsin, Oshkosh, USA with a focus in Venture Capital Management. He has more than a decade of professional experience as an academician, banker, and research fellow as well as financial markets specialist at home and abroad. He continues to attend a number of training and workshop at home and abroad.

Moin Al Kashem

Managing Director & CEO

Moin Al Kashem has 17 years of extensive experience in operation, management, and investment in capital market of Bangladesh. His last position was the Head of Merchant Bank & Executive Vice President of Prime Finance & Investment Limited. Mr. Moin has practically covered all aspects of investment banking under his seasoned umbrella of experience from managing large IPO's to portfolios. He has completed his MBA from Institute of Business Administration, University of Dhaka.

5.5 Auditors

S.F. Ahmed & Company, Chartered Accountants, has been appointed as the Auditor of the Fund for the first year. They are one of the reputed audit firms of the country. Subsequent auditors shall be appointed by the Trustee.

5.6 Selling Agents

The following members of Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) have shown interest to act as the selling agents of the Fund to sale and repurchase of Units of the Fund on behalf of the Asset Manager:

SI No.	Name of the Selling Agent	Membership
1	BRAC EPL	DSE and CSE
2	Chittagong Capital Ltd.	CSE
3	Fareast Stocks & Bonds Ltd.	DSE and CSE
4	Green Delta Financial Services Ltd.	DSE and CSE
5	IIDFC	DSE
6	Kabir Securities Ltd.	CSE
7	Lanka Bangla Securities Ltd.	DSE and CSE
8	LRK Securities Ltd.	DSE
9	Mercantile Bank Ltd	DSE
10	Multi Securities & Services Ltd.	DSE and CSE
11	Mutual Trust Bank Ltd.	DSE
12	NCC Bank Ltd.	DSE and CSE
13	PFI Securities Ltd.	DSE and CSE
14	SES Company Limited	DSE and CSE
15	The City Bank Ltd.	DSE and CSE
16	Vision Capital Management Ltd.	DSE

The Asset Manager may appoint more willing stock broker(s)/merchant bank(s)/commercial bank(s) as selling agents in future subject to approval of the Trustee and with due intimation to the SEC.

5.7 Fees and Expenses

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

5.7.1 Issue and Formation expenses

Issue and formation expenses are estimated to be not over 5 (five) per cent of the initial target size of Tk 20,00,00,000 (Taka twenty crore) only. The issue and formation expenses will be amortized within 7 (seven) years on a straight-line method. The estimated expenses for the issue and formation of the Fund are presented below:

	in percentage
Legal and regulatory expenses	0.23%
Formation fee payable to AMC	1.00%
Printing and publication	1.04%
Promotional expenses	2.58%
Other expenses	0.16%
Total	5.00%

5.7.2 Management fee

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

5.7.3 Trustee fee

The Trustee shall be paid an annual Trusteeship fee @ 0.10 per cent on the weekly average net asset value on semi-annually in advance basis, during the life of the Fund.

5.7.4 Custodian fee

The Fund shall pay to the Custodian a safe keeping fee @ 0.05 per cent of balance securities held by the Fund calculated on the basis of average month end value per annum and trade settlement fees of BDT 200 per trade payable quarterly. In any case total custodian fee shall not exceed 0.10% of the initial fund size annually. Any out of pocket expenses may be applicable to the Fund operation from time to time.

5.7.5 Fund registration and annual fee

The Fund has paid Tk 4,00,000 (Taka four lac) only to the Securities and Exchange Commission as registration fee. In addition, the Fund will have to pay @ 0.10 per cent of the Fund value or Tk 50,000 (Taka fifty thousand), whichever is higher, as annual fee in terms of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১.

5.7.6 Commission payable to selling agent(s)

The Fund shall pay commission to the authorized selling agent(s) to be appointed by the Asset Manager @ 0.25 per cent on the transaction amount of sales and redemptions which may change in future with the approval of the Trustee.

5.7.7 Audit fee

The audit fee will be Tk 30,000 (Taka thirty thousand) only for the first accounting year and the Trustee will fix fees for subsequent years.

Chapter 6

Size of the Fund, Tax and Rights of Unit Holders

6.1 Size of issue

The initial size of the Fund shall be Tk 20,00,00,000 (Taka twenty crore) only divided into 20,00,000 (Twenty lac) units of Tk 100 (Taka one hundred) each which may be increased from time to time by Asset Manager subject to approval of the Trustee with due intimation to the Commission till liquidation of the Fund. The initial distribution of the Fund's unit holding shall be as follows:

Subscribers	No. of Units	Face Value (Taka per Unit)	Amount (Taka)	Remarks
Sponsor	3,00,000	100	3,00,00,000	Subscribed
General investors	17,00,000	100	17,00,00,000	Yet to be subscribed
Total	20,00,000	100	20,00,00,000	

6.2 Subscription from Sponsor

Prime Finance & Investment Limited, the Sponsor, has already subscribed Tk 3,00,00,000 (Taka three crore) only for 3,00,000 (three lac) units of Tk 100 (one hundred) each at par on 2 June 2010, the effective date.

6.3 Tax

The Asset Manager has applied to National Board of Revenue (NBR) on 15 June 2010 for allowing investment in the Fund by individual investor for tax exemption benefit under Section 44(2) of the Income tax Ordinance, 1984.

6.4 Rights of the Unit holders

Voting rights

All the unit holders shall have usual voting rights. Voting right can be exercised in person or by proxy in a meeting held in connection with any proposal to amend the characteristics of the Fund or any other agenda of meeting called by the Trustee in the circumstances mentioned in the Trust Deed or the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (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.

Transfer of units

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

Dividend

All the unit holders have equal but proportionate right in respect of dividend.

Periodic information

All the unit holders of the Fund shall have the right to receive the annual report and audited accounts of the Fund. Moreover, the unit holders shall be informed of the NAV of the Fund on weekly basis through the DSE, the CSE, newspaper, the website of the Asset Manager, and the selling agent(s) to be appointed by the Asset Manager from time to time.

Accounts and Information

The Fund's financial year will be closed on 31 December every year and the first year end will be 31 December 2010. Annual report or major head of income & expenditure account 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 of the Fund, NAV per unit, any suspension or alteration of the calculation of NAV of the Fund will be published / notified to the DSE and CSE by the Asset Manager as per বিধিমালা.

Beneficial interest

The unit holders shall preserve only the beneficial interest in the trust properties on pro rata basis of their ownership of the respective schemes.

Terms and conditions of unit subscription

- i. The Units of Prime Financial First Unit Fund, hereinafter referred to as the Fund, may be bought/surrendered through Prime Finance Asset Management Company Limited and authorized selling agents appointed by PAMC from time to time. Surrender of Units is allowed only through the selling agent from which the Units are originally purchased.
- ii. Application must be made by an individual (both resident and non resident), a corporation or company (both local and foreign), a trust or a society (registered in or outside of Bangladesh) and not by a firm, minor or persons of unsound mind.
- iii. Joint application by two persons is acceptable. In such a case, registration and issuance of Unit certificate will be in favour of principal applicant while dividend and other benefits, if any, will be addressed to bank account of principal applicant mentioned in the application form. In case of the death of any of the joint holders, only the survivor shall be recognized as having any title to the Units. On death of both the joint holders, the title to the Units will bestow upon the nominee mentioned in the application form.
- iv. Minimum purchase amount for individual investors is 50 (fifty) Units and for institutional investors is 1000 (one thousand) Units.
- v. Application for purchase of Units should be accompanied by an account payee cheque/pay order/bank draft in favour of “Prime Financial First Unit Fund” for the total value of Units.
- vi. After clearance/encashment of cheque/draft/pay order the applicant will be issued with one Unit Certificate against every purchase with a denomination of number of Units he/she/the Institutional investor applies for.
- vii. Partial surrender (fraction of total Units held under a single certificate) is allowed without any additional cost subject to minimum surrender quantity is 50 (fifty) Units both for individuals and institutions. Upon partial surrender, the Unit holder will be issued with a new certificate representing the balance of his Unit holding.
- viii. The Units may be transferred by way of inheritance/gift and/or by specific operation of the law. In case of transfer the Fund will charge a nominal fee as decided by PAMC from time to time except in the case of transfer by way of inheritance.
- ix. Unit holders may split their Unit certificates subject to minimum denomination of 50 (fifty) Units. In case of split the Fund will charge a nominal fee as decided by the PAMC from time to time.
- x. Dividend may be delivered in cash or by way of Units under Cumulative Investment Plan (CIP) as the applicant gives option in the application form.
- xi. All payments /receipts in connection with or arising out of transactions in the Units hereby applied for shall be in Bangladeshi Taka.

Forms

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

- i. Application Form to Purchase Units - Individual
- ii. Application Form to Purchase Units – Institution
- iii. Surrender Form
- iv. Transfer Form
- v. Split / Consolidation Form

PRIME FINANCIAL FIRST UNIT FUND

Asset Management Company: Prime Finance Asset Management Company Limited

APPLICATION FORM TO PURCHASE UNITS - INDIVIDUAL

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

To
The Managing Director & CEO
Prime Finance Asset Management Company Limited
57, Dilkusha C.A.
Dhaka 1000

Registration no.: _____

Sale no.: _____

I/We enclose Taka _____ (Taka _____) vide Cheque/P.O./D.D.
No. _____ Bank _____ Branch _____ and
request you to sell me/us _____ Units of Prime Financial First Unit Fund, at the price of Tk _____ per unit
through _____. I/We are giving necessary information as follows:

A. Principal Applicant

Registration No. (for existing unit holder only) _____

Name: _____

Father's/Husband's Name: _____

Mother's Name: _____

Date of Birth: _____ Occupation: _____

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

Address: _____

Telephone No.: _____ Fax No.: _____

E-mail: _____ Bank: _____

Branch: _____ A/C No.: _____ Dividend option : Cash CIP

B. Joint Applicant

Name: _____

Father's/Husband's Name: _____

Mother's Name: _____

Date of Birth: _____ Occupation: _____

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

Address: _____

Telephone No.: _____ Fax No.: _____

E-mail: _____

C. Nominee

Name: _____

Father's/Husband's Name: _____

Mother's Name: _____

Relationship with principal applicant _____

Date of Birth: _____ Occupation: _____

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

Address: _____

Telephone No.: _____ Fax No.: _____

E-mail: _____ Signature: _____

Signature of Applicants

Principal Applicant

Joint Applicant

Date of Application: _____

TERMS AND CONDITIONS

1. The Units of Prime Financial First Unit Fund, hereinafter referred to as the Fund, may be bought /surrendered through Prime Finance Asset Management Company Limited (PAMC) and authorized selling agents appointed by PAMC from time to time. Surrender of Units is allowed only through the selling agent from which the Units are originally purchased.
2. Application must be made by an individual (both resident and non resident), a corporation or company (both local and foreign), a trust or a society (registered in or outside of Bangladesh) and not by a firm, minor or persons of unsound mind.
3. Joint application by two persons is acceptable. In such a case, registration and issuance of Unit certificate will be in favour of principal applicant while dividend and other benefits, if any, will be addressed to bank account of principal applicant mentioned in the application form. In case of the death of any of the joint holders, only the survivor shall be recognized as having any title to the Units. On death of both the joint holders, the title to the Units will bestow upon the nominee mentioned in the application form.
4. Minimum purchase amount for individual investors is 50 (fifty) Units and for institutional investors is 1000 (one thousand) Units.
5. Application for purchase of Units should be accompanied by an account payee cheque/pay order/bank draft in favour of "Prime Financial First Unit Fund" for the total value of Units.
6. After clearance/encashment of cheque/draft/pay order the applicant will be issued with one Unit Certificate against every purchase with a denomination of number of Units he/she/the Institutional investor applies for.
7. Partial surrender (fraction of total Units held under a single certificate) is allowed without any additional cost subject to minimum surrender quantity is 50 (fifty) Units both for individuals and institutions. Upon partial surrender, the Unit holder will be issued with a new certificate representing the balance of his Unit holding.
8. The Units may be transferred by way of inheritance/gift and/or by specific operation of the law. In case of transfer the Fund will charge a nominal fee as decided by PAMC from time to time except in the case of transfer by way of inheritance.
9. Unit holders may split their Unit certificates subject to minimum denomination of 50 (fifty) Units. In case of split the Fund will charge a nominal fee as decided by the PAMC from time to time.
10. Dividend may be delivered in cash or by way of Units under Cumulative Investment Plan (CIP) as the applicant gives option in the application form.
11. All payments /receipts in connection with or arising out of transactions in the Units hereby applied for shall be in Bangladeshi Taka.

FOR OFFICIAL USE ONLY

Registration No.: _____

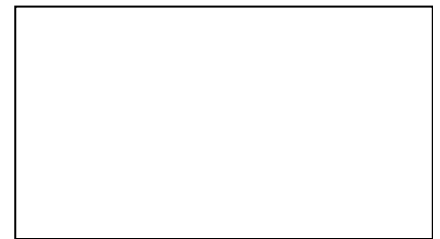
Date: _____

No. of Units: _____

Sale No.: _____

Certificate No.: _____

Sign and Seal of Issuing Office



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

Signature of the Applicant(s)

PRIME FINANCIAL FIRST UNIT FUND

Asset Management Company: Prime Finance Asset Management Company Limited

APPLICATION FORM TO PURCHASE UNITS - INSTITUTION

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

To
The Managing Director & CEO
Prime Finance Asset Management Company Limited
57, Dilkusha C.A.
Dhaka 1000

Registration no.: _____

Sale no.: _____

We enclose Taka _____ (Taka _____) vide Cheque/P.O./D.D.
No. _____ Bank _____ Branch _____ and
request you to sell us _____ Units of Prime Financial First Unit Fund, at the price of Tk _____ per unit through
_____. We are giving necessary information as follows:

Registration no. with Prime Financial First Unit Fund (for existing unit holder only) _____

Name of the institution: _____

Type of institution: Local company Foreign company Trust Society Other

Registration No.: _____ TIN No.: _____

Address: _____

Telephone No.: _____ Fax No.: _____ E-mail: _____

Bank: _____ Branch: _____

A/C No.: _____ Dividend option: Cash CIP

Name of the CEO: _____

Details of Authorised Person(s), if any:

Sl. No.	Name	Designation	Signature
1.	_____	_____	_____
2.	_____	_____	_____

CEO

1st Authorized Person

2nd Authorized Person

Mode of operation: Jointly by _____ Singly by _____

Documents enclosed:

Incorporation certificate

TIN certificate

Trust Deed

Extract of Board resolution

Society Registration certificate

Relevant document if Board resolution is not required

Memorandum and Article of Association

Letter of authority issued in favor of authorized person(s)

Date of application: _____

Seal and Signature of the Applicant

TERMS AND CONDITIONS

1. The Units of Prime Financial First Unit Fund, hereinafter referred to as the Fund, may be bought /surrendered through Prime Finance Asset Management Company Limited (PAMC) and authorized selling agents appointed by PAMC from time to time. Surrender of Units is allowed only through the selling agent from which the Units are originally purchased.
2. Application must be made by an individual (both resident and non resident), a corporation or company (both local and foreign), a trust or a society (registered in or outside of Bangladesh) and not by a firm, minor or persons of unsound mind.
3. Joint application by two persons is acceptable. In such a case, registration and issuance of Unit certificate will be in favour of principal applicant while dividend and other benefits, if any, will be addressed to bank account of principal applicant mentioned in the application form. In case of the death of any of the joint holders, only the survivor shall be recognized as having any title to the Units. On death of both the joint holders, the title to the Units will bestow upon the nominee mentioned in the application form.
4. Minimum purchase amount for individual investors is 50 (fifty) Units and for institutional investors is 1000 (one thousand) Units.
5. Application for purchase of Units should be accompanied by an account payee cheque/pay order/bank draft in favour of "Prime Financial First Unit Fund" for the total value of Units.
6. After clearance/encashment of cheque/draft/pay order the applicant will be issued with one Unit Certificate against every purchase with a denomination of number of Units he/she/the Institutional investor applies for.
7. Partial surrender (fraction of total Units held under a single certificate) is allowed without any additional cost subject to minimum surrender quantity of 50 (fifty) Units both for individuals and institutions. Upon partial surrender, the Unit holder will be issued with a new certificate representing the balance of his Unit holding.
8. The Units may be transferred by way of inheritance/gift and/or by specific operation of the law. In case of transfer the Fund will charge a nominal fee as decided by PAMC from time to time except in the case of transfer by way of inheritance.
9. Unit holders may split their Unit certificates subject to minimum denomination of 50 (fifty) Units per certificate. In case of split the Fund will charge a nominal fee as decided by the PAMC from time to time.
10. Dividend may be delivered in cash or by way of Units under Cumulative Investment Plan (CIP) as the applicant gives option in the application form.
11. All payments /receipts in connection with or arising out of transactions in the Units hereby applied for shall be in Bangladeshi Taka.

FOR OFFICIAL USE ONLY

Registration No.: _____

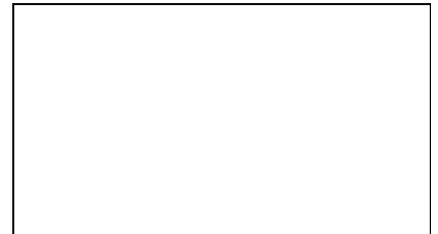
Date: _____

No. of Units: _____

Sale No.: _____

Certificate No.: _____

Sign and Seal of Issuing Office



We confirm that we have received the unit certificate mentioned above and also that we have read, understood and agree to abide by the terms set out above as may be altered, replaced and modified from time to time by PAMC.

Signature of the Applicant

PRIME FINANCIAL FIRST UNIT FUND

Asset Manager: Prime Finance Asset Management Company Limited

SURRENDER FORM

(Please Read Terms and Conditions Overleaf; Fill up the Form in Block Letters)

Date: _____

Surrender no.: _____

To
The Managing Director & CEO
Prime Finance Asset Management Company Limited
57, Dilkusha C.A.
Dhaka 1000

I/We _____
of _____
having the registration no. _____ is/are the holder(s) of _____ Units of Prime Financial First
Unit Fund. I/We would like to surrender _____ units at the repurchase price of Tk _____ per unit as declared
by you on _____. My/Our surrender request is summarized below:

Sl. No.	Certificate No.	Unit held under this certificate	To be Surrendered		
			No. of Units	Repurchase Price Tk/Unit	Total Surrender Value Tk

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

Thank you.

Witnesses

Signature of Unit Holder(s)

1. Signature

Name:

Father's

/Husband's Name:

Address:

1.

2.

2. Signature

Name:

Father's

/Husband's Name:

Address:

VERIFICATION (OFFICIAL USE ONLY)

Checked and verified by _____ on _____

TERMS AND CONDITIONS

1. The Units of Prime Financial First Unit Fund, hereinafter referred to as the Fund, may be bought /surrendered through Prime Finance Asset Management Company Limited (PAMC) and authorized selling agents appointed by PAMC from time to time. Surrender of Units is allowed only through the selling agent from which the Units are originally purchased.
2. Units may be surrendered on all working days except last working day of the week and during the book closure period of the Fund.
3. Minimum surrender quantity is 50 (fifty) Units for both individual and institutional unit holders.
4. Partial surrender (fraction of total Units held under a single certificate) is allowed without any additional cost subject to minimum surrender quantity of 50 (fifty) Units both for individuals and institutions. Upon partial surrender, the unit holder will be issued with a new certificate representing the balance of his/her Unit holding.
5. Unit holder is required to attach all the certificates he/she/the institution wants to surrender along with Surrender Form.
6. After verification of authenticity of certificate(s), account payee cheque for surrender amount will be issued in favour of unit holder within maximum of seven working days. In case of joint holding, account payee cheque will be issued in favour of principal holder.

FOR OFFICIAL USE ONLY

Date of issuance of cheque _____

Cheque no. _____ amount Tk _____ (Taka _____)

in favour of _____

For balance unit, if any,

Date of issuance of certificate: _____ Sale no. _____

No. Units _____ Certificate no. _____

Sign and Seal of Issuing Office



Received cheque and/or unit certificate(s) mentioned above.

Date _____

Signature of Unit holders

PRIME FINANCIAL FIRST UNIT FUND

Asset Management Company: Prime Finance Asset Management Company Limited

TRANSFER FORM

(Please Read Terms and Conditions Overleaf; Fill up the Form in Block Letters)

Date: _____

Transfer no.: _____

To
The Managing Director & CEO
Prime Finance Asset Management Company Limited
57, Dilkusha C.A.
Dhaka 1000

I/We _____

of _____

having the registration no. _____, hereinafter referred as Transferor, is/are the holder(s) of _____

Units of Prime Financial First Unit Fund. I/We would like to transfer unit certificate no. _____

having _____ units to the following person, hereinafter referred as Transferee:

Name: _____

Father's/Husband's Name: _____

Mother's Name: _____

Date of Birth: _____ Occupation: _____

Relationship with Transferor: _____

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

Address: _____

Telephone No.: _____ Fax No.: _____

E-mail: _____ Bank: _____

Branch: _____ A/C No.: _____

Dividend option: Cash CIP Registration No. (for existing unit holder only) _____

Means of transfer: Inheritance Gift Operation of law

Witnesses

1. Signature

Name:

Father's

/Husband's Name:

Address:

Signature of Transferor

2. Signature

Name:

Father's

/Husband's Name:

Address:

Signature of Transferee

VERIFICATION (OFFICIAL USE ONLY)

Checked and verified by _____ on _____

TERMS AND CONDITIONS

1. The Units may be transferred by way of inheritance/gift and/or by specific operation of the law. In case of transfer the Fund will charge a nominal fee as decided by PAMC from time to time except in the case of transfer by way of inheritance.
2. Transfer of Units is allowed only through the selling agent from which the Units are originally purchased.
3. The Units will be transferred on all working days except the last working day of the week and during the book closure period of the Fund.
4. The total number of Units held by a single certificate is required to be transferred at a time.
5. Partial transfer (fraction of total Units held under a single certificate) is not allowed. However, the unit holders may split unit certificate to his/her desired denomination, but not less than 50 (fifty) unit per certificate, for the purpose of transfer.
6. The unit certificate(s) the unit holder(s) intends to transfer is/are required to be attached with the Transfer Form.
7. After verification of authenticity of certificate(s) as well as the information provided in transfer form issuing office, PAMC or any of its authorized selling agent will deliver the unit certificate to the Transferee within a period of maximum seven working days.
8. The conditions applicable for original unit certificate will apply even after transfer of units in the name of Transferee.

FOR OFFICIAL USE ONLY

Date of Transfer: _____

Transfer no.: _____

Certificate no.: _____

No. of Units: _____

Sign and Seal of Issuing Office

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

Date _____

Signature of Transferee

PRIME FINANCIAL FIRST UNIT FUND

Asset Manager: Prime Finance Asset Management Company Limited

SPLIT / CONSOLIDATION FORM

(Please Read Terms and Conditions Overleaf; Fill up the Form in Block Letters)

Date: _____

Spilt/Consolidation no.: _____

To
The Managing Director & CEO
Prime Finance Asset Management Company Limited
57, Dilkusha C.A.
Dhaka 1000

I/We _____
of _____
having the registration no. _____ is/are the holder(s) of unit Certificate
no(s). _____
of _____ Units of Prime Financial First Unit Fund.

I/We would like to request you to split/consolidate the said certificate(s) as follows:

- 1) _____ Certificate(s) of _____ units each
- 2) _____ Certificate(s) of _____ units each
- 3) _____ Certificate(s) of _____ units each
- 4) _____ Certificate(s) of _____ units each
- 5) _____ Certificate(s) of _____ units each

Signature of Unit holder(s)

Principal holder

Joint holder

VERIFICATION (OFFICIAL USE ONLY)

Checked and verified by _____ on _____

TERMS AND CONDITIONS

1. The unit certificate(s) may be split / consolidated through Prime Finance Asset Management Company Limited (PAMC) or any of its authorized selling agents from where the units are originally purchased.
2. The unit certificate(s) may be split into any denomination but not less than 50 (fifty) units per certificate.
3. In case of split / consolidation the Fund will charge a nominal fee as decided by PAMC from time to time.
4. The unit certificate(s) will be split / consolidated on all working days except the last working day of the week and during the book closure period of the Fund.
5. The unit certificate(s) the unit holder(s) intends to split / consolidate is/are required to be attached with Split / Consolidation Form.
6. After verification of authenticity of certificate(s) as well as the information provided in Split / Consolidation Form issuing office - PAMC or any of its authorized selling agent - will deliver the unit certificate(s) to the unit holder or principal holder, in case of joint holding, within a period of maximum fifteen working days.
7. The conditions applicable for original unit certificate(s) will also apply even for split / consolidated unit certificate(s).

FOR OFFICIAL USE ONLY

Date of Split / Consolidation: _____

Split / Consolidation no.: _____

Certificate(s) issued:

- 1) _____ Certificate(s) of _____ units each
- 2) _____ Certificate(s) of _____ units each
- 3) _____ Certificate(s) of _____ units each
- 4) _____ Certificate(s) of _____ units each
- 5) _____ Certificate(s) of _____ units each

Sign and Seal of Issuing Office

I/We have received the above mentioned unit certificate(s).

Date _____

Signature of Unit holder



Registered Office

57, Dilkusha Commercial Area, Dhaka, Bangladesh.
Phone : 88-02-9513562, 9513563, Fax: 88-02-9513564
Email: info@pamcbd.com