

PROSPECTUS | SHANTA FIRST INCOME UNIT FUND



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Shanta First Income Unit Fund

Initial Size of Issue	BDT 20,00,00,000.00 (Taka Twenty Crore)
Total Number of Units	2,00,00,000 (Two Crore)
Initial/Opening Price	BDT 10.00 (Taka Ten) per Unit
Sponsor's Contribution	BDT 2,00,00,000.00 (Taka Two Crore Only)
Subscription Opens	February 14, 2018

Sponsor & Asset Manager

Shanta Asset Management Limited

Corporate Office:

Peoples Insurance Bhaban, Level-13,
36, Dilkusha C/A, Dhaka-1000.
Phone: +88-02-9513542
Fax: +88-02-9513543

Registered Office:

Safura Tower (Level 3), 20, Kemal Ataturk Avenue
Banani C/A, Dhaka-1213, Bangladesh.
Phone: +88-02-9881194, +88-02-9884323
Fax: +88-02-9882605

Trustee

Bangladesh General Insurance Company Limited (BGIC)
42, Dilkusha C/A, Motijheel, Dhaka-1000, Bangladesh.

Custodian

Brac Bank Ltd
Anik Tower, 220/B, Tejgaon Gulshan Link Road
Tejgaon, Dhaka 1208, Bangladesh.

Date of publication of Prospectus

February 05, 2018

The investors are advised, in their own interest, to carefully read the contents of the Prospectus, in particular the risk factors before making any investment decision

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 Shanta First Income Unit Fund (hereinafter the Fund) bears certain risks that investors should carefully consider before investing in the Fund. Investment in the capital market and in the Fund 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 GURANTEERING 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.

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Fund Directory

Sponsor and Asset Manager

Shanta Asset Management Limited

Registered Office:

Safura Tower (level 3), 20, Kemal Ataturk Avenue

Banani C/A, Dhaka-1213, Bangladesh.

Corporate Office:

Peoples Insurance Bhaban

Level-13, 36, Dilkusha C/A, Dhaka-1000, Bangladesh.

Trustee

Bangladesh General Insurance Company Ltd. (BGIC)

42, Dilkusha C/A, Motijheel, Dhaka-1000, Bangladesh.

Custodian

BRAC Bank Limited

Anik Tower, 220/B, Tejgaon Gulshan Link Road

Tejgaon, Dhaka-1208, Bangladesh.

Auditor

Rahman Mostafa Alam & Co., Chartered Accountants

Paramount Heights (7th Floor-D2), 65/2/1

Box Culvert Road, Purana Paltan, Dhaka-1000, Bangladesh.

Banker

Bank Asia Ltd.

Principal Office Branch

111-113, Motijheel C/A, Dhaka-1000.

Phone: +88-029571450-51, Fax: +88-029566223

Investor Relation Office

Peoples Insurance Bhaban

Level-13, 36, Dilkusha C/A, Dhaka-1000.

Selling Agent

Shanta Securities Limited

Abbreviations and Definitions

বিধিমালা/ Rules	সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১
Act	সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশন আইন, ১৯৯৩
"Allotment"	Letter of Allotment for Units
AMC/Asset Management Company/ Fund Manager/Investment Manager	Shanta Asset Management Limited
Application Form	An application form meant to be used by an investor to purchase units of the Scheme
"BO A/C"	Beneficiary Owner
"BSEC/Commission"	Bangladesh Securities and Exchange Commission
Business Day	A day not being: <ul style="list-style-type: none"> • A weekend; • A day on which the stock exchanges are closed; • A day on which purchase and repurchase of units is suspended or a book closure period /record date announced by the Trustee/AMC; • A day on which normal business cannot be transacted due to unavoidable circumstances or such other events as the AMC may specify from time to time; • A day on which banks are closed.
"CDBL"	Central Depository of Bangladesh Limited
CEO/MD	Chief Executive Officer/Managing Director
"CDS"	Central Depository System
CIP	Cumulative Investment Plan
Certificate /Unit Certificate	Unit Certificate of the Fund in dematerialized form under CDBL
Confirmation of Unit Allocation	Letter conforming allocation of units
"CSE"	Chittagong Stock Exchange Ltd
"Custodian"	BRAC Bank Limited
"DSE"	Dhaka Stock Exchange Ltd
"EPU"	Earnings Per Unit
"FIS"	Securities having maturity of more than one year
"Fund/Scheme"	Shanta First Income Unit Fund
IPO	Initial Public Offering
"NAV"	Net Asset Value
Offer Document	This document issued by Shanta First Income Unit Fund, offering Units of the Fund for subscription. Any modifications to the offer document will be made by way of an addendum which will be attached to offer document. On issuance of any such addendum, prior approval from BSEC is required and offer document will be deemed to be updated by the addendum.
"Reinvestment"	Investing distributable dividend of the Scheme in additional Units issued by the Scheme/ Fund
Repurchase Price	Price at which the Units can be redeemed/repurchased and calculated in the manner provided in this offer document prescribed by the rules and its amendment
Repurchase/Surrender	Repurchase of units by the Fund from an unit-holder
"Reinvestment Units"	Additional Units issued as dividend by the Scheme
"SAML"	Shanta Asset Management Limited
"Sponsor"	Shanta Asset Management Limited
"Trustee"	Bangladesh General Insurance Company Limited (BGIC)
"Unit"	One undivided share of the Mutual Fund
"Unit Holder"	A person (single / joint) or institution holding units of Shanta First Income Unit Fund offered under this offer document

Interpretation

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

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

Fund Highlights

Features	Description
Name of the Fund	Shanta First Income Unit Fund
Nature	Open-end Fund
Life and size of the Fund	Perpetual life and unlimited size
Sponsor and Asset Manager	Shanta Asset Management Limited (SAML)
Trustee	Bangladesh General Insurance Company Ltd. (BGIC)
Custodian	BRAC Bank Limited
Initial Size of the Fund	BDT 20,00,00,000 (Taka Twenty Crore) divided into 2,00,00,000 (Two Crore) units of BDT 10 (Ten taka) each.
Face value	BDT 10 of one unit each
Objective	To provide attractive dividend payments to the unit holders through achieving capital appreciation as well as earning dividend and interest income and building up reserves.
Minimum Subscription	500 Units per application for individuals 5,000 Units per application for institutions (Not applicable for SIP Investors)
Target Group	Individuals –both resident and non-resident, institutions–both local and foreign, registered mutual funds, collective investment schemes, trusts and societies/foundations are eligible to apply for investing in the Fund.
Dividend	Being an 'Income Fund', the Fund shall distribute at least 70% of realized 'Annual Income' ^[1] of the Fund as dividend in Bangladeshi Taka or CIP (if requested by the investor) only net of provisions in each accounting year.
Dividend Distribution	The dividend warrant will be distributed within 45 (forty-five) days from the date of declaration.
Transferability	The Units of the Fund are transferable by way of inheritance/ gift and/ or by specific operation of the law.
Systematic Investment Plan (SIP) Facility	Systematic Investment Plan or SIP allows investor to invest a certain predetermined amount at a regular interval (monthly, quarterly, yearly etc.). SIP is a planned approach towards investments and helps to inculcate the habit of saving and building wealth for the future. Investor can start SIP with a very small amount i.e. minimum BDT 1,000 or any multiple of BDT 500/1,000.
Surrender and Encashment	The unit holders can surrender and encash their unit certificates through the Asset Management Company or through the selling agents appointed by the AMC during the business hours as specified by the Asset Management Company.
Accounts and information	The unit holders of the Fund are entitled to receive the audited Annual Reports of the Fund along with the yearly, half-yearly and quarterly statements of accounts. Weekly NAV of the Fund will be published in the newspapers and in the website (www.shanta-aml.com) of the SAML.
Tax Benefit	Income from the Mutual Fund up to BDT 25,000.00 is exempted from tax according to the 6th Schedule, Part A under Income Tax Ordinance, 1984
Allowable / Eligible Investment	Investment in the Mutual Fund will qualify for investment tax credit according to the Section 44(2) under Income Tax Ordinance, 1984

^[1]Before deriving the annual distributable income and declaring dividend, the Fund shall provide for future depreciation on investments and appropriate provision for bad and doubtful investments to the satisfaction of the Auditors and shall also create a sufficient Dividend Equalization Reserve by appropriation from the income of the Fund.

ফান্ড হাইলাইটস

বৈশিষ্ট্য	বিবরণ
ফান্ড এর নাম	শান্তা ফার্স্ট ইনকাম ইউনিট ফান্ড
প্রকৃতি	বে-মেয়াদী মিউচুয়াল ফান্ড
ফান্ড এর মেয়াদ এবং আকার	অসীম এবং বে-মেয়াদী
উদ্যোক্তা এবং সম্পদ ব্যবস্থাপক	শান্তা অ্যাসেট ম্যানেজমেন্ট লিমিটেড
ট্রাস্টি	বাংলাদেশ জেনারেল ইনস্যুরেন্স কোম্পানি লিমিটেড
হেফাজতকারী	ব্র্যাক ব্যাংক লিমিটেড
ফান্ডের প্রাথমিক আকার	৳ ২০০,০০০,০০০/- (বিশ কোটি টাকা মাত্র) যা প্রতিটি ৳ ১০/- (দশ টাকা মাত্র) অভিহিত মূল্যের ২০,০০০,০০০ (দুই কোটি) ইউনিটে বিভক্ত।
অভিহিত মূল্য	৳ ১০/- (দশ টাকা মাত্র) প্রতি ইউনিট
উদ্দেশ্য	মূলধনী মুনাফার পাশাপাশি লভ্যাংশ ও সুদ আয় অর্জন এবং সঞ্চিতি তৈরির মাধ্যমে ফান্ড-এ বিনিয়োগকারীদের আকর্ষণীয় লভ্যাংশ প্রদান করা।
ন্যূনতম বিনিয়োগ	ব্যক্তি বিনিয়োগকারীগণের জন্য প্রতি আবেদনে ৫০০ ইউনিট প্রাতিষ্ঠানিক বিনিয়োগকারীগণের জন্য প্রতি আবেদনে ৫০০০ ইউনিট (নিয়মিত বিনিয়োগ পরিকল্পনা বা SIP বিনিয়োগকারীগণের জন্য ইহা প্রযোজ্য নয়।)
উদ্দিষ্ট বিনিয়োগকারীগণ	নিবাসী ও অনিবাসী ব্যক্তিবর্গ, দেশী ও বিদেশী প্রতিষ্ঠানসমূহ, নিবন্ধিত মিউচুয়াল ফান্ডসমূহ, সমষ্টিক বিনিয়োগ ফান্ডসমূহ, ট্রাস্ট এবং সোসাইটি/ ফাউন্ডেশনসমূহ ফান্ডে বিনিয়োগ করতে পারবে।
লভ্যাংশ	বিধি অনুযায়ী, ইনকাম ফান্ড হিসেবে ফান্ডটি প্রতি হিসাব বছরে প্রভিশন সংরক্ষণের পর অর্জিত 'বাৎসরিক আয়ের' ^{১)} ন্যূনতম ৭০% লভ্যাংশ, বাংলাদেশী টাকা অথবা সিআইপি (বিনিয়োগকারীগণের চাহিদা অনুযায়ী) বিতরণ করবে।
লভ্যাংশ বিতরণ	লভ্যাংশ ঘোষণার তারিখ থেকে ৪৫ (পঁয়তাল্লিশ) দিনের মধ্যে তা বিতরণ করা হবে।
হস্তান্তর যোগ্যতা	ফান্ডের প্রতিটি ইউনিট উত্তরাধিকার/উপহার এবং/অথবা আইনের নির্দিষ্ট অপারেশন দ্বারা হস্তান্তরযোগ্য।
নিয়মিত বিনিয়োগ পরিকল্পনা বা Systematic Investment Plan (SIP)	এসআইপি (SIP) বা নিয়মিত বিনিয়োগ পরিকল্পনা এর মাধ্যমে এসআইপি (SIP) বিনিয়োগকারীরা নির্দিষ্ট সময় অন্তর অন্তর (মাসিক, ত্রৈমাসিক, বাৎসরিক প্রভৃতি) পূর্বনির্ধারিত পরিমাণ অর্থ বিনিয়োগ করবেন। ভবিষ্যৎ সঞ্চয় ও সম্পদ গড়ার লক্ষ্যে এবং বিনিয়োগের জন্য, SIP একটি কার্যকরী বিনিয়োগ পরিকল্পনা। বিনিয়োগকারীরা ন্যূনতম ১,০০০ টাকা অথবা ৫০০/১,০০০ টাকার গুণিতকের সমপরিমাণ অর্থ বিনিয়োগ করে এসআইপি (SIP) শুরু করতে পারবেন।
ইউনিট সমর্পন এবং নগদীকরণ	ফান্ডের ইউনিট সম্পদ ব্যবস্থাপক এবং সম্পদ ব্যবস্থাপক কর্তৃক নিয়োগকৃত বিক্রয় প্রতিনিধির নিকট সম্পদ ব্যবস্থাপক কর্তৃক নির্ধারিত অফিস সময়ে সমর্পন এবং নগদায়ন করা যাবে।
হিসাব এবং অন্যান্য তথ্যাদিসমূহ	ফান্ডের ইউনিট ধারকগণ ফান্ডের বাৎসরিক, অর্ধ-বার্ষিকী এবং ত্রৈমাসিক হিসাব বিবরণী সহ নিরীক্ষিত বার্ষিক প্রতিবেদন পাওয়ার অধিকার সংরক্ষণ করেন। ফান্ডের সাপ্তাহিক নীট সম্পদ মূল্য (NAV) পত্রিকায় প্রকাশ করার পাশাপাশি সম্পদ ব্যবস্থাপনা কোম্পানির ওয়েব সাইটে - (www.shanta-aml.com) প্রকাশ করা হবে।
কর সুবিধা	Income Tax Ordinance, 1984 এর ষষ্ঠ তফসিল এর Part-A অনুযায়ী মিউচুয়াল ফান্ড বা ইউনিট ফান্ড হতে ২৫,০০০/- টাকা (পঁচিশ হাজার) পর্যন্ত প্রাপ্ত আয় করের আওতাভুক্ত থাকবে।
কর রেয়াত জনিত সুবিধা	মিউচুয়াল ফান্ড-এ বিনিয়োগ, Income Tax Ordinance, 1984 এর ৪৪(২) ধারা অনুযায়ী বিনিয়োগ জনিত কর রেয়াত সুবিধা পেয়ে থাকে।

^{১)}বার্ষিক বন্টনযোগ্য আয় নিরূপণ এবং লভ্যাংশ ঘোষণার পূর্বে ফান্ড ভবিষ্যতে বিনিয়োগ মূল্য হ্রাস, মন্দ ও সন্দেহজনক বিনিয়োগের বিপরীতে নিরীক্ষকের সম্মতি অনুযায়ী উপযুক্ত সঞ্চিতি সংরক্ষণ করবে এবং ফান্ডের অবস্থিতি আয় হতে পর্যাপ্ত ডিভিডেন্ড সমতাকরণ তহবিল গঠন করবে।

Risk



RISK FACTORS

Investors should know that Shanta First Income Unit Fund is not a guaranteed or assured return scheme and the past performance of the Sponsor and their affiliates / AMC does not guarantee future performance of the Scheme. The name of the Scheme does not in any manner indicate either the quality of the Scheme or its future prospects and returns. Investing in the Shanta First Income Unit Fund involves some general risks and some scheme specific risks that investors should carefully consider before investing in the Fund.

General Risk Factors:

- i. Due to the fluctuation of the price / value / interest rates of the securities in which Scheme invests, the value of investment in the Scheme may go up or down depending on the various factors and forces affecting the capital markets and money markets.
- ii. Government policy and tax laws may change, affecting the return on investments of the fund, which may eventually affect the NAV and return of the Units.
- iii. Large number of redemption requests, may lead to an asset-liability mismatch and therefore may require the investment manager to make a quick sale of the securities leading to realignment of the portfolio and consequently resulting in investment in lower yield instruments.
- iv. Delays or other problems in settlement of transactions could result in temporary periods when the assets of the Scheme remain idle and no return is earned thereon. The inability of the Scheme to make intended securities purchases and sales, due to settlement problems, could cause the Scheme to miss certain investment opportunities.

Risk factors associated with investing in equities and equity related instruments:

- i. Equity shares and equity related instruments are volatile and prone to price fluctuations on a daily basis.
- ii. Securities, which are not listed on the stock exchanges, are illiquid in nature and entails higher liquidity risk, in comparison to securities that are listed on the exchanges.
- iii. 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.
- iv. 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.

Risk factors associated with investing in Fixed Income Securities:

- i. The Net Asset Value (NAV) of the Scheme, to the extent invested in Debt and Money Market instruments, will be affected by changes in the general level of interest rates.
- ii. Money market instruments lack a well-developed secondary market, which may restrict the selling ability of the Scheme and may lead to the Scheme incurring losses till the security is finally sold.
- iii. Investment in debt instruments are subject to credit risk i.e. the risk of an issuer's inability to meet interest or principal payments on its obligations, which may have their credit ratings downgraded. Changes in financial conditions of an issuer or changes in economic and political conditions specific to the issuer are factors that may affect an issuer's credit quality and security values.
- iv. Government securities have price-risk like any other fixed income security. Generally, when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of interest rates. However, Government Securities are unique in the sense that their credit risk generally remains zero. Therefore, their prices are influenced only by movement in interest rates in the financial system.
- v. As 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 and are subject to default risk of the issuer. Therefore, the interest rate risk of zero coupon securities is higher.
- vi. Certain fixed income securities give an issuer the right to call back its securities before their maturity date, in periods of declining interest rates. The possibility of such prepayment may force the Scheme to reinvest the proceeds of such investments in securities offering lower yields, resulting in lower interest income for the Scheme.

**The mutual fund is not guaranteeing or assuring any returns*

CHAPTER 1: PRELIMINARY

1.1 Publication of the Prospectus for Public Offer

Shanta First Income Unit Fund has been established as a Trust under the Trust Act, 1882 by **Shanta Asset Management Limited (SAML)**, and registered with the Sub Registrars Office under the Registration Act, 1908, on April 16, 2017. The Fund has received Registration Certificate from the Bangladesh Securities and Exchange Commission (BSEC) on May 25, 2017 under the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন আইন, ১৯৯৩, and the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১, made thereunder and has also received consent for issuing Prospectus for Public Offer. A complete copy of the approved Prospectus of the Public Offer is available for inspection at Peoples Insurance Bhaban, Level-13, 36, Dilkusha C/A, Dhaka-1000 (Corporate Office of SAML) – the Asset Manager of Shanta First Income Unit Fund, hereinafter referred to as the Fund.

1.2 Consent of Bangladesh Securities and Exchange Commission (BSEC)

“APPROVAL OF BANGLADESH SECURITIES AND EXCHANGE COMMISSION HAS BEEN OBTAINED TO THE ISSUE/ OFFER OF THE FUND UNDER THE SECURITIES AND EXCHANGE ORDINANCE, 1969, AND সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১. IT MUST BE DISTINCTLY UNDERSTOOD THAT IN GIVING THIS CONSENT, 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, RESPONSIBILITY FOR WHICH LIES WITH THE ASSET MANAGER, TRUSTEE, SPONSOR, CUSTODIAN AND/OR AUDITORS.”

1.3 Operation Under CDBL

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

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

1.4 Documents available for inspection

- i. Copy of this prospectus will be available at the corporate office of the Asset Manager and offices of the authorized selling agents of the Fund. This prospectus will also be available for viewing and downloading from the website of Bangladesh Securities and Exchange Commission (www.secbd.org) and the website of the Asset Manager (www.shanta-aml.com).
- ii. Copy of the trust deed will be available for public inspection during business hours at the office of the Asset Manager of the Fund; the document may also be viewed on the website of Shanta Asset Management Ltd. One will be able to purchase a copy of the trust deed by paying the price as determined by the Asset Manager.

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

1. The Fund shall not account for any upward revaluation of its assets creating reserve without clearance from the Bangladesh Securities and Exchange Commission;
2. The Fund shall not be involved in option trading, short selling or carry forward transactions;
3. A confirmation of Unit allocation shall be issued at the cost of the Fund at par value of BDT 10.00 (ten) each within 90 (ninety) days from the date of sale of such Units;
4. Money receipt/acknowledgement slip issued at the time of sale of units will be treated as allotment letter, which shall not be redeemable/ transferable;
5. The annual report of the Fund /or its abridged version will be published within 45 (forty five) days of the closure of each accounting year of the Fund;
6. An annual report and details of scrip wise 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 one Bangla National daily newspapers within 30 (thirty) days from end of the period;
8. Dividend shall be paid within 45 (forty five) days of its declaration and a report shall be submitted to BSEC, Trustee and Custodian within 7 (seven) days of dividend distribution;
9. Net Asset Value (NAV) of the Fund shall be calculated and disclosed publicly at least once a week;
10. The scrip wise detail portfolio statement consisting of capital market and other than capital market holdings of the fund shall be disclosed in the website of the Asset Management Company on quarterly basis within 30 (thirty) days of each quarter-end;
11. After initial public subscription, the sale and repurchase/surrender price of units will be determined by the Asset Management Company as per Rule. NAV at market price per unit calculated on a date shall form the highest sale price of units by rounding up the amount and shall be effective up to next calculation of NAV of the Fund. Difference between sale and repurchase price per unit shall primarily be BDT 0.30, which may be changed in future, but not be over 5% of the sale price of the unit. The Asset Manager may reduce the above difference for Systematic Investment Plan (SIP) or any other ground with the approval of the Trustee;

12. BSEC may appoint auditors for special audit/investigation on the affairs of the Fund, if it so desires;
13. The Fund shall maintain separate bank account(s) to keep the sale proceeds of units and to meet up day-to-day transaction including payment against repurchase of units. All transactions of the account shall be made through banking channel and shall be properly documented;
14. The prospectus/abridged version of the prospectus shall be published in one of the widely circulated Bengali National daily newspapers. Provided that information relating to publication of prospectus be published in two (2) national daily newspapers (Bengali and English) and one online newspaper;
15. If abridged version of the prospectus is published in the newspaper, complete prospectus shall be made available to the applicants publishing it in their own website;
16. If the Fund manager fails to collect the minimum 40% of the initial target amount under বিধি ৪৮ 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 at 18 percent per annum from its own account within the next month;
17. The AMC should ensure compliance of বিধি ৪৬ of সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১;
18. On achievement of 40% of the initial target amount as per Rules, the Fund is allowed to commence investment activities of the Fund with permission of the Trustee;
19. 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;
20. Confirmation of Unit Allocation of the Sponsor's contribution amounting to BDT 20,000,000/- (Taka Two Crore) only shall be subject to a lock-in for a 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 BSEC;
21. A Confirmation of Unit Allocation amounting BDT 20,000,000/- (10% of the Fund) will be issued in favor of the Sponsor. The said confirmation letter shall be in the custody of the Trustee. No splitting of the Unit of Sponsor shall be made without prior approval of the Commission;
22. Annual fee of the fund shall be submitted to the Commission on the fund size i.e. year-end Net Asset Value at market price of the fund on advance basis as per Rule and may adjust the fee in the next year if necessary.

Please ensure that the following are adhered to:

1. As per provisions contained in the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১, regarding limitation of time on closure of subscription, the initial public subscription will remain open for forty five days or for a period up to achievement of the initial target amount, whichever is earlier;
2. The paper cutting of the published prospectus and all other published documents/notices regarding the Unit Fund shall be submitted to the Commission within 24 hours of publication thereof;
3. The Asset Management Company shall submit 10 (ten) copies of printed prospectus to the Commission for official record;
4. The Asset Management Company shall ensure in writing to the Commission that the prospectus/abridged version is published correctly in the newspaper and own website and is a verbatim copy of the prospectus/abridged version vetted by the Commission;
5. The AMC shall apply the spot buying rate (TT clean) of Sonali Bank Ltd prevalent on the date of opening of subscription for conversion of foreign currencies;
6. The AMC shall submit to the Commission a diskette containing the vetted prospectus and its abridged version;
7. All conditions imposed under Section 2CC of the Securities and Exchange Ordinance, 1969 must be complied with and be incorporated in the body of the Prospectus and in its abridged version;
8. After due approval by the Trustee regarding issue and formation expenses, the AMC shall submit in details along with supporting documents to the Commission regarding issue and formation expenses within 15 days of fund operation. The Auditor of the fund shall also put opinion about the above expenses in the initial financial statements of the fund;
9. The Investment Policy and Guidelines and information on constituents of Investment Committee of the Fund approved by the Board shall be submitted to the Commission within 30 (thirty) days from the receipt of the consent letter. The Investment Policy and Guidelines shall include among other issues, the investment delegation power of the Chief Executive Officer and the Committee separately and also the meeting resolution presentation process;
10. After due approval of the Trustee, the asset manager shall submit the systematic investment plan (SIP) brochure to the Commission complying the Rules within 30 (thirty) days of issuing the consent letter.

1.6 General Information

1. This Prospectus has been prepared by Shanta 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 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 SAML.
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.

1.7 Sale and Re-purchase of Units

Sale and Repurchase of Units of Shanta First Income Unit Fund shall commence at the counter of Shanta Asset Management Limited and designated Selling Agents' Branch Offices at the opening of business hours on **February 14, 2018** and shall continue until winding up of the Fund except book closer period as per Rules. SAML will maintain two separate BO Accounts with Brac Bank Ltd, Custodian of Shanta First Income Unit Fund for creation and redemption of units namely "Shanta First Income Unit Fund - Sale of units" and "Shanta First Income Unit Fund – Repurchase of units".

For sale of units, SAML will issue an acknowledgement slip for the units sold and will request the Custodian of the Fund for setting up of demat request for the number of units sold. After the acceptance of demat setup by SAML from its terminal, units will be credited to the BO Account of "Shanta First Income Unit Fund - Sale of units". Then the Custodian of the Fund will transfer the units from "Shanta First Income Unit Fund - Sale of units" to the unit holders' BO Accounts as per instruction of SAML.

In the case of redemption / repurchase, the unit holder will transfer his / her / the Institutional holder's units to the "Shanta First Income Unit Fund – Repurchase of units". The Custodian will debit the units from the investor's BO Accounts and transfer it to the "Shanta First Income Unit Fund – Repurchase of units". Simultaneously, the payment will be made through A/C payee Cheque or funds will be transferred to investor's Bank Account as per the request of the client.

1.8 Systematic Investment Plan (SIP)

There will be a Systematic Investment Plan (SIP) for the investors when the Fund is formed. SIP is a smart and hassle free mode for investing money in mutual funds. SIP allows an investor to invest a certain pre-determined amount at a regular interval (monthly, quarterly, yearly etc.). SIP is a planned approach towards investments and helps to inculcate the habit of saving and building wealth for the future.

1.8.1 Buy and Surrender in SIP Process:

An investor can invest through SIP either by auto debit system provided against investor's Bank Account or by providing monthly predetermined cheques via selling agents at a regular interval (monthly, quarterly, yearly etc.). Investor must have a BO Account; he / she/ the institutional holder will get the SIP units in his / her/ the institutional holder's BO Account and may get a discount from ongoing Weekly "Investor's Buy Price" of the mutual fund.

It is advisable to continue SIP investments with a long-term perspective, there is no compulsion. Investors can discontinue the plan at any time. If an investor wants to terminate the SIP before two (2) years, 1% discount from the "Investor's sale / surrender price" may be applicable on total accumulated invested amount on the date of cancellation of the scheme. After maturity of SIP, the investor can easily surrender his / her/ the institutional holder's total units through the AMC or the Selling Agents.

1.8.2 Benefits may be offered for Investors such as:

SIP encourages a disciplined investment; while invested through SIP, investor commits himself / herself to save regularly. Different benefits may be offered as follows:

- i. Flexibility: Investor can start SIP with a very small amount that is 1,000/2,000/3,000/4,000/5,000 or multiple of 500 / 1000. One can also increase/ decrease the amount being to be invested in regular fashion.
- ii. Flexible SIP Tenor: The SIP will be offered for at least 2 years or any other higher period set by the AMC. However, investor can set SIP scheme for 3 years / 5 years / 7 years / 10 years. After this period, the individual scheme will be matured and may surrender or continue after maturity. If surrendered, no fees /charges may be charged on surrender and may also offer highest premium over the declared surrendered price at that time.
- iii. No Minimum lot size: There will be no minimum lot size under the SIP as like normal investors. Based on "Investor's Buy Price" per unit available for SIP investors, units will be credited to investor's BO account. However, any fraction amount remaining will be converted when it sums up to one unit. The fractional amount will be kept as liability of the fund in a separate account head.
- iv. Buy at discount and Surrender at premium: SIP investor may buy units at a discount from Weekly "Investor's Buy Price" offered to the normal investors. In addition to that, SIP investor may surrender at a premium of repurchase price offered to normal unit holders at maturity as per SIP brochure.
- v. CIP option for the SIP investors: SIP investors can choose either option of cash dividend or cumulative investment plan (CIP). If a SIP investor chooses CIP (i.e. Dividend reinvestment process) instead of cash dividend, they may also enjoy CIP units at a discount of prevailing "Investor's Buy Price" used for CIP conversion. After CIP conversion, they will get dividend on total number of units in the next year.

Detailed of SIP Scheme, Scheme information will be provided in the Scheme Brochure in future.

1.9 DECLARATIONS

Declaration about the responsibility of the Sponsor

We, as the Sponsor of the SHANTA FIRST INCOME UNIT FUND, 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 the conditions and requirements concerning this public offer and all information contained in this document, drawn up by virtue of the Trust Deed of the Fund by the entrusted Asset Management Company have been met and there is no other information or document, the omission of which may make any information or statements therein misleading.

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

Sd/-

Mohammad Emran Hasan

Chief Executive Officer

Shanta Asset Management Limited

Declaration about the responsibility of the Trustee

We, as Trustee of the SHANTA FIRST INCOME UNIT FUND, accept the responsibility and confirm that we shall,

- i. be the guardian of the Fund, held in trust, for the benefit of the Unit holders in accordance with the Rules and the Trust Deed;
- ii. always act in the interest of the Unit holders;
- iii. take all reasonable care to ensure that the Fund floated and managed by the Asset Management Company are in accordance with the Trust Deed and the Rules;
- iv. make sure that there is no contradiction between the prospectus, trust deed and সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১;
- v. 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
- vi. take such remedial steps as are necessary to rectify the situation where we have reason to believe that the conduct of business of the Fund is not in conformity with relevant rules.

Sd/-

Ahmed Saifuddin Chowdhury

Managing Director & CEO

Bangladesh General Insurance Company Ltd.

Declaration about the responsibility of the Custodian

We, as Custodian of the SHANTA FIRST INCOME UNIT FUND accept the responsibility entrusted to us and confirm that we shall:

- i. keep all the securities (both listed and non-listed) of the Fund including FDR receipts in safe and separate custody as per সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১ and shall provide the highest security for the assets of the Fund;
- ii. preserve necessary documents and record so as to ascertain movement of assets of the Fund as per Rules;
- iii. act as custodian of the fund as mentioned above as per provisions of the custodian agreement executed with the asset management company and shall assume the duties and responsibilities as described in the trust deed of the mentioned fund and other constitutive documents;
- iv. abide by the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১ and conditions imposed by the Commission as regards of the fund; and
- v. act to our best for the benefit and sole interests of the unit-holders of the fund.

Sd/-

Tareq Refat Ullah Khan

Head of Corporate Banking Division

BRAC Bank Limited

Declaration about the responsibility of the Asset Management Company

We, as the Asset Manager of SHANTA FIRST INCOME UNIT FUND, accept the responsibility and confirm that:

This Prospectus has been prepared by us based on the Trust Deed, Investment Management Agreement, the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১, ডিপজিটরি আইন, ১৯৯৯ and examination of other materials as relevant for adequate disclosure of the Fund's objective and investment strategies to the investors.

We also confirm that,

- i. the Prospectus forwarded to the Commission is in conformity with the documents, materials and papers related to the issue;
- ii. all the legal requirements of the issue have been duly complied with;
- iii. the disclosures made are true, fair and adequate to enable the investors to make a well-informed investment decision. Investors should be aware that the value of investments in the mutual fund could be volatile and such no guarantee can be made about the returns from the investments that the Fund will make. Like any other equity investment, only investors who are willing to accept a moderate degree of risk, should invest in the mutual fund. Investors are requested to pay careful attention to the "Risk Factors" section of the Prospectus and to take proper cognizance of the risks associated with any investment in the mutual fund.

Sd/-

Mohammad Emran Hasan

Chief Executive Officer

Shanta Asset Management Limited

1.10 Due Diligence Certificates

Due Diligence Certificate by Sponsor

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

To

The Honorable Chairman

Bangladesh Securities and Exchange Commission

Securities Commission Bhaban

Plot# E-6/C, Agargaon, Sher-e-Bangla Nagar

Dhaka-1207.

Subject: Shanta First Income Unit Fund.

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

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

WE CONFIRM THAT:

- a) All information in the prospectus forwarded to the Commission is authentic and accurate;
- b) We as Sponsor of the Fund as mentioned above will act as per clause of the Trust Deed executed with the Trustee and shall assume the duties and responsibilities as described in the Trust Deed and other constitutive documents;
- c) We shall also abide by the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১ and conditions imposed by the Commission as regards of the Fund; and
- d) We shall act to our best for the benefits and interests of the unit holders of the Fund.

For Sponsor

Sd/-

Mohammad Emran Hasan

Chief Executive Officer

Shanta Asset Management Limited

Due Diligence Certificate by Trustee

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

To

The Honorable Chairman

Bangladesh Securities and Exchange Commission

Securities Commission Bhaban

Plot# E-6/C, Agargaon, Sher-e-Bangla Nagar

Dhaka-1207.

Subject: Shanta First Income Unit Fund.

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

1. We, while act as the Trustee of the above mentioned fund on behalf of the investors, have examined the prospectus and other documents and materials as relevant to our decision; and
2. We warrant that we shall comply with the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১, Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015, Dhaka Stock Exchange (Listing) Regulations, 2015 and Chittagong Stock Exchange (Listing) Regulations, 2015 (if the Fund is listed with the stock exchanges), Trust Deed of the Fund and the rules, orders, guidelines, directives, notifications and circulars that may be issued by Commission from time to time in this respect.

WE CONFIRM THAT:

- a) All information and documents as are relevant to the issue have been received and examined by us and the draft prospectus forwarded to the Commission have been approved by us;
- b) We have also collected and examined all other documents relating to the Fund;
- c) While examining the above documents, we find that all the requirements of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১ have been complied with;
- d) We shall act as Trustee of the Fund as mentioned above as per provision of the Trust Deed executed with the Sponsor and shall assume the duties and responsibilities as described in the Trust Deed and other constitutive documents;
- e) We shall also abide by the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১ and conditions imposed by the Commission as regards of the Fund; and
- f) We shall act to our best for the benefits and sole interests of the unit holders of the Fund.

For Trustee

Sd/-

Ahmed Saifuddin Chowdhury

Managing Director & CEO

Bangladesh General Insurance Company Ltd. (BGIC)

Due Diligence Certificate by Custodian

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

To

The Honorable Chairman

Bangladesh Securities and Exchange Commission
Securities Commission Bhaban
Plot# E-6/C, Agargaon, Sher-e-Bangla Nagar
Dhaka-1207.

Subject: Shanta First Income Unit Fund.

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

1. We, while act as the Custodian of the above mentioned fund on behalf of the investors, shall comply with the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১, Depository Act, 1999, Depository Regulation, 2000, Depository (User) Regulation, 2003, Trust Deed of the Fund and the rules, orders, guidelines, directives, notifications and circulars that may be issued by Commission from time to time in this respect.

WE CONFIRM THAT:

- a) We will keep all the Securities (both listed and unlisted) and assets of Shanta First Income Unit Fund including FDR receipts in safe and separate custody as per wewa 41 of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১ and will provide highest security for the assets of the Fund;
- b) We shall act as Custodian of the Fund as mentioned above as per provisions of the Custodian agreement executed with the asset management company and shall assume the duties and responsibilities as described in the Trust Deed of the mentioned Fund and other constitutive documents;
- c) We shall also abide by the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১ and conditions imposed by the Commission as regards of the Fund; and
- d) We shall act to our best for the benefits and sole interests of the unit holders of the Fund.

For Custodian

Sd/-

Tareq Refat Ullah Khan

Head of Corporate Banking Division
BRAC Bank Limited

Due Diligence Certificate by Asset Manager

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

To

The Honorable Chairman

Bangladesh Securities and Exchange Commission
Securities Commission Bhaban
Plot# E-6/C, Agargaon, Sher-e-Bangla Nagar
Dhaka-1207.

Subject: Shanta First Income Unit Fund.

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

1. We, while act as the Asset Manager of the above mentioned Fund, declare and certify that the information provided in the prospectus, is complete and true in all respects;
2. We further certify that we shall inform the Bangladesh Securities and Exchange Commission immediately of any change in the information of the Fund; and
3. We warrant that we shall comply with the Securities and Exchange Ordinance, 1969, the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১, Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015, Dhaka Stock Exchange (Listing Regulations, 2015 and Chittagong Stock Exchange (Listing) Regulations, 2015 (if the Fund is listed with the stock exchanges), and the rules, orders, guidelines, directives, notifications and circulars that may be issued by Commission from time to time in this respect.

WE CONFIRM THAT:

- a) The prospectus forwarded to the Commission is in conformity with the documents, materials and papers relevant to the Fund;
- b) All the legal requirements connected with the said Fund have been duly complied with; and
- c) The disclosures made in the prospectus are true, fair and adequate to enable the investors to make a well informed decision for investment in the proposed Fund.

For Asset Manager

Sd/-

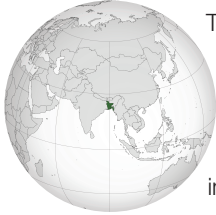
Mohammad Emran Hasan

Chief Executive Officer

Shanta Asset Management Limited

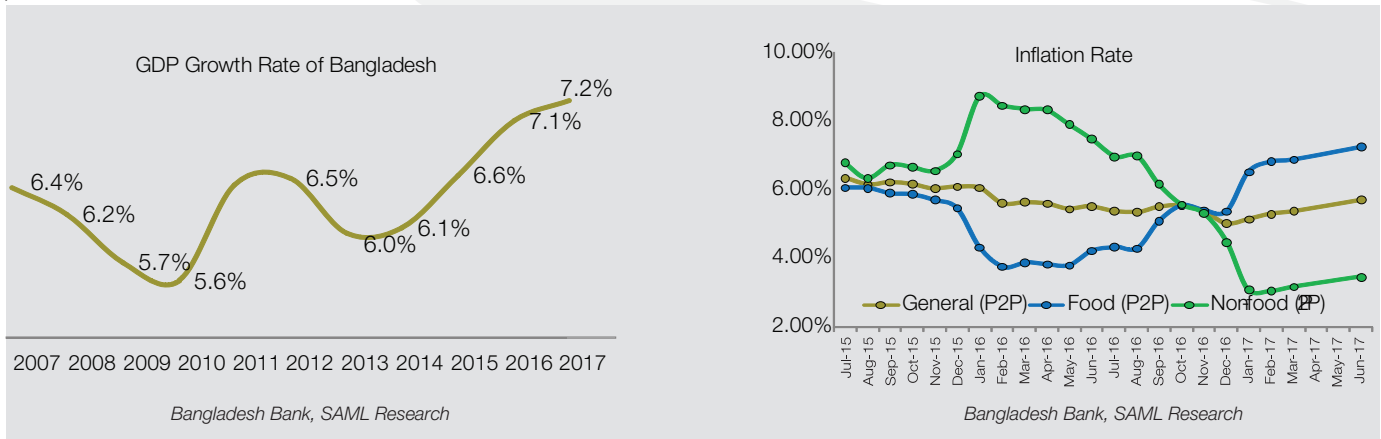
CHAPTER 2: BACKGROUND

Bangladesh once defined as a third world country is now classified as a developing nation. Bangladesh now has the potential to become the world's 23rd largest economy by 2050, overtaking countries such as Netherlands, Australia, Spain, Thailand, and Malaysia according to a recent report published by PricewaterhouseCoopers. Bangladesh has been included in the "Next Eleven" (N-11) economies of the world by Goldman Sachs while SCB has included Bangladesh in '7% Club'. Growth at 7% means the economy doubles in a decade. Moreover in FY 14-15 Bangladesh graduated from the category of lower income country to lower middle income country. Bangladesh is also a unique nation among its peers from a geopolitical point of view.



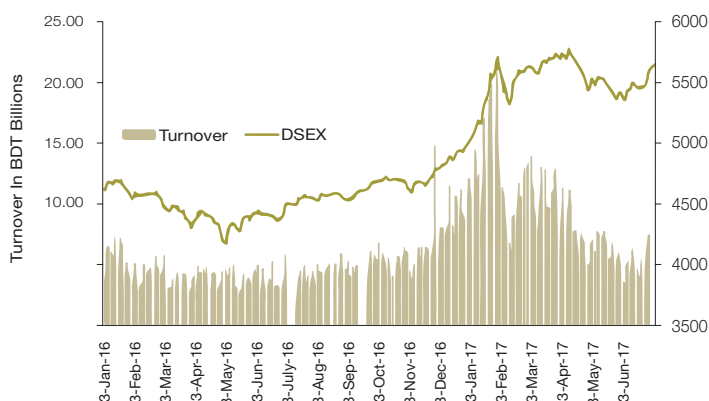
The geographic location makes Bangladesh exclusive from its peers. Bangladesh has land transports connectivity with India, Nepal, Bhutan, and Myanmar. On the other hand the open south side meeting with the Bay of Bengal gives Bangladesh the advantage to navigate across the world. The connectivity with the flourishing nations of Asia including two emerging giants of the world: China and India is a distinct demographic characteristic to have. Thus Bangladesh can build its future as a hub of regional connectivity and can attract huge investments in infrastructure and communications.

In the year FY16-17 economy of Bangladesh grew at 7.24%. According to central bank's projection the growth spell in FY17-18 is expected to continue above the 7% range. Bangladesh has a population of 160 million with a 1.3% growth rate. The growth of per capita income was above 9% per annum for the last four years. This stable income rise backed by salary hike to the public employee along with a below 6% inflation rate creates a vibrant consumer market in Bangladesh. More than 58% of the population of this country is in between 15-64 years. This growing number of people in the workforce relative to the number of dependents brought a boost in economic productivity. Moreover the women participation in the workforce of Bangladesh is one of the highest among Bangladesh's peers.



2.1 Capital Market

The prime index DSEX increased by 25.5% in FY2016-17, while the average daily turnover has almost doubled from that of the previous year. The premier bourse also witnessed major improvement in terms of foreign portfolio investment in 2016; the capital market accumulated BDT 1,341 crore of net foreign investment, an increase of more than sevenfold over BDT 188 crore of 2015. If the interest rate of national savings certificates is brought down in alignment with bank deposit rates, more money will flow into the capital market. The market cap to GDP ratio of Bangladesh is only 17.9% where as the market cap to GDP ratio in Hong Kong Exchange, Singapore Exchange, BSE (India), Colombo SE, and Pakistan stock exchange are 1159.0%, 245.9%, 86.7%, 23.8%, and 36.0% respectively.



Countries	MCAP to GDP (May 2017)
Hong Kong Exchange	1159.03%
Singapore Exchange	245.85%
Taiwan SE Corp.	190.37%
Bursa Malaysia	137.19%
Thailand SE	118.44%
Tokyo SE	114.67%
Philippine SE	87.40%
BSE (India)	86.72%
Indonesia SE	49.34%
Pakistan Stock Exchange	36.04%
Colombo SE	23.75%
DSE (Bangladesh)	17.86%

DSE Monthly Review June2017, SAML Research

2.2 Mutual Fund Industry of Bangladesh

The Bangladesh mutual fund industry is still in an early stage of development. In recent years there has been an influx of several asset managers. Currently there are 28 registered Asset Management Companies who are managing 61 mutual funds. Among them there are only 26 open-end mutual funds and 35 close-end funds available with asset under management totaling to approximately BDT131.1bn. Nonetheless, the AUM to GDP ratio in Bangladesh is below 1% in contrast to developed nations who have been able to maintain AUM to GDP ratio well above 30%.

Open-end funds are by far the most popular among individual investors in the world. An open-end fund allows investors to participate in the markets and have a great deal of flexibility regarding how and when they purchase shares. Units of the fund are bought and sold at their net asset value based on the value of the underlying securities on demand. The NAV in Bangladesh is generally calculated at the close of every week. Here investors buy shares directly from the asset management company. Closed-end funds on the other hand, have a fixed number of shares and are traded in the market. Like other securities the share prices of the fund are determined by the market participants. As a result these are often traded at discount or premium to their net asset value and are deemed more volatile where investors are bound by the market price.

In Bangladesh Mutual funds have not yet been able to gain a significant share of investors' wallet mainly due to lack of financial awareness among a major portion of the population while some investors continue to view mutual funds as trading tools as opposed to long-term savings tools. However, historically mutual funds have revolutionized the global investing industry by bringing capital markets to the masses in a relatively cheap and easy manner. So as our economy matures and investors gain financial awareness we expect sharp rise in demand for mutual funds. Moreover favorable demographics, rising income levels and a burgeoning affluent middle class will provide a strong customer base for the mutual fund sector.

2.3 Preamble to Formation of Shanta First Income Unit Fund

A mutual fund is a trust that pools savings of a number of investors who share common financial goals. The money collected from the investors then invested in the capital market instruments mainly to generate return. The income from cash dividend and realization of capital appreciation is shared to the unit holder in proportion to the invested amount to the fund. As a result mutual fund is very suitable instrument for general people, particularly in a country like Bangladesh where major portion of the population lack sufficient knowledge related to investment management strategies.

The mutual fund AUM to market cap ratio is significantly low compared to its peers in the neighboring countries which underlines the significant untapped potential for growth in the Bangladesh mutual fund industry and the need to provide investment choices to investors. On this front we at Shanta Asset Management Limited have decided to sponsor and launch an open-end mutual fund namely "Shanta First Income Unit Fund" which will be managed by Shanta Asset Management Limited (SAML), Bangladesh General Insurance Company Limited (BGIC) will act as the trustee and Brac Bank Limited will act as the custodian of the Fund.

We believe Shanta First Income Unit Fund will progressively contribute to the development of the capital market, add value to its investors by providing superior investment solutions while adhering to high ethical standards.

2.4 Necessity of Shanta First Income Unit Fund in Bangladesh Capital Market

Being a part of a developing economy, the Bangladesh capital market has its own unique challenges as well as substantial opportunities. Over the last decade the Bangladesh capital market has endured both highs and lows which have led to large scale positive reforms measures. With lingering fear of sudden market downdrafts, such as that in 2010, mass investors continue to struggle to generate consistent positive returns. Plagued by investment strategies that can be broadly characterized by low financial literacy levels, high churning of funds and reliance on rumor based trading, mass investors continue to suffer erosion of equity. Mutual funds can fill the void and provide investors access to professionally-managed portfolios that are liquid, transparent, well-diversified and generate consistent and attractive risk adjusted returns. It is undeniable that the Bangladesh equity market offers significant stock-picking opportunities for active fund managers. With this objective in mind SAML is launching Shanta First Income Unit Fund in the Bangladesh capital market.

Shanta Asset Management Limited will utilize its proprietary investment research process to select securities for the Fund's portfolio. The process uses fundamental analysis, technical analysis, market intelligence and company insights while integrating the optimal elements of each method into a rational decision-making model. The Fund's performance will benefit from the model which will leverage the strong in-house fund management team of Shanta Asset Management Limited leaning on the experience that stretches across the capital market industry.

2.5 Advantages of Investing in Shanta First Income Unit Fund

Shanta First Income Unit Fund will be managed in manner that will ensure utmost benefit for the investors from their investment. Generally mutual funds are designed in such a way that reduces the risk of investment compared to direct investment in other securities like shares, debt instruments etc. In addition investors will enjoy the following advantages from investing in "Shanta First Income Unit Fund":

- i. Shanta Asset Management Limited through its proper corporate governance culture will ensure proper compliance with সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১ under all circumstances.
- ii. Shanta First Income Unit Fund will ensure a proper mix of equity and debt instruments according to different investment enario in market with a view to ensure stable current income as well as capital appreciation in the long term.
- iii. The Fund will substantially lower investment risk of investors through diversification in which funds are spread out into various sectors, companies and securities. It is always the objective of a fund manager to maximize return for a given level of risk through a tolerable risk-return tradeoff.

- iv. Because the Fund will be professionally managed, investors will be relieved from the emotional strain associated with the day-to-day management of investments. Moreover, the amount of analytical research and study that go into selecting the best securities for a fund portfolio can prove to be overwhelming for the general investor, and is best left to the experts.
- v. The investor saves a good deal of transaction costs given that s/he has access to a larger number of securities by purchasing a single unit of a mutual fund and the investor can pick and choose a mutual fund to match his/her particular needs.
- vi. Mutual funds are one of the most strictly regulated investment vehicles. The laws governing mutual funds require exhaustive disclosure to the BSEC as well as the general public. The laws also entail continuous regulation of fund operations by the Trustee.
- vii. The Fund will offer minimum 70% of annual realized profit as cash dividend. However, investors will have the discretion of choosing between cashing out the dividend and reinvesting the dividend through purchasing new units.
- viii. Mutual funds enjoy 10% reserved quota in Initial Public Offerings (IPOs) under the current rules provided by the BSEC, which enables the investors to enjoy the benefits of participating in IPOs indirectly.
- ix. As open-end fund is not traded in the secondary market, its price will not be subjected to the interaction of demand and supply. As sales and repurchase price will be calculated based on Net Asset Value (NAV) as prescribed in সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১, the price of the fund will be more stable than that of other securities traded in secondary market.

2.6 Tax benefits for investing in Shanta First Income Unit Fund

The investment tax benefits of the Fund would always comply with country's Finance Act and government tax policies. However, currently the following benefits are available:

- **Tax Advantage on Income:** Income from a mutual fund or a unit fund up to BDT 25,000.00 (Twenty Five Thousand Taka only) is exempted from tax as per clause 22A of 6th Schedule (Part A) under Income Tax Ordinance, 1984.
- **Investment Tax Credit:** According to the Section 44(2)(c) under Income Tax Ordinance, 1984, the amount of allowable investment is actual investment or 25% of total taxable income or BDT 1,50,00,000.00 (Taka One crore & Fifty Lac only), whichever is lower.

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

Total Income	Rate of Tax Rebate
Up to BDT 10,00,000	15% of eligible amount
From BDT 10,00,001 to BDT 30,00,000	a) BDT 2,50,000 of eligible amount at the rate of 15%. b) Remaining of the eligible amount at 12%
Above BDT 30,00,000	a) BDT 2,50,000 of eligible amount at the rate of 15% b) Next BDT 5,00,000 of eligible amount at the rate of 12%. c) Remaining of the eligible amount at the rate of 10%

Example:

An individual's total taxable income is BDT 36,00,000.00 (Taka Thirty Six Lac only) in a year and actual investment is BDT 15,00,000.00 (Taka Fifteen Lac only). His eligible investment for tax rebate will be the lowest amount of the following figures:

i. Actual Investment	BDT 15,00,000.00
ii. 25% of total taxable income:	BDT 9,00,000.00 (25% x BDT 36,00,000.00)
iii. Maximum eligible investment:	BDT 1,50,00,000.00

Considering the above three figures, the eligible investment will be BDT 9,00,000.00 (Taka Nine Lac only).

As his total taxable income is above BDT 30,00,000.00, so the total tax rebate for the individual will be calculated as follows:

a) 1st BDT 2,50,000 of eligible amount at the rate of 15%	= BDT 37,500.00 (15% x BDT 2,50,000.00)
b) Next BDT 5,00,000 of eligible amount at the rate of 12%	= BDT 60,000.00 (12% x BDT 5,00,000.00)
c) Remaining of eligible amount i.e. next BDT 1,50,000 at the rate of 10%	= BDT 15,000 (10% x BDT 1,50,000.00)
Total Tax Rebate	BDT 1,12,500.00

The investor can reduce tax liability of BDT 1,12,500.00 (Taka One Lac Twelve Thousand & Five Hundred only) by investing in this Fund.

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

Chapter 3: The Fund



3.1 Establishment of The Fund

'Shanta First Income Unit Fund' is a trust property established through a deed of trust entered into between Shanta Asset Management Ltd and Bangladesh General Insurance Company Limited (BGIC) on April 16, 2017 under the Trust Act, 1882, and registered under the Registration Act, 1908. The BSEC has registered the Trust as a Mutual Fund on May 25, 2017 under the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১. The BSEC has also provided consent on **January 31, 2018** to raise subscription from the general investors through public offer.

3.2 Tenure & Size of The Fund

The Fund will be an open ended mutual fund with a perpetual life. Institutional, local & foreign individual, resident & non-resident investors are eligible to invest in this Fund. The initial target size of the Fund will be BDT 200,000,000 (Taka Twenty Crore) only divided into 20,000,000 (Two Crore) Units of BDT 10 (Taka Ten) each. Size of the Fund will be increased from time to time by the Asset Manager subject to approval of the Trustee and with due intimation to the BSEC.

3.3 Face Value and Denomination

The face value of each unit of the Fund will be BDT 10 (Taka Ten). Initially, unit holders of the Fund shall be issued with a Confirmation of Unit Allocation letter by the Asset Manager at the cost of the Fund in any denomination but not less than 500 (Five Hundred) units for individuals and 5,000 (Five Thousand) units for institutions.

3.4 Investment Objectives

The Fund is designed as an Income Fund. The investment objective of the Fund is to generate healthy returns for the valued unit holders and provide attractive dividend payments to the unit holders through achieving capital appreciation as well as earning dividend and interest income and building up reserves. The assets of the Fund will be invested both in equity securities and fixed-income securities (FIS). Most of the equity investments will be made in listed companies and entities. However, the Fund will also invest in unlisted equity and debt securities directly from the issuers, including IPO and pre-IPO placement for issuer company only, at the primary market. The Fund may also invest in other quasi-equity or debt instruments, including warrants, preference securities, government notes, bills and different types of bonds, but generally may not prefer financing venture capital undertakings.

3.5 Investment Policies

The details of the investment policies are as follows:

- i. The Fund shall invest subject to the বিধিমালা and only in those securities, deposits and investments approved by the Bangladesh Securities and Exchange Commission and/or the Bangladesh Bank and/or the Insurance Development and Regulatory Authority Bangladesh (IDRA) of Bangladesh or any other competent authority authorized in this regard.
- ii. Not less than 60% of the total asset of the Scheme of the Fund shall be invested in capital market instruments, and out of which at least 50% will be invested in listed securities, or to the extent as determined by the Commission from time to time.
- iii. Not more than 25% of the total asset of the Scheme of the Fund shall be invested in Fixed Income Securities (FIS), or to the extent as determined by the Commission from time to time.
- iv. All monies under the Fund, except FIS investments, shall preferably be invested only in transferable securities whether in money market or equity market or privately placed debentures or securitized debts.
- v. Not more than 15% of the total asset of the Fund shall be invested in pre-IPOs of Issuer Companies at one time or as determined by the Commission from time to time.
- vi. All money collected under the Fund, except cash and deposits held for liquidity purpose, shall be invested only in encashable and/or transferable instruments or securities whether in money market or capital market or privately placed pre-IPO equity, preference shares, debentures or securitized debts.
- vii. The Fund shall get the securities purchased/transferred in the name of the Fund and shall in no case put itself in a position whereby it has to make short sale or carry forward transactions.

- viii. 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.

The investment objective of the Fund may be reviewed and changed by the Trustee and the AMC. However, unitholders would be notified of any material change in the Fund's objective.

3.6 Transaction policies

The details of the transaction policies are as follows:

- a) The AMC will make the investment decisions and place orders for securities to be purchased or sold by the Scheme.
- b) The AMC will choose prime corporate broker(s) for the purchase and sale of securities for the Scheme's portfolio.
- c) The primary objective of the AMC in choosing broker(s) will be to obtain the most favorable net results taking into account such factors as price, commission, execution and the degree of skill required of the broker(s). The capability and financial condition, integrity and reputation of the broker(s) shall also be a criterion for the choice of that particular broker.
- d) AMC can transact in securities of the portfolio of the Scheme for any amount through any number of brokers other than the prime brokers, if the AMC deems prudent, considering the prevailing market environment.
- e) The AMC shall get the securities purchased and transferred in the name of the Scheme, where investments are intended to be of long-term nature.

3.7 Investment restrictions

The following restrictions are fundamental policies of the Fund that may not be changed without approval of majority of the Fund's outstanding voting securities or through any act of the Bangladesh Securities and Exchange Commission. These are also and should remain in compliance with Section-56 and Schedule-V of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১ and any amendment thereto from time to time. If a percentage restriction on investment or use of assets set forth below is adhered to at the time a transaction is effected, later changes of holding value due to changes in market price movement or accrued gain in value over time will not constitute a breach of the restrictions.

- a) Generally, the Fund shall not invest more than 10% of its assets in any one particular company shares, or to the extent as determined by the Commission from time to time.
- b) The Fund shall not invest in more than 15% of any company's paid-up capital at any point of time, or to the extent as determined by the Commission from time to time.
- c) The Fund shall not invest more than 20% of its assets in shares, debentures or other securities of a single company or group, or to the extent as determined by the Commission from time to time.
- d) The Fund shall not invest more than 25% of its assets in shares, debentures or other securities in any one industry, or to the extent as determined by the Commission from time to time.
- e) The Fund shall not invest in or lend to any scheme under the same Asset Management Company, as long as it is not permissible under the বিধিমালা.
- f) 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.
- g) 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 similar activity in contravention of the বিধিমালা.
- h) 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(s).
- i) The Fund shall not involve in option trading or short selling or carry forward transactions, as long as it is not permissible under the বিধিমালা.
- j) The Fund shall not buy its own unit.

3.8 Limitation of Expenses

The initial issue expenses in respect of the Fund shall not exceed 5 (five) percent of the collected 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, CDBL charges, management fee payable to the Asset Manager, Trustee fees payable to the Trustee, the annual registration fees payable to the Commission, audit fees, cost of publication of reports and periodicals, bank charge, etc., shall not exceed 4 (four) percent of the weekly average net asset outstanding during any accounting year.

3.9 Valuation policy

As per section 58 of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১, the fund shall fix the valuation method for the Scheme subject to the prior approval of the Commission. Through consenting on the prospectus, the BSEC has approved the method of valuation that the Fund has adopted to value investments. Details of the valuation policy are as under:

- i. For listed securities held in the portfolio of the Fund, the average quoted closing market price at the stock exchange(s) on the date of valuation shall be taken into account for calculation of Net Asset Value (NAV) of the Fund.
- ii. For securitized debts, debentures, margin or fixed deposits, held in the portfolio of the Fund, the accrued interest on such instruments on the date of valuation shall be taken into account for calculating the Net Asset Value (NAV) of the Scheme of the Fund.
- iii. The Fund shall fix the valuation method as specified in the বিধিমালা.
- iv. The Fund shall follow the method for valuation of the non-listed investments, if any, as approved by the Commission, and the Asset Management Company and the Trustee shall review the non-listed investments, if any, at least quarterly and the auditors shall comment on such investments in the annual report of the Fund.
- v. 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.
- vi. The valuation of the listed securities not traded within previous one month will be made with their reasonable value by the Asset Management Company, which shall not be more than the intrinsic value, and such valuation must be approved by the Trustee and commented upon by the Auditors in the Annual Report of the Fund.
- vii. The Fund shall follow a general net formula approved by the Commission and prescribed in the বিধিমালা for computing the Net Asset Value (NAV) per unit of the Scheme at least on weekly basis or as directed by the Commission, and adequate disclosure shall be made as per the provision of the বিধিমালা.
- viii. In the event any holding exceeds the limits laid down in the Offer Document or in the বিধিমালা for acquisition of bonus shares, subscription of right shares or through any disinvestments, the Asset Management Company shall make its best endeavors to bring the exposure within the prescribed limits within six months of the event but in any case the Asset Management Company shall not invest further in such securities or sectors while the deviation continues.
- ix. The Fund shall not borrow to finance its investments, as long as it is not permissible under the বিধিমালা.
- x. In case of deferred expenses, accrued expenses for the period will be taken into account for determining total liabilities.
- xi. Following the valuation criteria as set forth above, the Fund will use the following net formula to derive NAV per unit :

$$NAV = V_A - L_T$$

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

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

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

3.10 Price Fixation Policy

After completion of initial subscription, the Fund will be made open to the investors for regular buy/sale of Units. The date of re-opening shall be declared by the asset manager upon approval of the Trustee and with due intimation to the BSEC. The asset manager shall calculate the Net Asset Value (NAV) per unit on the last working day of every week or for shorter period, as practicable, as per formula prescribed in the বিধিমালা and shall disclose sales price and repurchase/surrender price per unit determined on the basis of NAV before commencement of business operation of the 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. In case of holidays, the Asset Management Company shall notify the same on the next working day.

The difference between sales price and surrender value shall be BDT 0.30 (Paisa Thirty) per unit and may increase up to 5% of the sale price at a given point of time at the decision of the Board of Directors of the Asset Management Company with due intimation to the Trustee justifying the ground of such decision. The difference between sales price and surrender value shall not exceed 5% of the sale price of the unit.

The unit holders may surrender their unit certificates during the business hour as specified by the Asset Management Company. The Fund shall be liable to repurchase the units at the surrender value determined by the Asset Management Company. Sale and repurchase of unit certificates by Asset Management Company shall remain closed for maximum one week immediate after completion of the financial year unless the Commission decides otherwise.

3.11 Sale & Repurchase Procedure

Sale and repurchase procedure is given below:

- i. The Units of Shanta First Income Unit Fund may be bought/surrendered through Shanta Asset Management Limited (SAML) and authorized selling agents appointed by the Asset Manager from time to time and any other procedure as prescribed by the Asset Manager.
- ii. During initial subscription minimum purchase amount for individual investors is 500 (Five Hundred) Units and for institutional investors is 5,000 (Five Thousand) Units. The provision of minimum subscription for the individual or institution may change in the future upon due approval from the trustee.
- iii. Application for purchase of Units should be accompanied by an account payee cheque/pay order/bank draft/electronic fund transfer/deposit receipt in favor of "Shanta First Income Unit Fund" for the total value of Units.
- iv. After clearance/encashment of cheque/draft/pay order/receipt of the fund, the applicant will be issued with a Confirmation of Unit Allocation against every purchase of Units he/she/the institutional investor applies for. If BO A/C is provided during the registration, the units will also be delivered to the Unit holder's BO A/C in demat form.
- v. After receiving the surrender application form at the AMC's office, the client will be paid within 5 (five) working days through account payee cheque or funds will be transferred to investor's Bank Account as per the request of the client.
- vi. Partial surrender (fraction of total units held under a Unit Allocation Confirmation) is allowed without any additional cost subject to minimum surrender quantity is 500 (Five Hundred) units for individuals and 5,000 (Five Thousand) units for institutions. Upon partial surrender, the Unit holder will be issued with a new Confirmation of Unit Allocation representing the balance of his / her / its unit holding.
- vii. All payments/receipts in connection with or arising out of transactions in the Units shall be in Bangladeshi Taka.
- viii. The redemption will be made on first come first serve basis. In the event the redemption requests on a particular day exceed 1% of the unit outstanding, the asset manager may defer, if required, the redemption request over 1% for a maximum period of 7 (seven) days. The Asset Manager shall proceed to sell adequate assets and/or arrange loan as it deems fit to pay the surrender money within the stipulated time in the best interest of the unit holders.

3.12 Winding Up & Redemption Policy

Procedure of Winding Up & Redemption :

The policies pertaining to redemption are described below:

- i. If the total number of outstanding Units held by the Unit holders after repurchase at any point of time fall below 25 (Twenty Five) percent of the actual Units issued, the Fund will be subject to wound up.
- ii. The Fund may be wound up on the happening of any event, which, in the opinion of the Trustee, requires the Fund to be wound up, subject to approval from the Commission.
- iii. The Fund will be wound up if the Commission so directs in the interest of the unit-holders.
- iv. Where the Fund is to be wound up in pursuance to the above, the Trustee and the Asset Management Company shall separately but simultaneously give notice of the circumstances leading to the winding up of the Fund to the Commission and if winding up is approved by the Commission, the Trustee and Asset Management Company shall publish in two national daily newspapers including a Bangla newspaper having circulation all over Bangladesh or as per direction of the Commission from time to time.

Manner of Winding Up & Redemption

- a) 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 3/4th (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 Fund. If it fails to have three-fourth majority mandate, the Commission shall have the power to supersede the mandate, if situation demands such.
- b) 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 Rules, 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, including fees & charges payable to the constituents and service providers, 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.
- c) Within 30 (thirty) days from 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.

Effect of Winding Up & Redemption:

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

3.13 Investment management

Shanta Asset Management Limited shall conduct the day to day management of the Fund's investment portfolio as the Asset Management Company (AMC). Subject to the provisions laid down in the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১ and the Trust Deed and the Investment Management Agreement, the AMC will have discretionary authority over the Fund's portfolio.

Investment style

The manager will adopt both fundamental and quantitative investing approach for the Fund. As quantitative approach have a few definite benefits like discipline, more predictable return, continuity in the case of portfolio manager change, risk management and control etc. The manager will adopt the approach especially in allocating assets. In picking up individual stocks, the manager will adopt fundamental approach as the manager thinks the approach to be more harmonious to the local market conditions. The manager will also adopt technical analysis, as far as practicable, for identifying trend reversals in the market and timing the investments accordingly.

The manager will strive to adequately and thoughtfully diversify the portfolio so that the Fund can achieve required returns, assuming below market-average risk. 'Active' investment method, which involves the buying and selling of securities based on economic, financial and market analyses and investment judgment, will be adopted by the Fund.

Borrowing policy

The Fund is not permitted to borrow to finance investments or to advance any term loan or guarantee term loan for any purpose. However, if the BSEC withdraws or relaxes these restrictions, it may well opt for borrowing, if necessary, from any legal source at competitive rates.

Additional measures to improve profitability

Investment in the primary market: The Fund shall appropriately focus on primary market (IPOs and pre-IPOs of the issuer companies) especially on private placements. Accordingly the AMC shall extend special efforts on efficient cash management and maintain effective network with the merchant banks to avail emerging opportunities.

Investment in unlisted securities: The Fund shall explore opportunity to invest in high yielding unlisted securities. To this end, the AMC shall maintain contact for bankable referrals. Also the AMC shall actively seek out prospective companies that are in need of capital.

3.14 Dividend policy

- i. The accounting year of the Fund shall be July 01 to June 30 every calendar year or as determined or consented by the Commission.
- ii. After the close of annual accounts, the Trustee, as appears appropriate and as recommended by the Asset Management Company, shall declare dividend for the beneficiaries.
- iii. The Trustee may consider declaring dividends for any time period, if recommended by the Asset Management Company.
- iv. Being an Income Fund in nature, the Fund shall distribute at least 70% (seventy percent), or as may be determined by the বিধিমালা from time to time, of the 'Annual Income'^[2] of the Fund as dividend, at the end of each accounting year.
- v. No dividend may be declared or paid other than from earnings or reserve of the Fund, available for distribution.
- vi. Surpluses arising simply from valuation of investments shall not be available for dividend.
- vii. A transfer of unit shall not pass the right to any dividend declared thereon before the registration of the transfer.
- viii. There will be a Cumulative Investment Plan (CIP) scheme in this Fund. Under this Scheme a unit holder instead of receiving dividend may re-invest such dividend income accrued for purchasing Unit at a concession rate, determined by Asset Manager of the Fund, from the opening price of that accounting year.

^[2]Before deriving the annual distributable income and declaring dividend, the Fund shall provide for future depreciation on investments and appropriate provision for bad and doubtful investments to the satisfaction of the Auditors and shall also create a sufficient Dividend Equalization Reserve by appropriation from the income of the Fund.



Investing in Shanta First Income Unit Fund (hereinafter the Fund) involves certain risks normally associated with making investments in securities. There can be no assurance that the Fund will achieve its investment objectives. The value of the Fund can fluctuate to increased or decreased level. On redemption, there is no assurance that the investors will receive the amount originally invested. The Fund is suitable for investment by investors who understand the risks involved and who are willing and able to survive the loss of their investments. In particular, prospective investors should consider the following risks.

General Risk

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

External Risk Factor

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

Market Risk

Bangladesh capital market is highly volatile and prices of other securities can fluctuate significantly. The Fund may lose its value or incur a sizable loss on its investments due to such market volatility. Stock market trends indicate that prices of majority of all the listed securities move in unpredictable direction which may affect the value of the Fund.

Concentration Risk

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

Dividend Risk

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

Underlying Liquidity Risk

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

Investment Strategy Risk

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

Credit Risk

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

Interest Rate Risk

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

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.

CHAPTER 5: FORMATION, MANAGEMENT AND ADMINISTRATION

5.1 Sponsor and Asset Manager of the Fund

Shanta Asset Management Ltd (SAML) is acting as the Sponsor and Asset Manager of Shanta First Income Unit Fund. Shanta Asset Management Limited (SAML) was incorporated in December 30, 2014 and received license from BSEC on November 26, 2015 with the aim of setting higher standards in investment management arena.

SAML engaged in among others, asset management business having required capabilities, resources, qualifications, experience and adequate skills in its concerned field of activities. The principal objective of the Company is to carry out the business of asset management, primarily, through launching and managing different types of mutual funds to cater the diverse needs of investors. SAML also offers customized solutions to the requirements of institutional investors for capital market investment. The goal of the Company is to become the country's top asset management company in terms of providing superior return to the unit holders / investors, product diversification and asset under management.

5.2 Trustee of the Fund

Bangladesh General Insurance Company Ltd. or "BGIC Ltd." is the Trustee of the Fund. The Company started business on 29th July, 1985 and its Paid-up Capital as of December, 2016 stood at BDT 540 million.

In addition to its core business of General Insurance, BGIC Ltd. took a pioneering initiative to act as a "Trustee" of the first closed ended Mutual Fund in Bangladesh under private initiative in March, 2000. This was done in line with the Company's willingness and dedication to positively contribute to the economy of the country and support in the development of new creative ideas for the betterment of the nation and capital market industry.

The Company's motto "Service is our Strength" was upheld not only in its core business of General Insurance but also the same standard has been maintained in the Trustee operations. By providing fast, efficient, supportive & reliable quality service to name a few; BGIC Ltd. has been able to create an unmatched position for itself to act as a Trustee of Mutual Funds and for this reason the Company is able to work with the majority of the Asset Management Companies in Bangladesh.

The Company's role, responsibility and scope of work as Guardian of the Fund is vast and crucial and for this reason the Company is highly committed to uphold this honor and perform its duties diligently to ensure that the investors of mutual funds are not deprived or suffer from making investments in mutual funds in Bangladesh.

The Company has succeeded under various challenges and excelled in venturing into previously unfamiliar grounds and is committed to continue doing so to the satisfaction of its clients, patrons and well-wishers.

5.2.1 Trustee Committee

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

SL	Designation
01	Chairman of the Board of Directors Bangladesh General Insurance Company Limited (BGIC)
02	Managing Director and CEO Bangladesh General Insurance Company Limited (BGIC)
03	Financial Consultant Bangladesh General Insurance Company Limited (BGIC)
04	Head of Structural Investment Bangladesh General Insurance Company Limited (BGIC)

5.3 Custodian of the Fund

BRAC Bank Ltd is the Custodian of Shanta First Income Unit Fund. BRAC Bank Limited, operating in Bangladesh since 2001, is one of the largest private commercial banks of the country with 181 Branches, 448 SME Unit Offices, 469 ATM Booths. BRAC Bank is providing custodial services to foreign and local investors since 2010. BRAC Bank Ltd is the fastest growing custodian bank of the country having dedicated Custodial Services Department. They are experienced and skilled in this line of business and enjoy a reputation for confidentiality, timely settlement, reporting, and collecting corporate announcements for the clients.

5.4 Investment Management of the Fund

The core management of Shanta Asset Management Ltd is constituted with experienced managers and the research and operations team is a blend of young and experienced business and finance graduates. SAML is committed to the investors to provide them with the services of an experienced fund manager who handles the investment decisions based on the performance and prospects available in the market to achieve the objectives of the Fund.

5.4.1 Investment Management Process

A top down and bottom up approach may be adopted with the following investment analysis and risk control measures:

a) Top Down Approach

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

b) Supplementary Analysis

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

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

5.4.2 Portfolio Management Policy

- i. Optimum sector-wise allocation of fund is the key factor of portfolio Management process.
- ii. Invest in sectors with positive outlook but comply the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১.
- iii. Focus on the nature of the Fund and make decision, which is suitable for the total portfolio.
- iv. Must consider the market impact for the Investment Decision. Both buying and selling decision must have a significant implication on the overall market dynamics.
- v. Market manipulation and utilizing nonpublic insider information is strictly forbidden.
- vi. The ethical standard and level of confidentiality of the Investment Manager and its research team are very important for the investors of the Fund and for the integrity of the capital market.

5.4.3 Investment Committee

SAML has an Internal Investment Committee comprising of the Chief Executive Officer (CEO), Head of Fund Operations, Head of Fund Management and Head of Research Department who meet at periodic intervals. The Investment Committee (IC), at its meetings, reviews the performance of the portfolio and general market outlook and formulates broad investment strategy. The IC is responsible for ensuring that the investments are made as per the internal / regulatory guidelines, Fund's investment objectives and in the best interest for the unit holders of the Fund. The members of the IC change from time to time as per the decision of the Board of Directors of Shanta Asset Management Limited.

5.5 Brief Profiles of the Directors and the key personnel of the Company are as under:

Mr. Saif Khondoker **Chairman**

Mr. Saif Khondoker completed his BBA with a specialization in Strategic Management from the University of Toronto and his MBA from the Rotman School of Management, University of Toronto. Under his leadership, Shanta strives to continuously enhance its operational efficiency, marketing strategies, brand image and implement state-of-the-art technologies. He has also spearheaded the formation of Shanta Home Systems - an authorized dealership of Control 4 automation products, offering the latest in home automation and entertainment solutions.

Ms. Mayesha Khondoker **Director**

Ms. Mayesha Khondoker completed her Bachelor of Administrative Studies (BAS) with major in Marketing from York University. She has a natural instinct towards strategic marketing, technology, and forward thinking organizational theory. She has previously served as the Head of Corporate Branding and Market Communications where she established Apollo Dhaka, STS Life Care Centre and STS Pharmacy into the united and emotionally connected brands that they are known for today in Bangladesh. She has also envisioned the formulation of Shanta Multiverse and was able to secure the international franchise rights to Marble Slab Creamery and is in the process to open Flagship store in Dhaka City.

Mr. Mohammad Emran Hasan **Chief Executive Officer**

Mr. Mohammad Emran Hasan is the Chief Executive Officer of Shanta Asset Management Limited. He is responsible for the overall management, operation and development of the company. He has been with SAML since August 2017. Prior to this, he served as the Managing Director & Chief Executive Officer of AT Capital Partners Asset Management Limited (ATCP AML). During his tenure, ATCP AML's managed Fund was one of the best performing fund in Bangladesh Mutual Fund industry. Mr. Emran has more than 10 years of experience in capital market strategy, fund management, mutual fund industry and risk management. He has also attended numerous training and seminar related to capital market and financial sector in Bangladesh and abroad. He was also panel speaker and trainer in many recognized events / training program such as panel speaker in "Bangladesh Capital Market Expo" organized by Arthosuchak, guest lecturer in Fund Management related topic in Bangladesh Institute of Bank Management, trainer to retail investors organized by Monhas University Australia. Before joining AT Capital, he worked as Production Engineer in Meghna Bangladesh Limited. Mr. Mohammad Emran Hasan holds an MBA Degree from the University of Dhaka (Business Faculty) and a Bachelor Degree in Mechanical Engineering from BUET.

Mr. Quazi Asaduzzaman **Head of Fund Operations**

Mr. Quazi Asaduzzaman has joined Shanta Asset Management Ltd. as Head of Fund Operations in May 2016. He started his career in ICB Asset Management Company Ltd in 2008 and performed different responsibilities in ICB Asset Management Company Ltd including Portfolio Management, Securities Analysis and Issue Management. Mr. Quazi Asaduzzaman completed his Master of Business Administration (MBA) with major in Finance from the Institute of Business Administration (IBA) under the University of Dhaka.

Mr. Ahmed Omar Siddique **Manager-Research**

Mr. Ahmed Omar Siddique has more than five years' experience in investment research in the Bangladesh capital market arena. Besides having overall knowledge in listed companies of different sectors, he has been actively covering the mutual fund sector. He began his career at AIMS of Bangladesh Limited, the first private asset manager of Bangladesh where he served as research analyst recommending stocks for its various mutual funds. Mr. Siddique graduated from North South University with BBA in Finance and holds an MBA degree from the same University. He is pursuing the CFA charter and passed Level II of the CFA Program.

Mr. Sazzad Mahmud**Manager-Accounts & Admin**

Mr. Sazzad Mahmud has joined Shanta Asset Management Ltd. as Manager-Accounts & Admin in July 2017. He started his career in ICB Asset Management Company Ltd in 2008 and performed different responsibilities in ICB Asset Management Company Ltd including preparing financial statements of AMC & different mutual funds, and annual budget of the company. Mr. Sazzad completed his Master of Business Administration (MBA) with major in Accounting and Information System from the University of Dhaka.

5.6 Auditors of the Fund

Rahman Mostafa Alam & Co., Chartered Accountants, having office at Paramounts Heights (7th Floor-D2), 65/2/1, Box Culvert Road, Purana Paltan, Dhaka-1000, Bangladesh shall be the first auditor of the Fund and the auditor shall be paid audit fee of BDT 25,000/- (Taka Twenty Five Thousand only), plus VAT, if any, only for the first accounting period. Subsequent auditors shall be appointed by the Trustee of the Fund.

5.7 Fees and Expenses

The Scheme will pay the annual fees of the AMC, the Trustee and the Custodian together with any additional fees, commissions and expenses as may be required from time to time. The Scheme will bear its own costs and expenses incurred in connection with its formation, promotion, registration, CDBL fees, public offering, listing together with certain other costs and expenses incurred in its operation, including, without limitation, expenses for legal, reporting, auditing and consulting services, other professional fees and expenses, brokerage costs, registration expenses, pre operating fees and expenses and other fees due to the BSEC. The Scheme will also bear all expenses of printing, postage, publications and stationery relating to its operation. Major expenses of the Scheme are detailed as follows:

5.7.1 Issue and Formation Expenses

All efforts will be made so that the total issue and formation expenses do not exceed 5% of the collected amount of the Fund. The issue and formation expenses will be amortized within 7 (seven) years on a straight-line method. The major expenses constituting issue and formation expenses are estimated as under:

SL	Particulars	Total (BDT)	% of Fund (Initial target size)	Sub total (BDT)	Remarks
1	Formation Fee Payable to AMC	2,000,000	1.00%		Formation fee to AMC on collected fund of approved size
2	Management Fee for Pre-scheme formation period	2,50,000	0.13%		Management fee of the Asset Manager for pre-Scheme formation period (Approximate) as per BSEC Directive (No.: SEC/CMRRCD/2009 – 193/160) dated 28 May 2014
3	Legal & Compliance Related Expenses	482,500	0.24%	10,000 400,000 30,000 2,500 40,000	-Application Fee to BSEC -BSEC Registration Fee (0.2% of initial fund size) -CDBL Fee (Distribution of 2 crore units x BDT 10 x 0.00015) -CDBL Documentation Fee -Trust Deed Registration Fee
4	Printing and Publication	2,200,000	1.10%	1,500,000 500,000 200,000	-Publication of abridged version of prospectus and IPO notification on daily newspaper -Printing of Prospectus and Application Forms -Other Publication and Printing
5	Other Expenses	625,000	0.31%	100,000 325,000 200,000	-Post issue manager/data entry, data processing and other related job -Administrative & Stationery Expenses -Other miscellaneous expenses
	Total	5,557,500	2.78%		

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

5.7.2 Management Fee

As per the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১, a management fee to the Asset Management Company will be accrued and payable semi-annually on the following manner:

WEEKLY AVERAGE NAV	APPLICABLE FEE
Less than or equal to BDT50,000,000	@2.50%
From BDT50,000,001 Upto BDT250,000,000	@2.00%
From BDT250,000,001 Upto BDT500,000,000	@1.50%
Above BDT500,000,000	@1.00%

5.7.3 Trustee Fee

The Fund shall pay an annual Trusteeship Fee of 0.10% of the Net Asset Value (NAV) of the Fund or BDT 200,000/- (Taka Two Hundred Thousand Only), whichever is higher, on semi-annual in advance basis, during the life of the Fund or as may be agreed upon from time to time between the parties.

5.7.4 Custodial Fee

The Fund shall pay to the Custodian a safe keeping fee @ 0.05% per annum on balance worth of securities held by the Fund, calculated on the basis of average market value per month. Besides this, the Fund will bear all other expenses viz (a) transaction fee of BDT 200 per transaction (b) local duties and fees like stamp duty on transactions, stamp duty on transfer deed (c) levies, brokerage, registrar's fees, local counsel/representation, external auditors at the client's request, depository fees etc. However, a fee cap of 0.07% per annum on balance worth of securities held by the Fund, calculated on the average market value per month would be applicable if the total expenses (including custodian fees, transaction fees & other expenses, mentioned above) per annum go higher than the mentioned fee cap amount. The fee for Custodian services will be realized semi-annually.

5.7.5 Brokerage Fee

The fund will pay to the stock broker commission of 0.20%-0.30% of the total transaction including Howla, Laga, CDBL fees and any other associated costs, which may vary in future based on market practice.

5.7.6 CDBL Fee

The CDBL Annual Fee will be BDT 20,000.00 (Twenty Thousand Taka only) & Annual Central Depository System (CDS) Connection Fee will be BDT 6,000.00. The fees may vary with change in the Fund size or as amended by the Commission from time to time.

5.7.7 Fund Registration and Annual Fee

The Fund has paid BDT 400,000 (Taka four lac) only to the Bangladesh Securities and Exchange Commission as registration fee. In addition, the Fund will have to pay at the rate of 0.10 percent of the Fund value or BDT 50,000 (Taka fifty thousand), whichever is higher, as annual fee in terms of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১.

5.7.8 Audit Fee

The Fund shall pay audit fee of BDT 25,000/- (Taka Twenty Five Thousand only), plus VAT, if any, only for the first accounting period and the fees for subsequent years will be fixed by the Trustee.

5.7.9 Commission Payable to Selling Agent(s)

Commission Payable to Selling Agent(s) the Fund shall pay commission to the authorized selling agent(s) to be appointed by the Asset Manager at the rate of 0.25% - 1.00% on the total sale amount of unit sales, accruable on collection basis and payable at the end of the quarter. The Selling Agent Commission will be applicable for sales of unit; not on surrender of units. If individuals are appointed as selling agents by the Asset Manager, the commission payable to them will vary and fixed as per সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১. The selling agent commission may change in future with prior approval from the Trustee.

5.7.10 Amortization of Issue and Formation Expenses

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

5.7.11 Operational Expenses

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

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

6.1 Size of the Issue

The initial size of the Fund shall be BDT 200,000,000 (Taka twenty crore) only divided into 20,000,000 (two crore) Units of BDT 10 (Taka ten) each which may be increased from time to time by the Asset Manager subject to approval of the Trustee with due intimation to the Commission till liquidation of the Fund. The initial distribution of the Fund's unit holding shall be as follows:

Subscribers	No. of Units (BDT)	Face Value	Taka	Status
Sponsor : Shanta Asset Management Ltd	2,000,000	10.00	20,000,000	Subscribed
General Investors	18,000,000	10.00	180,000,000	Yet to be Subscribed
Total Size of the Fund	20,000,000	10.00	200,000,000	

6.2 Sponsor's Subscription

Shanta Asset Management Ltd, the Sponsor, has already subscribed BDT 200,000,000 (Taka two crore) only worth of Units equivalent to 2,000,000 (twenty lac) Units of BDT 10 (ten) each at par on April 16, 2017.

6.3 Tax Status

Investment in this Fund by individual investors will enjoy tax exemption benefit under Section 44(2) of the Income tax Ordinance, 1984. Country's Finance Act and Government's tax policies will always determine the tax benefits from investment in mutual funds. However, investors in mutual funds are entitled to the following tax benefits under the current tax policies:

i. Tax advantage on Income

Income from a mutual fund or a unit fund up to BDT 25,000.00 (Twenty Five Thousand Taka only) is exempted from tax as per clause 22A of 6th Schedule (Part A) under Income Tax Ordinance, 1984.

ii. Investment Tax Credit

According to the Section 44(2) under Income Tax Ordinance, 1984, amount of allowable investment is actual investment or 25% of total taxable income or BDT 1,50,00,000.00 (Taka One Crore & Fifty Lac only), whichever is lower.

6.4. Rights of the Unit Holders

The rights attached to the units of the Fund are as follows:

- Voting rights:** Unit Holders shall have the usual voting right in person or by proxy in a meeting held in connection with any proposal to wind-up, amend and/or alter and/or vary the term, objectives, nature, characteristics or corpus of the Fund as provided under the Rules or any other agenda of meetings called by the Trustee, in the circumstances delineated in the Trust Deed or the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১. On a show of hands, every unit holder present in person or by proxy shall have one vote and, on a poll, every unit holder on record of the Scheme present in person or by a proxy shall have one vote for every unit of which s/he is the holder.
- Transfer of units:** The units of the Fund are transferable by way of inheritance/gift and/or by specific operation of law.
- Dividend:** The units carry rights to dividend and benefits as explained in the 'Dividend Policy' of the Scheme, set forth in Chapter 3.
- Periodic Information:** The unit holders of the Fund shall have the right to receive the audited Annual Accounts & Reports of the Fund. Besides, they will be informed on a weekly basis about the NAV of the Fund through newspaper, the website & notice board of the AMC, the Selling Agent(s) to be appointed by the AMC from time to time and other means as the Asset Manager may deem fit.
- Accounts and Information:** The Fund's financial year will be closed on June 30 every calendar year or as determined or consented by the Commission from time to time. Annual report or major head of income and 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 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 Fund.

CHAPTER 7 : UNIT SUBSCRIPTION

7.1 Terms and Conditions of Unit Subscription

- i. The units of Shanta First Income Unit Fund, hereinafter referred to as the Fund, may be bought/surrendered through Shanta Asset Management Limited (SAML) and authorized selling agents appointed by SAML from time to time.
- ii. Application must be made by an individual (both resident and non-resident), a corporation or company (both local and foreign), a trust or a society (registered in or outside of Bangladesh) and not by a firm, minor or persons of unsound mind. Applications from the Insurance Companies, Financial or Capital Market Intermediaries or any other Companies must be accompanied by Memorandum and Articles of Association.
- iii. Joint application by two persons is acceptable. In such a case, registration and issuance of Confirmation of Unit Allocation 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/bank account mentioned in BO account. In case of the death of any of the joint holders, only the survivor shall be recognized as having any title to the units. On death of both the joint holders, the title to the units will be bestowed upon the nominee mentioned in the application form.
- iv. During initial subscription minimum purchase amount for individual investors is 500 (Five Hundred) Units and for institutional investors is 5,000 (Five Thousand) Units. The provision of minimum subscription for the individual or institution may change in the future upon due approval from the trustee.
- v. Application for purchase of units should be accompanied by an account payee cheque/pay order/bank draft/electronic fund transfer/deposit receipt in favour of "Shanta First Income Unit Fund" for the total value of units.
- vi. After clearance/encashment of cheque/draft/pay order/receipt of the fund, the applicant will be issued with a Confirmation of Unit Allocation against every purchase of Units he/she/the institutional investor applies for.
- vii. Application must contain BO account number, full name and address of the applicant and the nominees. Minor can also be a nominee.
- viii. Partial surrender (fraction of total units held under a Unit Allocation Confirmation) is allowed without any additional cost subject to minimum surrender quantity is 500 (Five Hundred) units for individuals and 5,000 (Five Thousand) units for institutions. Upon partial surrender, the Unit holder will be issued with a new Confirmation of Unit Allocation representing the balance of his/her/their Unit holding.
- ix. 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 SAML from time to time except in the case of transfer by way of inheritance.
- 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. The unit holders may change their dividend preference in future as per their need.
- xi. All payments /receipts in connection with or arising out of transactions in the units hereby applied for shall be in Bangladeshi Taka.

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

CHAPTER 8 : SELLING AGENT & FORMS

8.1. Selling Agent

Shanta Securities Limited has been appointed to act as the selling agent of Shanta First Income Unit Fund by the Asset Manager. The Asset Manager in future may appoint other organizations as its agent or cancel any of the agents subject to approval of the Trustee and with due intimation to the BSEC. In addition to that, individuals will also be eligible to work as selling agent to be appointed by the Asset Manager as per সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১.

8.2. Selling Agent's (Shanta Securities Limited) Details

01	Peoples Insurance Bhaban (10th Floor), 36, Dilkusha C/A, Dhaka-1000 Phone: +88-02-9513540-2, FAX: +88-02-9513543
02	Room # 603, Dhaka Stock Exchange, Building (5th Floor), 9/F Motijheel C/A, Dhaka-1000 Phone: +88-02-9551407, PABX: 9564601, Ext-603
03	Safura Tower (Level-3) 20, Kemal Ataturk Avenue, Banani C/A, Dhaka-1213 Phone: +88-02-9881194, 9884323, FAX: +88-02-9882605

8.3. Forms

Specimen copies of the following forms are available in the website of Shanta Asset Management Ltd. (www.shanta-aml.com):

- Application Form to Purchase Units, Individual
- Application Form to Purchase Units, Institution

SHANTA FIRST INCOME UNIT FUND
APPLICATION FORM TO PURCHASE UNITS- INDIVIDUAL
(Please Read Instructions Overleaf; Fill up the Form in Block Letters)

To
Chief Executive Officer
Shanta Asset Management Limited
Peoples Insurance Bhaban (13th Floor)
36, Dilkusha C/A, Dhaka 1000.

Registration No: _____

Sale No: _____

Dear Sir,
I/We enclose BDT _____ (Taka _____)
vide Cheque/P.O./D.D No. _____ Bank _____ Branch _____
and request you to sell us _____ units of Shanta First Income Unit Fund, at the price of BDT _____ per unit. I/We
am/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 _____
Present Address: _____

Permanent Address: _____

BO A/C: _____ Telephone/Mobile No _____
Email: _____ Bank _____
Branch _____ A/C No: _____
Bank Routing No _____ ETIN No _____

Residency Status: Resident ☐ Non Resident ☐
Dividend option: Cash ☐ CIP ☐ Investment Option: SIP ☐ Non SIP ☐

B. Joint Applicant

Name: _____
Father's/Husband's Name _____
Mother's Name: _____
Date of Birth: _____ Occupation: _____
Nationality: _____ National ID No _____
Present Address: _____

Permanent Address: _____

Telephone/Mobile No _____ Email: _____

C. Nominee

Name: _____
Father's/Husband's Name _____
Mother's Name: _____
Date of Birth: _____ Occupation: _____
Nationality: _____ National ID No _____
Present Address: _____

Permanent Address: _____

Telephone/Mobile No _____ Email: _____

Signature of Applicants

Principal Applicant

Joint Applicant

Date of Application:

TERMS AND CONDITIONS

1. The units of **Shanta First Income Unit Fund**, herein after referred to as the Fund, may be bought/surrendered through **Shanta Asset Management Limited (SAML)** and authorized selling agents appointed by **SAML** from time to time.
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. Applications from the Insurance Companies, Financial or Capital Market Intermediaries or any other Companies must be accompanied by Memorandum and Articles of Association.
3. Joint application by two persons is acceptable. In such a case, registration and issuance of unit allocation confirmation will be in favour of principal applicant while dividend and other benefits, if any, will be addressed to bank account of principal applicant mentioned in the application form. In case of the death of any of the joint holders, only the survivor shall be recognized as having any title to the units. On death of both the joint holders, the title to the units will bestow upon the nominee mentioned in the application form.
4. Minimum purchase quantity for individual investors is 500 (five hundred) units and for institutional investors is 5,000 (Five thousand) units.
5. Application for purchase of units should be accompanied by an account payee cheque/pay order/bank draft/electronic fund transfer/deposit receipt in favour of **"SHANTA FIRST INCOME UNIT FUND"** for the total value of units.
6. After clearance/encashment of cheque/draft/pay order/receipt of the fund, the applicant will be issued with a Confirmation of Unit Allocation against every purchase of Units he/she/the institutional investor applies for.
7. Application must contain BO account number, full name and address of the applicant and the nominees. Minor can also be a nominee.
8. Partial surrender (fraction of total units held under a Unit Allocation Confirmation) is allowed without any additional cost subject to minimum surrender quantity is 500 (Five Hundred) units for individuals and 5,000 (Five Thousand) units for institutions. Upon partial surrender, the Unit holder will be issued with a new Confirmation of Unit Allocation representing the balance of his/her/their Unit holding.
9. 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 SAML from time to time except in the case of transfer by way of inheritance.
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. The unit holders may change their dividend preference in future as per their need.
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: _____

Sale No: _____

Date: _____

Unit Allocation Confirmation No: _____

No of Units: _____

Sign and Seal of Issuing Office

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

Principal Applicant

Joint Applicant (If any)

SHANTA FIRST INCOME UNIT FUND**APPLICATION FORM TO PURCHASE UNITS- INSTITUTION**

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

To
Chief Executive Officer
Shanta Asset Management Limited
Peoples Insurance Bhaban (13th Floor)
36, Dilkusha C/A, Dhaka 1000.

Registration No: _____

Sale No: _____

Dear Sir,

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

Registration no. with Shanta First Income Unit Fund (for existing unit holder only) _____

Name of the Institution _____

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

Registration No: _____

Address: _____

Telephone No: _____ Fax No: _____ Email: _____

Bank _____ Branch _____

A/C No: _____ Bank Routing No: _____

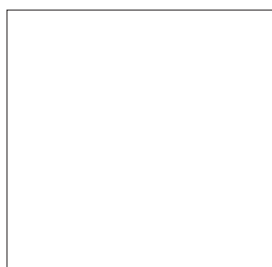
BO A/C: _____ ETIN No _____

Dividend option: Cash ☐ CIP ☐ Investment Option: SIP ☐ Non SIP ☐

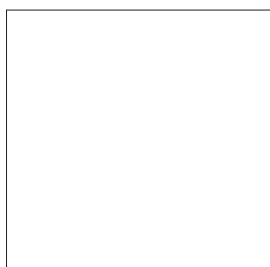
Name of the Managing Director/Chief Executive Officer: _____

Details of Authorized Person(s), if any:

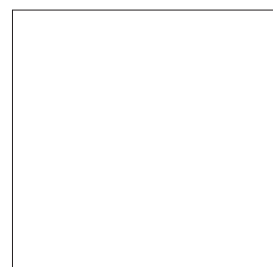
Name	Designation	Signature
01. _____	_____	_____
02. _____	_____	_____



Managing Director/Chief Executive Officer



1st Authorized Person



2nd Authorized Person

Mode of operation: Jointly by _____ Singly by _____

Documents Enclosed:

Incorporation Certificate ☐Trust Deed ☐Society Registration certificate ☐Memorandum and Articles of Association ☐E-TIN Certificate ☐Extract of Board resolution ☐Relevant document if Board resolution is not required ☐Letter of authority issued in favor of authorized person(s) ☐

Date of application: _____

Seal and Signature of the Authorized Person _____

TERMS AND CONDITIONS

1. The units of Shanta First Income Unit Fund, herein after referred to as the Fund, may be bought/surrendered through **Shanta Asset Management Limited (SAML)** and authorized selling agents appointed by **SAML** from time to time.
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. Applications from the Insurance Companies, Financial or Capital Market Intermediaries or any other Companies must be accompanied by Memorandum and Articles of Association.
3. Joint application by two persons is acceptable. In such a case, registration and issuance of unit allocation confirmation will be in favour of principal applicant while dividend and other benefits, if any, will be addressed to bank account of principal applicant mentioned in the application form. In case of the death of any of the joint holders, only the survivor shall be recognized as having any title to the units. On death of both the joint holders, the title to the units will bestow upon the nominee mentioned in the application form.
4. Minimum purchase quantity for individual investors is 500 (five hundred) units and for institutional investors is 5,000 (Five thousand) units.
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6. After clearance/encashment of cheque/draft/pay order/receipt of the fund, the applicant will be issued with a Confirmation of Unit Allocation against every purchase of Units he/she/the institutional investor applies for.
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9. 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 **SAML** from time to time except in the case of transfer by way of inheritance.
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. The unit holders may change their dividend preference in future as per their need.
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: _____

Sale No: _____

Date: _____

Unit Allocation Confirmation No: _____

No of Units: _____

Sign and Seal of Issuing Office

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

Seal & Signature of the Authorized Person

Date of Application

NOTES

