



PROSPECTUS SHANTA FIXED INCOME FUND



YOUR TRUSTED
MONEY MANAGER

PROSPECTUS SHANTA FIXED INCOME FUND

Initial Size of Issue	BDT10,00,00,000.00 (Taka Ten Crore)
Total Number of Units	1,00,00,000 (One Crore)
Initial/Opening Price	BDT10.00 (Taka Ten) per Unit
Sponsor's Contribution	BDT1,00,00,000.00 (Taka One Crore Only)
Subscription Opens	July 11, 2021

Sponsor & Asset Manager

Shanta Asset Management Limited

Corporate & Registered Office

The Glass House (Level 13)
S.E (B)-2, 38, Gulshan Avenue
Gulshan -1, Dhaka -1212

Trustee

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

Custodian

BRAC Bank Limited
Anik Tower, 220/B,
Tejgaon Gulshan Link Road,
Tejgaon, Dhaka 1208.

Date of publication of Prospectus

July 7, 2021

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 Fixed Income 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 AMC, SPONSOR OR THE FUND IS NOT GURANTEERING ANY RETURNS

The particulars of the Fund have been prepared in accordance with সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (সিডিচুয়াল ফান্ড) বিধিমালা, ২০০৯, as amended till date and filed with Bangladesh Securities and Exchange Commission.

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.

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

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FUND DIRECTORY

Sponsor and Asset Manager	Shanta Asset Management Limited Registered and Corporate Office The Glass House (Level 13) S.E (B)-2, 38, Gulshan Avenue Gulshan -1, Dhaka -1212.
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 (7 th Floor-D2), 65/2/1 Box Culvert Road, Purana Paltan, Dhaka-1000, Bangladesh.
Banker	The City Bank Limited Gulshan Branch 10 United House (1st fl) Gulshan -1, Dhaka -1212.
Investor Relation Office	The Glass House (Level 13) S.E (B)-2, 38 Gulshan Avenue Gulshan -1, Dhaka -1212.

If you have any query regarding this document, please contact with the Asset Management Company

ABBREVIATIONS AND DEFINITIONS

বিধিমালা/ Rules	সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (সিডিচুয়াল ফান্ড) বিধিমালা, ২০০৯
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 Fund
BO A/C	Beneficiary Owner Account
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; or • A day on which normal business cannot be transacted due to unavoidable • 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
Fund/Scheme	Shanta Fixed Income Fund
IPO	Initial Public Offering
NAV	Net Asset Value
Offer Document	This document issued by Shanta Fixed Income 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	Distribution of profit by issuing units based on most recent NAV of the Mutual 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

ABBREVIATIONS AND DEFINITIONS

Repurchase/Surrender	Repurchase of units by the Fund from a 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 Ltd. (BGIC)
Unit	One undivided share of the Mutual Fund
Unit Holder	A person (single / joint) or institution holding units of Shanta Fixed Income 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 Fixed Income 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	BDT10,00,00,000 (Taka Ten Crore) divided into 1,00,00,000 (One Crore) units of BDT10 (Taka Ten) each.
Face value	BDT10 (Ten) of one unit each
Objective	To generate stable returns for the valued unitholders and provide attractive dividend to unitholders through generating dividend, interest income, capital appreciation and reserve.
Minimum Subscription	500 Units per application for individuals 5,000 Units per application for institutions (Not applicable for SIP Investors)
Transparency	NAV, Sales Price and Repurchase Price will be calculated on a weekly basis and shall be published on the website of the Asset Manager (www.shanta-aml.com) and as prescribed in the Rule
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 as and when published from the official website of Asset Management Company.
Tax Benefit	Income will be tax free up to certain level, which is permitted as per Finance Act of Bangladesh.
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

¹Before 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 হাইলাইটস্

বৈশিষ্ট্য	বিবরণ
ফান্ড এর নাম	শান্তা ফিক্সড ইনকাম ফান্ড
প্রকৃতি	বে-মেয়াদী মিউচুয়াল ফান্ড
ফান্ড এর মেয়াদ এবং আকার	অসীম এবং বে-মেয়াদী
উদ্যোক্তা এবং সম্পদ ব্যবস্থাপক	শান্তা অ্যাসেট ম্যানেজমেন্ট লিমিটেড (এস.এ.এম.এল)
ট্রাস্টি	বাংলাদেশ জেনারেল ইনস্যুরেন্স কোম্পানি লিমিটেড
হেফাজতকারী	ব্র্যাক ব্যাংক লিমিটেড
ফান্ডের প্রাথমিক আকার	ট ১০,০০,০০,০০০/- (দশকোটি টাকা মাত্র) যা প্রতিটি ট ১০/- (দশ টাকা মাত্র) অর্জিত মূল্যের ১,০০,০০,০০০ (এককোটি) ইউনিটে বিভক্ত।
অর্জিত মূল্য	ট ১০/- (দশ টাকা মাত্র) প্রতি ইউনিট
উদ্দেশ্য	মূলধনী মুনাফা ও লভ্যাংশ আয় অর্জন এবং সঞ্চিতি তৈরির মাধ্যমে ফান্ড এ বিনিয়োগকারীদের আকর্ষণীয় রিটার্ন প্রদান করা।
ন্যূনতম বিনিয়োগ	ব্যক্তি বিনিয়োগকারীগণের জন্য প্রতি আবেদনে ৫০০ ইউনিট, প্রতিষ্ঠানিক বিনিয়োগকারীগণের জন্য প্রতি আবেদনে ৫০০০ ইউনিট (নিয়মিত বিনিয়োগ পরিকল্পনা বা SIP বিনিয়োগকারীগণের জন্য ইহা প্রযোজ্য নয়।)
স্বচ্ছতা	প্রতি সপ্তাহে নীট সম্পদ মূল্য, বিক্রয় মূল্য ও পুনঃ ক্রয়মূল্য নির্ণয় করা হবে ও সম্পদ ব্যবস্থাপকের ওয়েবসাইটে (www.shanta-aml.com) এবং বিধি অনুযায়ী প্রকাশিত হবে।
উদ্দিষ্ট বিনিয়োগকারীগণ	নিবাসী ও অনিবাসী ব্যক্তিবর্গ, দেশী ও বিদেশী প্রতিষ্ঠানসমূহ, নিবন্ধিত মিউচুয়াল ফান্ডসমূহ, সমষ্টিক বিনিয়োগ ফ্রিমসমূহ, ট্রাস্ট এবং সোসাইটি/ফাউন্ডেশনসমূহ ফান্ডে বিনিয়োগ করতে পারবে।
লভ্যাংশ	বিধি অনুযায়ী, ইনকাম ফান্ড হিসেবে ফান্ডটি প্রতি হিসাব বছরে প্রভিশন সংরক্ষণের পর অর্জিত 'বাৎসরিক আয়ের' 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 সমর্পণ এবং নগদীকরণ	ফান্ডের ইউনিট সম্পদ ব্যবস্থাপক এবং সম্পদ ব্যবস্থাপক কর্তৃক নিয়োগকৃত বিক্রয় প্রতিনিধির নিকট সম্পদ ব্যবস্থাপক কর্তৃক নির্ধারিত অফিস সময়ে সমর্পণ 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 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।

১বার্ষিক বর্টনযোগ্য আয় নিরূপণ এবং লভ্যাংশ ঘোষণার পূর্বে ফান্ড ভবিষ্যতে বিনিয়োগ মূল্য হ্রাস, মন্দ ও সন্দেহজনক বিনিয়োগের বিপরীতে নিরীক্ষকের সন্তুষ্টি অনুযায়ী উপযুক্ত সঞ্চিতি সংরক্ষণ করবে এবং ফান্ডের অবশিষ্ট আয় হতে পর্যাপ্ত ডিভিডেন্ড সমতাকরণ তহবিল গঠন করবে।

RISK FACTORS

Investors should know that Shanta Fixed Income 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 Fixed Income 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 market and money market.
- ii. Government policy and tax laws may change, affecting the upside potentiality of securities 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 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. 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.
- iii. Although treasury securities are free from default risk, these securities are still exposed to interest rate fluctuation.
- iv. 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.
- v. 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.

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.

“THE MUTUAL FUND IS NOT GUARANTEEING OR ASSURING ANY RETURNS”



CHAPTER 1: **PRELIMINARY**

CHAPTER 1: PRELIMINARY

1.1 Publication of the Prospectus for Public Offer

Shanta Fixed Income 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 March 18, 2021. The Fund has received Registration Certificate from the Bangladesh Securities and Exchange Commission (BSEC) on April 11, 2021 under the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন আইন, ১৯৯৩ and the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০৯, 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 The Glass House (Level 13), S.E (B)-2, 38, Gulshan Avenue, Gulshan-1, Dhaka, Bangladesh (Registered and Corporate Office of SAML) – the Asset Manager of Shanta Fixed Income 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, ২০০৯. IT MUST BE DISTINCTLY UNDERSTOOD THAT IN GIVING THIS APPROVAL, THE COMMISSION DOES NOT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL SOUNDNESS OF THE FUND, ANY OF ITS SCHEMES OR THE ISSUE PRICE OF ITS UNITS OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINION EXPRESSED WITH REGARD TO THEM, RESPONSIBILITY FOR WHICH LIES WITH THE ASSET MANAGER, TRUSTEE, SPONSOR, AND/OR CUSTODIAN.”

1.3 Listing of the Fund

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, Government holiday, Bank Holiday, holiday of Stock Exchange(s), any day declared holiday by the AMC 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 to the commission and respective stock exchanges at the beginning of business operation on the first working day of every week as per the বিধিমালা.

1.4 Documents Available for Inspection

a. 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).

b. 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 TK. 10.00 (ten) each within 90 (ninety) days from the date of sale of such Units;
- 4) Money receipt/acknowledgement slip issued at the time of sale of units will be treated as allotment letter, which shall not be redeemable/ transferable;
- 5) The annual report of the Fund /or its abridged version will be published within 45 (forty-five) days of the closure of each accounting year of the Fund;
- 6) An annual report and details of investment and savings of the Fund shall be submitted to the Commission, Trustee and Custodian of the Fund within 90 (ninety) days from the closure of the accounts;
- 7) Half-yearly accounts/financial results of the Fund will be published in at least one English and another Bangla national daily 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 all securities holdings of the fund shall be disclosed in the website of the AMC and will be sent to Unit Holders on quarterly basis within 30 (thirty) days of each quarter-end;
- 11) After initial public subscription, the sale and repurchase/surrender price of units will be determined by the Asset Management Company. NAV at market price calculated on a date shall form the sale price of units by rounding up the amount and shall be effective up to next calculation of NAV of the Fund. Difference between sale and repurchase price shall primarily be TK. 0.30, which may be changed in future, but not be over 5% of the sale price of the unit. 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 the prospectus be published in two national daily newspapers (Bengali and English) and one online newspaper;
- 15) If abridged version of the prospectus is published in the newspaper, complete prospectus shall be made available to the applicants;
- 16) If the Asset manager fails to collect the initial target amount under বিধি ৪৬ and ৪৮ of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০৯, will refund the subscription money within 30 days without any deduction. In case of failure, the Asset manager will refund the same with an interest @ 18 percent per annum from its own account within the next month;
- 17) On achievement of minimum amount of Tk. 10 Crore, 90% of the initial target amount through public offer and 10% of the initial target amount through sponsor collectively as per বিধি ৪৬ and ৪৮ of the

সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০৯ the fund is only allowed to transfer the money from Escrow Account to Operational Account and to commence investment activities of the Fund with permission of the Trustee;

18) The AMC should ensure compliance of বিধি ৪৬ of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০৯. In case of failure to comply the provisions of বিধি ৪৬ of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০৯ both the AMC and the Trustee shall be accountable for any kind of investment activity.

19) Initial target size of the fund is TK. 10.00 (Ten) crore. 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) Unit Allocation of the Sponsor's contribution amounting to TK. 1,00,00,000/- (Taka One Crore) only shall be subject to a lock-in period of 01 (One) year from the date of formation of the Fund and then 1/10th of the sponsor contribution only shall be subject to a lock-in period of full tenure of the Fund until liquidation;

21) A Confirmation of Unit Allocation amounting TK. 10,000,000/- (Tk one crore and 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.

23) Subscription period of the fund will be 45 (forty five) days which will be started on 11 July 2021 and be ended on 24 August 2021 as per বিধি ৪৭ of সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০৯

Please ensure that the following are adhered to:

1. As per provisions contained in the the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০৯, regarding limitation of time on closure of subscription, the initial public subscription will remain open for 45 (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 and is a verbatim copy of the prospectus/abridged version vetted by the Commission;

5. The expiry date of the sponsor's locked-in portion shall be specifically mentioned on the body of the jumbo confirmation of unit allocation;

6. The AMC shall apply the spot buying rate (TT clean) of Sonali Bank Ltd prevalent on the date of opening of subscription for conversion of foreign currencies;

7. The AMC shall submit to the Commission a diskette containing the vetted prospectus and its abridged version;

8. All conditions imposed under Section 2CC of the Securities and Exchange Ordinance, 1969 must be complied with and be incorporated in the body of the Prospectus and in its abridged version;

9. After due approval by the Trustee regarding issue and formation expenses, the AMC shall submit in details along with supporting documents to the Commission regarding issue and formation expenses within 15 days of operation of the Fund. The Auditor of the fund shall also put opinion about the above expenses in the initial financial statements of the fund;

10. The Investment Policy and Guideline and information on constituents of Investment Committee of the Fund approved by the Board shall be submitted to the Commission within 30 (Thirty) days from the

received of the Consent Letter. The Investment Policy and Guideline 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;

11. 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

a. 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.

b. 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.

c. 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 Fixed Income Fund shall commence at the counter of Shanta Asset Management Limited and designated Selling Agents' Branch Offices at the opening of business hours on July 11, 2021 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 Limited, Custodian of Shanta Fixed Income Fund for creation and redemption of units namely "Shanta Fixed Income Fund - Sale of units" and "Shanta Fixed Income 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 Fixed Income Fund - Sale of units". Then the Custodian of the Fund will transfer the units from "Shanta Fixed Income 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 Fixed Income Fund – Repurchase of units". The Custodian will debit the units from the investor's BO Accounts and transfer it to the "Shanta Fixed Income 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/semiannually/annually). SIP is a planned approach towards investments and helps to inculcate the habit of saving and building wealth for the future.

1.8.1 Investment Horizon

An investor can invest in the plan with an investment horizon of 2 years or any other period fixed by the AMC with due intimation to the Trustee with the choice of a pre-determined amount to investment at a regular interval (monthly/quarterly/semiannually/annually). At maturity, the investor may surrender or continue with existing/new plan.

1.8.2 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/semiannually/annually). 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 1 years, an exit fee of 1% from the "Investor's sale / surrender price" may be applicable on total accumulated invested amount on the date of cancellation of the scheme. After 1 years of SIP, the investor can easily surrender his / her/ the institutional holder's total units through the AMC or the Selling Agents.

1.8.3 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:

- a. Flexibility: Investor can start SIP with a very small amount that is BDT 1,000 or multiple of BDT 500 / 1000. One can also increase/ decrease the amount being to be invested in regular fashion.
- b. Flexible SIP Tenor: The SIP will be offered for at least 2 years or any other higher period set by the AMC. After this period, the individual scheme will be matured and may surrender or continue after maturity. If surrendered after 1 years, no fees /charges may be charged on surrender.
- c. 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.
- d. Buy at discount: SIP investor may buy units at a discount from Weekly "Investor's Buy Price" offered to the normal investors set by the AMC.
- e. 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, as fixed by the AMC, of prevailing "Investor's Buy Price" used for CIP conversion.

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 FIXED INCOME 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 Fixed Income 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 the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০৯;

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 FIXED INCOME FUND, accept the responsibility and confirm that we shall:

- i. Keep all the securities in safe custody and shall provide the highest security for the assets of the fund; and;
- ii. Preserve necessary documents and record so as to ascertain movement of assets of the Fund as per সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০৯.

Sd/-

Tareq Refat Ullah Khan

DMD & Head of Corporate Banking
BRAC Bank Limited

Declaration about the responsibility of the Asset Management Company

We, as the Asset Manager of Shanta Fixed Income 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, ২০০৯, 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 capital market securities, 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]

The Honorable Chairman

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

Subject: Shanta Fixed Income 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, ২০০৯, 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, ২০০৯, 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]

The Honorable Chairman

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

Subject: Shanta Fixed Income 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, ২০০৯, 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, ২০০৯ 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, ২০০৯ 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.

Due Diligence Certificate by Custodian

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

The Honorable Chairman

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

Subject: Shanta Fixed Income Fund

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

1. We, while acting as custodian to the above mentioned fund on behalf of the investors, shall comply with the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০৯, Depository Act, 1999, Depository Regulation, 2000, Depository (User) Regulation, 2003, Trust Deed of the Fund and the Rules, guidelines, circulars, orders and directions that may be issued by the Bangladesh Securities and Exchange Commission from time to time in this respect.

WE CONFIRM THAT:

- a) We will keep all the securities (both listed and Non-listed) and Assets of the “SHANTA FIXED INCOME FUND” including FDR receipts in safe and separate custody as per বিধি ৪৯ of সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০৯, 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, ২০০৯, and conditions imposed by the Commission as regards of the fund; and
- d) We shall act to our best for the benefit and sole interests of the unit holders of the fund.

For Custodian
Sd/-

Tareq Refat Ullah Khan

DMD & Head of Corporate Banking
BRAC Bank Limited

Due Diligence Certificate by Asset Manager

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

The Honorable Chairman

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

Subject: Shanta Fixed Income 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 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, theসিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০৯, 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

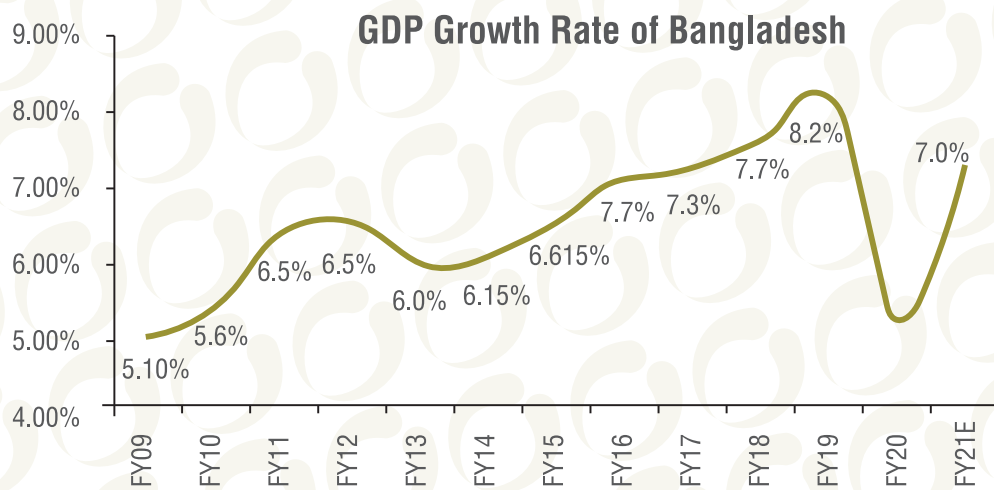
Shanta Asset Management Limited



CHAPTER 2: **BACKGROUND**

CHAPTER 2: BACKGROUND

Bangladesh recorded one of the fastest growth rates in the world in the past few years with a stable economic performance. GDP growth had been reached 5.2% in FY20 and is estimated to have reached 7.4% in FY21 despite the global effect of the COVID-19 pandemic. The post-pandemic global economic recovery and the private consumption boosted by strong remittance flows from the Bangladeshi diaspora around the world are expected to be the key drivers of growth in 2021. In this circumstance, Bangladesh has set a target to attain 8.5% GDP growth from FY21 to FY25. In attaining the target, the country would need a huge investment into the private sector.



Source: Bangladesh Bureau of Statistics (BBS)



Source: World Bank

The business environment of Bangladesh is improving. According to the World Bank (WB) Ease of Doing Business 2020 index, out of 190 countries, Bangladesh ranked 168, up by eight notches from 176 in 2019. With the latest development,

the Bangladesh government desire to push the development further to rank below 100. As a part of its effort, the government took several initiatives, including the introduction of One-Stop Services (OSS) to reduce the congestion at ports and roads, and reformation of regulations. Thus, to support the expected business growth, proper credit supply is necessary. Despite playing a dominant role in the economy of Bangladesh, banks are not in a position to finance long term productive investments continuously because of having a higher level of non-performing loans and the liability mismatch issue. Realizing the fact that only bank-base lending system might not support the required credit demand, the government is determined on creating a vibrant bond market.

On the other hand, Bangladesh aspires to be a developed nation by 2041. To achieve the target in time, continuous infrastructure development is must. Thus, to support the expected financial need, a well-developed financial market with the active role of corporate and government bonds has become a dire necessity. The Global Infrastructure Hub estimates that the infrastructure sector might have the necessity of USD 600bn for upto 2040. But if we expect the current trends of actual investments to continue, a gap of USD 200 Billion long-term financing with no visible source of funding still needs to be addressed. Developing of a well-functioning and sizeable bond market to caters the needs of both investors and issuers can be potential long-term fund mobilization alternative.

Recently so many banks are issuing bonds to improve their capital base. Government are also issuing Sukuk, an islami shariah based bond, to cater the financial need. Bangladesh capital market regulator, Bangladesh Securities and Exchange Commission (BSEC), is developing Alternative Trading Platform to trade bond in secondary market which will make bond more liquid for investors.

However, minimum investment ticker size for bond is large which might deter general investors to participate in debt securities. Moreover, general people are unlikely to have sufficient knowledge to invest in fixed income securities. To cater all problems for general investors and make debt securities more investment friendly, there is no alternative of fixed income focused mutual funds in Bangladesh capital market.

2.1 Capital Market of Bangladesh

The capital market of Bangladesh is consisted of mostly equity securities. Also, treasury securities, corporate bonds contribute a non-considerable portion of the capital market. Unfortunately, general investors have insignificant participation in fixed income securities instead they mainly participate in equity-securities. The treasury bond market consists of primary issues of treasury bonds of different maturities (2, 5, 10, 15 and 20 years), and secondary trade therein through primary dealers. Primary Dealers (PD) participate directly in the primary auctions. Other banks and non-bank investors can participate in primary auctions and in secondary trading through their nominated PDs. Non-resident individual and institutional investors can also participate in primary and secondary market, but only in treasury bonds. The secondary treasury bond market in Bangladesh has boomed in recent months on the back of lower interest rates on bank deposits and a set of measures taken by the central bank. Trading in the secondary bond market hit an all-time high in December 2020 as investors are getting lower interest on deposits kept at banks than the Treasury bonds (T-bonds).

Stock market of Bangladesh has experienced several cycles in the last decade, showing both the bullish phase and bearish phase. Fueled by various positive macro-economic drivers, in FY20, DSEX, the broad index, entered into a long cherished bullish phase. The broad index gained 21.9% in 2020, one of the highest return in a single year since the inauguration of DSEX. Market has recently witnessed several steps from the Bangladesh Bank (BB), the watchdog of the financial sector of Bangladesh. Firstly, BB had put on a cap on the lending rate at 9.0%, which ultimately slashed the deposit rate to less than 6.0% level. Secondly, the central bank slashed the policy rate by 100bps (from 5.0% to 4.0%) after 17 years. We believe that these will be expected to soar the fund inflow to the market, surging the demand of blue chips

in the market. Remittance growth post the historical high in recent time during the pandemic. Bangladeshi expatriates send USD 22.1bn in 2020 against USD 18.3bn in the previous year, growing 20.6% YoY. As a result, the forex reserve hit USD 43.2bn in December 2020. We expect this may appreciate the local currency against the foreign currency. Consequently, foreign investors are expected to be attracted to the market. Moreover, Bangladesh Securities and Exchanges Commission (BSEC) welcomed a new commission after 9 years. The new commission is vigorously working on establishing a vibrant bond market and reforming many rules & regulations. All these are likely to boost up the confidence of investors on the market.

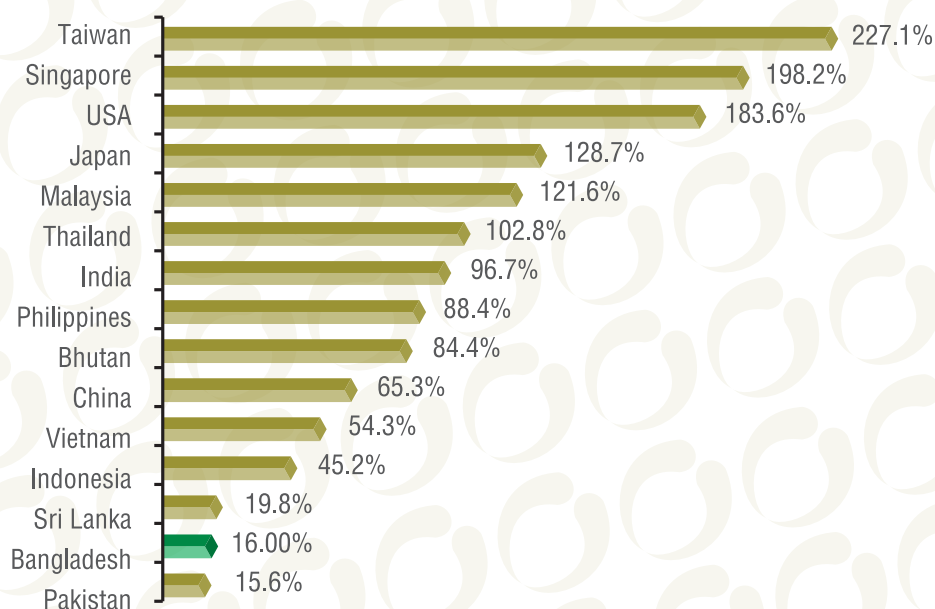
To ensure strong capital market, the new commission of the BSEC has already taken some steps including -

- Maintaining the minimum shareholding by sponsors of companies
- Enforcing companies to payback money to investors if companies perform poorly after listing
- Reducing the settlement tenure for companies of Z-category to curb the price manipulation
- Ensuring Initial Public Offering (IPO) shares to all applicants
- Increasing the supply of corporate bonds to the market
- Allowing foreign investment in Open End Mutual Funds

The Dhaka Stock Exchange (DSE) has completed all the technical preparations to launch the Alternative Trading Board (ATB) where eligible non-listed securities can be traded. Now all types of investors will be able to participate in trading on the ATB. The securities may include both common and preference shares of non-listed companies, non-listed bonds, debentures, open-end mutual funds, and units of various alternative investment funds. Privately placed Sukuk and bonds will be eligible to be traded on the ATB. Shares delisted from the stock exchanges and over-the-counter market stocks, too, can be bought and sold on the Alternative Trading Board. The Bangladesh Securities and Exchange Commission (BSEC) has already accorded consent to 14 bonds to be traded on the ATB, according to DSE. Launching of this ATB is a remarkable step for creating a vibrant bond market.

With the inauguration of ATB along with lower interest rate and several positive steps of regulators, we are expecting a vibrant capital market in near future. Different types of securities both equity and fixed income securities are expected to list in the market. More participation of investors are expected; thus market cap is expected to flourish significantly in upcoming years.

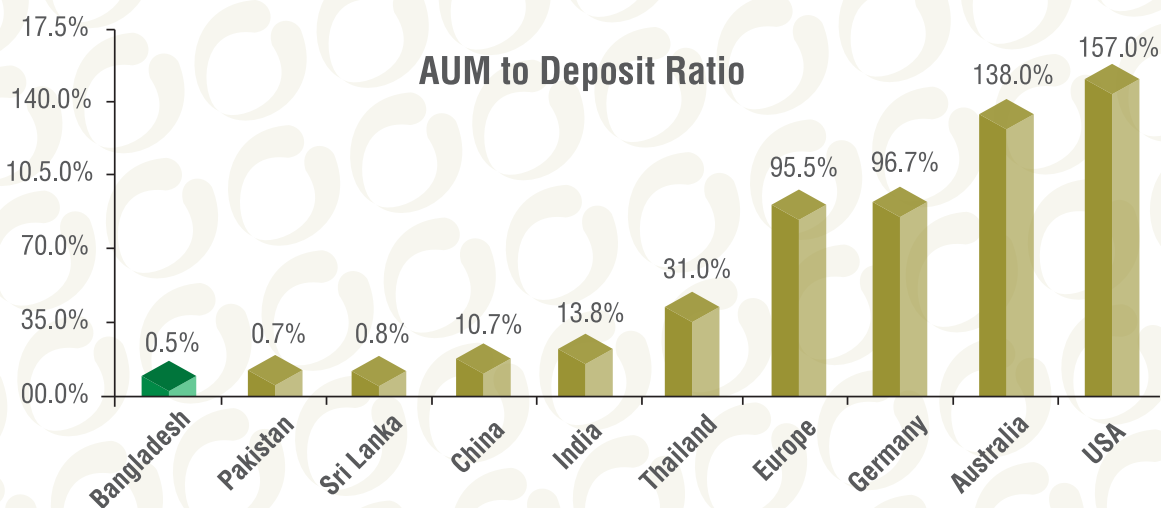
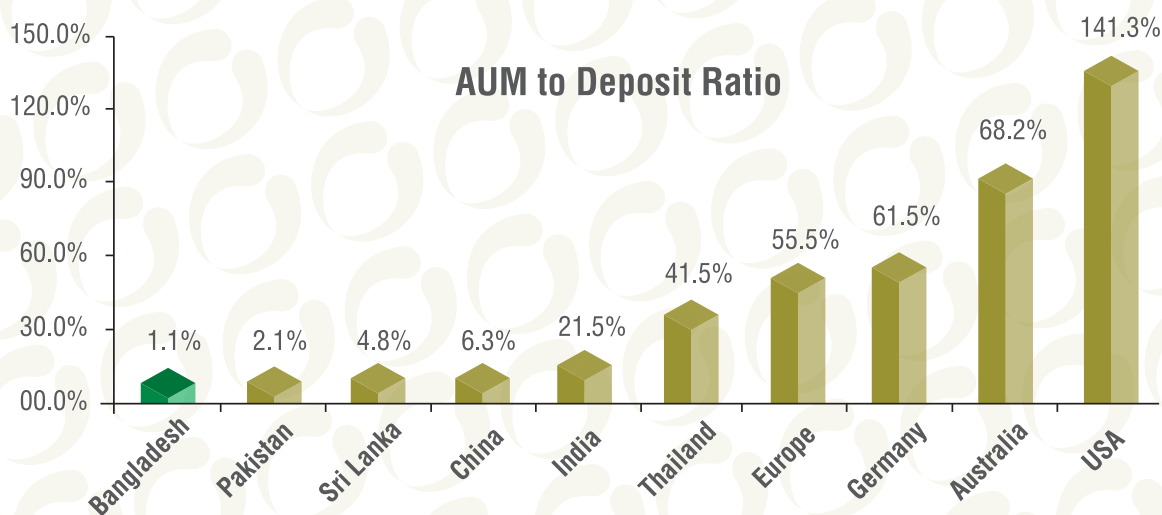
Market Capital to GDP



The market capitalization to GDP ratio of Bangladesh has been very tiny in comparison to peer and developed countries. Moreover, market capitalization to GDP ratio has been hovered in between 15.0% - 20.0% whereas the market capitalization to GDP ratio in Taiwan, Singapore, India, Bhutan, Vietnam, and Sri Lanka are 227.1%, 198.2%, 96.7%, 84.4%, 54.3% and 19.8% respectively. We believe that the broad market growth will align with the strong economic growth and other peer countries, resulting in a steady market in the long horizon.

2.2 Mutual Fund Industry of Bangladesh

The Bangladesh mutual fund industry is still in an early stage of development. In recent years the number of asset managers has substantially increased. Currently there are 48 registered Asset Management Companies who are managing 101 mutual funds. Among them there are 64 open-end mutual funds and 37 close-end funds with the Asset Under Management (AUM) of approximately BDT 140bn. Nonetheless, the AUM to Deposit ratio and AUM to GDP ratio in Bangladesh is around 1.1% and 0.5% respectively in contrast to neighboring countries who have been able to maintain AUM to Deposit ratio and AUM to GDP ratio well above 30.0% Bangladesh that we can see in the graph below. In developed countries, most of the retail and institution investors prefer mutual fund to invest in Capital Market due to the advantage of portfolio diversification, professional management at low cost, tax incentives, operational transparency and robust and effective regulatory framework.

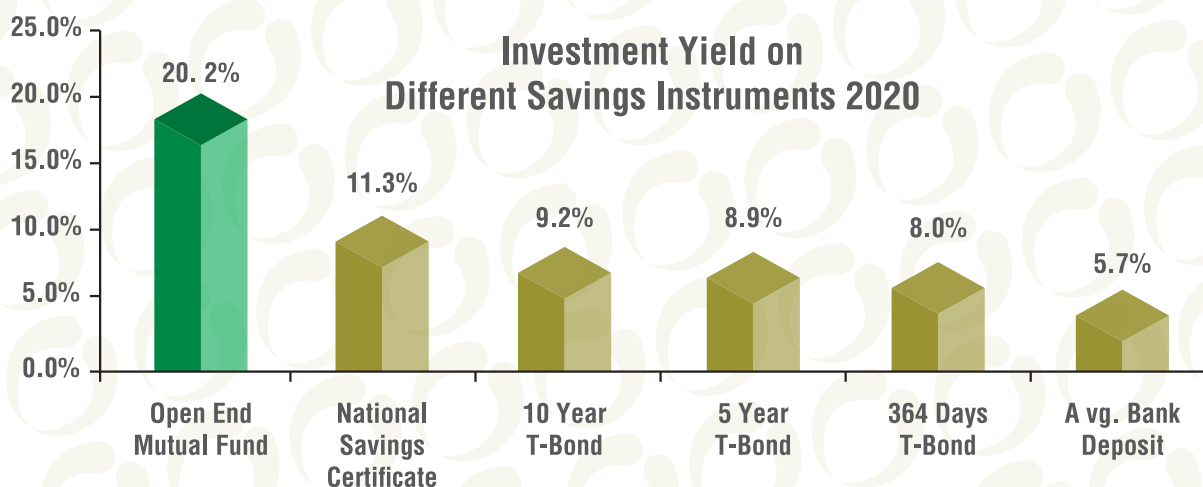


In Bangladesh Mutual funds have not yet been able to gain a significant share of investors' wallet mainly due to lack of financial awareness among a major portion of the population while some investors continue to view mutual funds as trading tools as opposed to long-term savings tools. However, historically 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.

In recent times, popularity of Open End funds has increased. Till 2014, there were thirty-three (except conversion of ten Close End Mutual Fund to Open End Fund) Close End Mutual Funds and only eight Open End Mutual Funds. But currently the number of Open End Mutual Funds stands at sixty seven whereas the number of Close End Funds stands at only thirty-seven. This is mainly due to some attractive benefits of Open End Funds including,

- No market trading risk for Open End Funds.
- No risk of trading at deep discount to Net Asset Value (NAV) like Close End Funds.
- No lock in period for investors. Investors can easily withdraw the partial or full investment at any time at NAV of the fund of that time.

The population of Bangladesh is predominantly young with median age of 27.9 years. Financial awareness is changing the retail investment trend from safe, low yielding assets such as fixed deposits, gold and real estate to a more balanced portfolio consisting of a good mix of investments. Currently Open-End fund managers are offering different style-based fund to meet up the different financial needs of the investors fund such as growth fund, Income fund, Shariah funds etc.



*Note: Open End Mutual Funds yield is calculated based on average total return in 2020
Source: Bangladesh Bank and SAML Research*

In 2020, Open End Mutual Funds have provided the best return among all saving instruments in Bangladesh. Moreover, in recent time, the average bank deposit rate came down to 4.5% around and government bond yield came down to below 6.0% (10 year treasury bond or lower tenure bonds or bills). Thus, the relative attractiveness of the Open End Mutual Funds compared to other products can make Open End fund the best saving investment vehicles for the people of Bangladesh.

2.3 Preamble to Formation of Shanta Fixed Income Fund

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

Apart from the related knowledge of the capital market, investors do not have the scope to diversify its investment. As our capital market is fully equity-driven, investors rarely have products to diversify their investment, deterring investors to reduce the investment risk. Because of the growing awareness regarding the investment, access to the fixed income securities is urgent.

Mutual funds – the alternative investment vehicles for long term investors – can be one of the best alternatives for general investors. As ordinary investors cannot take position in fixed income securities in big ticker and cannot source lucrative investment opportunities in fixed income securities, fixed income mutual fund can create scope for investors to take exposure in fixed income securities through this mutual fund.

SAML believes that Shanta Fixed Income Fund will facilitate investors to diversify its investment portfolio through fixed income products.

2.4 Necessity of Shanta Fixed Income Fund in Bangladesh Capital Market

The Bangladesh capital market has its own unique challenges as well as substantial opportunities as the country is heading towards a Least Developed Countries (LDC) in some years. In addition, investors are facing difficulty in capital protection during severe downtrend in the broad market. All these combinedly create a strong demand for the access to fixed income securities.

Since the inception, the capital market of our country is fully equity-focused. Although both the market capitalization and the number of listed instruments is growing over the time, diversification of products is remained ignored. Of the total market capitalization (as on 22 March 2021) of USD 55.5tn, equity instruments hold USD 48.6tn, contributing 87.6% of total market capitalization. USD 6.5tn market capitalization of debt securities mostly consist of government treasury bond, which are highly illiquid. Also, DSEX, the main bourse, has only two (2) listed corporate bonds which are also extremely illiquid. In this context, fixed income fund can be one of the best solutions for investors particularly general investors. Usually, fixed income securities require investment in big ticker that becomes a barrier for retail investors. Also, fixed income securities are extremely illiquid in nature. On top of that, general investors are unlikely to have adequate understanding regarding fixed income securities. Another notable benefit for retail investors is that liquidity. General investors will enjoy more liquidity in investing in Shanta Fixed Income Fund than investing directly in any fixed income instruments. Altogether, Shanta Fixed Income Fund will offer liquidity, appropriate risk assessment support by professional fund managers.

Being a fully-equity oriented capital market, the Bangladesh Capital market is tilted towards more volatility. In line with this nature, investors had already been experienced a series of ups and downs over the years, creating a need for fixed income products. 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. Shanta Fixed Income Funds can be the pathway for investors to have exposure in fixed income instruments. In this context, SAML is launching Shanta Fixed Income Fund in the Bangladesh capital market.

2.5 Advantages of Investing in Shanta Fixed Income Fund

Shanta Fixed Income 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 Fixed Income Fund”:

- i. Shanta Asset Management Limited through its proper corporate governance culture will ensure proper compliance with সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০৯ under all circumstances.
- ii. Shanta Fixed Income Fund will mainly focusing on investing in fixed income instruments (mostly treasury securities). This fund will also invest in equity securities partially. However, all investment decisions are pointed towards generating both a stable current income and a capital appreciation.
- iii. The Fund will substantially lower investment risk of investors through diversification in which funds are spread out into different asset allocations, 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 units 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 unless otherwise BSEC and stock exchange make arrangement in future, 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, ২০০৯, 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 Fixed Income Fund

The investment tax benefits of the Fund would always comply with country's Finance Act and government tax policies, As follows:

- Investments in mutual funds in Bangladesh allow people to get tax rebates under section 44 (2) of the Income Tax Ordinance 1984. This means that not only will investors get a healthy return from investing in the funds, but they can also reduce their income taxes as well. In addition to the tax rebate, the income from the fund has very low tax incidence.
- Dividend income will be tax free up to certain level, which is permitted as per Finance Act.



CHAPTER 3:

SHANTA FIXED INCOME FUND

CHAPTER 3:

SHANTA FIXED INCOME FUND

3.1 Establishment of The Fund

‘Shanta Fixed Income 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 March 18, 2021 under the Trust Act, 1882, and registered under the Registration Act, 1908. The BSEC has registered the Trust as a Mutual Fund on April 11, 2021 under the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০৯. The BSEC has also provided consent on June 30, 2021 to raise subscription from the general investors through public offer.

3.2 Tenure and Size of The Fund

The Fund will be an open-end 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 10,00,00,000 (Taka Ten Crore) only divided into 1,00,00,000 (One 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 stable returns for the valued unitholders and provide attractive dividend to unitholders through generating dividend, interest income, capital appreciation and reserve. The assets of the Fund will be invested both in Fixed-Income Securities (FIS) and Equity Securities. To minimize the volatility, the fund will invest minimum 40.0% and maximum 60.0% of the assets in Treasury Securities. A portion of the fund may invest in listed equity securities to generate excess return than traditional investment vehicles. However, the Fund may invest in unlisted equity and debt securities including IPO and pre-IPO placement for Issuer Companies only, at the primary market. The Fund may also invest in other quasi-equity or debt instruments, including warrants, preference securities, government notes, bills etc.

3.5 Investment Policies

The details of the investment policies are as follows:

- I. The Fund shall invest subject to the wewagvjv and only in those securities, deposits and investments approved by the Bangladesh Securities and Exchange Commission and/or the Bangladesh Bank and/or the Insurance Development and Regulatory Authority (IDRA) of Bangladesh or any other competent authority in this regards.
- II. All money collected under the Fund shall be invested only in encashable/transferable instruments,

securities whether in money market or capital market or privately placed pre-IPO equity, preference shares, debentures or securitized debts.

III. The mutual fund shall invest not less than 40% of the total assets of the scheme of the fund in government securities or government backed securities.

IV. Investment in the government securities shall not however exceed 60% of the total assets of the fund.

V. Not more than 50% of the total assets of the fund shall be invested in listed securities.

VI. Not more than 20% of the total assets of the fund shall be invested in non-listed securities at any particular date. In case of investment in non-listed corporate bonds or pre-IPO placement shares, the asset manager shall obtain approval on the Commission.

VII. Non-listed securities that are "investment grade" and enjoy "very strong" credit rating by a licensed credit rating agency are eligible for investment under this scheme of the mutual fund.

VIII. The Fund shall get the securities purchased or transferred in the name of the Fund.

IX. 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 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, ২০০৯ 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 affected, 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) The fund shall not invest more than 10% of its total assets in any one company or a group of companies under the control of a parent company. This condition shall not be applicable for investment in government securities.

b) The fund shall not invest more than 10% of paid up capital (or other securities such as bond or debenture) issued by any company.

- c) The Fund shall not invest more than 25% of its total assets in shares, debentures or other securities in any one industry. However, this clause is not applicable for investment in Government Securities or any other fixed income securities.
- d) The Fund shall not invest in, or lend to, any scheme under the same Asset Management Company.
- e) 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.
- f) The Fund or the Asset Management Company on behalf of the Fund shall not give or guarantee term loans for any purpose or take up any activity in contravention of the বিধিমালা.
- g) The Fund shall buy and sell securities on the basis of deliveries and shall, in all cases of purchases, take delivery of securities and in all cases of sale, deliver the securities on the respective settlement dates as per the custom and practice of the stock exchanges and shall in no case put itself in a position whereby it has to make short sale or carry forward transaction.
- h) The Fund shall not involve in option trading or short selling or carry forward transaction.
- i) The Fund shall not buy its own unit.

3.8 Limitation of Expenses

- i. All expenses should be clearly identified and appropriated to the Fund.
- ii. The Asset Management Company shall charge the Fund with Formation and Investment Management Fees, which are fully disclosed in the prospectus of the Fund or provided for in the বিধিমালা.
- iii. Asset Management Company may amortize the initial issue costs of the Fund over a period of 7 (seven) years on a straight-line method or as determined by the Commission from time to time provided that 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.
- iv. Asset Management Company shall charge Management Fees to the Fund as per the provisions of বিধিমালা, and the directives of Commission from time to time.
- v. In addition to the fees mentioned here-in-above, the Asset Management Company shall charge the Fund with the following recurring expenses, namely :-
 - a. recurring expenses including :-
 - i) Marketing and selling expenses including commissions of the agents, if any
 - ii) Brokerage, transfer, collection and transaction costs
 - iii) Cost of registrar services for transfer of securities sold or redeemed
 - iv) Trusteeship Fees
 - v) Custodian Fees
 - vi) Dematerialization fees and others
 - vii) Re-registration fees, if any
 - viii) Expenses incurred by the Asset Management Company or the Trustee for the interest and benefit of the unit holders, including unitholders' meeting expenses, if any.
 - ix) Listing Fees and other fees and expenses
 - x) Other expenses applicable to the Mutual Fund.

The expenses referred to here-in-above and any other fees payable or reimbursable to the Asset Management Company or the Trustee shall be charged to the Fund. However, total expenses of the Fund shall not exceed 4% of the weekly average net assets outstanding during any accounting year.

3.9 Valuation Policy

As per section 58 of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০৯, the fund shall fix the valuation method for the Fund 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:

- a. For listed securities held in the portfolio of the Fund, the quoted closing market price at the prime stock exchange(s) on the date of valuation shall be taken into account for calculation of Net Asset Value (NAV) of the Scheme of the Fund.
- b. For government securities, widely acceptable international valuation standard guidelines shall be taken into account on the date of valuation for calculation of Net Asset Value (NAV) of such securities in the portfolio of the fund.
- c. For securitized debts, debentures, margin or fixed deposits, the accrued interest on such instruments on the date of valuation shall be taken into account in any calculation of Net Asset Value of such securities in the portfolio of the Fund.
- d. The Fund shall fix the valuation method as specified in the বিধিমালা.
- e. The Fund shall follow the method approved by the Commission for valuation of the non-listed investment, if any, and the Asset Management Company and the Trustee shall periodically review the non-listed investment, if any, and the Trustee shall periodically review the value of such investments. The auditors shall comment in the annual report of the Scheme of the Fund.
- f. The valuation of listed securities not traded within previous one month will be made based on their reasonable value by the Asset Management Company and approved by the Trustee and commented upon by the auditors in the Annual Report of the Scheme of the Mutual Fund but shall not be more than the intrinsic value of the securities.
- g. The valuation of non-listed securities will be made by the Asset Management Company with their reasonable value and approved by the Trustee and commented upon by the Auditors in the annual report of the Scheme.
- h. 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.
- i. Asset Management Company and Trustee will value the non-listed securities at least once in every three months.
- j. In case of deferred expenses, accrued expenses for the period will be taken into account for determining total liabilities.
- k. 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 sale and repurchase/surrender price of units will be determined by the Asset Management Company as per Rule. NAV at market price calculated on a date shall form the sale price of units by rounding up the amount and shall be effective up to next calculation of NAV of the Fund. Difference between sale and repurchase price will be determined by the Asset Manager. However, difference between sale and repurchase price, which shall not be over 5% of the sale price of the unit as per the বিধিমালা. 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 and Repurchase Procedure

Sale and repurchase procedure is given below:

- a. The Units of Shanta Fixed Income 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.
- b. 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.
- c. 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 Fixed Income Fund" for the total value of Units.
- d. 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.
- e. 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.
- f. 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.
- g. All payments/receipts in connection with or arising out of transactions in the Units shall be in Bangladeshi Taka.
- h. 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 30 (thirty) days. The Asset Manager shall proceed to sell adequate assets to pay the surrender money within the stipulated time in the best in trust of the unit holders.

3.12 Lock-in for Sponsor's Contribution

As per সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০৯, Confirmation of Unit Allocation of the Sponsor's contribution amounting to BDT 10,000,000/- (Taka One Crore) only shall be subject to a lock-in for a period of minimum one years from the date of formation of the Fund, after one year 10% of the sponsor contribution BDT 1,000,000/- (Taka Ten lac) should be lock-in for life time;

3.13 Winding Up and Redemption Policy

Procedure of Winding Up and Redemption:

The policies pertaining to redemption are described below:

- a. 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 initially, the Fund will be subject to wound up.
- b. 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.
- c. The Fund will be wound up if the Commission so directs in the interest of the unit-holders.
- d. 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 and 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 and 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:

- a. Cease to carry on any business activities of the Fund
- b. Cease to create and cancel units of the Fund
- c. Cease to issue and redeem units of the Fund

3.14 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, ২০০৯, 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

approaches 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. While selecting individual fixed income securities, fund managers will focus on forecasted interest rate movement, and issuers' credit rating.

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 treasury securities: The fund will select lucrative treasury securities to invest and exit on timely basis. AMC will ensure proper cash management for this purpose.

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.

3.15 Dividend Policy

- a. The accounting year of the Fund shall be January 01 to December 31 every calendar year or as determined or consented by the Commission.
- b. 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.
- c. The Trustee may consider declaring dividends for any time period, if recommended by the Asset Management Company.
- d. 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.
- e. No dividend may be declared or paid other than from earnings or reserve of the Fund, available for distribution.
- f. Surpluses arising simply from valuation of investments shall not be available for dividend.
- g. A transfer of unit shall not pass the right to any dividend declared thereon before the registration of the transfer.

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. The unit holders may change their dividend preference in future as per their need.

²Before 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.



CHAPTER 4: **RISK MANAGEMENT**

CHAPTER 4: RISK MANAGEMENT

4.1 Risk Factor

Investing in the Shanta Fixed Income 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 guarantee can be given that investors will receive the amount originally invested. When investing in the Fund, investors should carefully consider the risk factors outlined below, which are not necessarily exhaustive or mutually exclusive:

- a. Credit risk: Bonds /debentures as well as other money market instruments issued by corporates run the risk of down grading by the rating agencies and even default as the worst case. Securities issued by Central/State governments have lesser to zero probability of credit/ default risk in view of the sovereign status of the issuer.
- b. Interest rate risk: Bonds/ treasury securities which are fixed income securities, run price-risk like any other fixed income security. Interest rate has negative correlation with the price of fixed income securities (both corporate and treasury securities). The prices of Bonds/Central Government securities are also influenced by the liquidity in the financial system and/or the open market operations (OMO) by the Bangladesh Bank (BB). As this fund may mostly invest in treasury securities and corporate securities, fall in the interest rate may reduce the value of the fund.
- c. Liquidity risk: Usually, fixed income securities are traded very infrequently. This may create the problem to finding the counter parties at the proper price and at the right time. Traded volumes for particular securities differ significantly on a daily basis. Consequently, the fund might have to incur a significant “impact cost” while transacting large volumes in a particular security.
- d. Reinvestment risk: This risk refers to the interest rate levels at which cash flows received from the securities in the Scheme are reinvested. The additional income from reinvestment is the “interest on interest” component. The risk is that the rate at which interim cash flows can be reinvested may be lower than that originally assumed.
- e. Default risk: This risk is associated with the issuer’s inability to meet interest and principle repayment obligation.
- f. Redemption risk: Investors having a substantial investment may face a delay in case of redemption of the investment.

4.2 Risk Control Approaches

A top down and bottom up approach may adopt the following investment approaches and risk control measures, namely:

- a. For treasury securities, investment will be pursued based on the analysis of macro-economic scenario and interest rate cycle.
- b. For corporate bond, Focus will be on the fundamentals of the business, the industry structure, the quality of management, sensitivity to economic factors, the financial strength of the company and key earnings drivers.
- c. In addition, a details study will be made on the macro-economic conditions, including the political, economic environment and factors affecting liquidity and interest rates.

4.3 Expected performance of the portfolio

- a. Investors are expected to earn superior return than conventional money market instruments.
- b. Finding out opportunities in government treasury securities and corporate bonds to outperform the return of conventional money market securities.

4.4 Who Should Invest and How Much to Invest

- a. Individuals who wants to take exposure in money market instruments to have a stable but superior return
- b. Individuals who are interested for lower risk investment options having lower volatility in the return.
- c. Institutions can allocate their provident funds, gratuity funds and other corporate funds that are looking lower volatility investment options.
- d. Considering other factors like the investment opportunities available in the market, return expectation, income level and consumption pattern, one may put only a considerable portion of his/her total portfolio into the Fund.

“THE MUTUAL FUND IS NOT GUARANTEEING OR ASSURING ANY RETURN”





CHAPTER 5: **FORMATION, MANAGEMENT AND ADMINISTRATION**

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 Fixed Income 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, 2019 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 Fixed Income Fund. BRAC Bank Limited, operating in Bangladesh since 2001, is one of the largest private commercial banks of the country with 187 Branches, 457 SME Unit Offices and 375 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 Limited 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 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**

- Analyze domestic and global Macroeconomic Indicators
- Forecast economic and interest rate outlook of domestic and Global Economy
- Review Monetary & Fiscal Policies and analyze their implication on macroeconomic condition

• **Industry Analysis**

- Identify the prospective industries aligned with positive economic outlook
- Understand the business dynamics of the industry and identify the key driving forces

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 and the Credit Rating of the covered companies

iii. Interview top level officials of the targeted companies to have complete understanding on their current and future debt payment capabilities, business outlook and strategic vision

iv. Apply international standard and widely acceptable fixed income and equity securities valuation models and estimate the intrinsic price of securities

b) **Supplementary Analysis**

The Capital Market (both stock and bond 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. Evaluate investments and identify trading opportunities in price trends and patterns seen on charts.

ii. Distinguish securities which are fundamentally strong and hold positive outlook with technical analysis than other securities

• **Quantitative Analysis**

i. Build Time Series Econometric model to forecast the future price movement dynamics.

5.4.2 Portfolio Management Policy

a. Optimum sector-wise allocation of fund is the key factor of portfolio Management process.

b. Invest in sectors with positive outlook but comply the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (সিউক্স) বিধিমালা, ২০০৯.

c. Focus on the nature of the Fund and make decision, which is suitable for the total portfolio.

d. Must consider the market impact for the Investment Decision. Both buying and selling decision must have a significant implication on the overall market dynamics.

e. Market manipulation and utilizing nonpublic insider information is strictly forbidden.

f. 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 (IC)

SAML has an Internal Investment Committee comprising of the Chief Executive Officer (CEO), 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.

5.5 Brief Profiles of the Directors and the Key Personnel of the Company

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. He is also the Director at Shanta Holdings Limited - the leading real estate developer of the country. Under his leadership, Shanta strives to strengthen its strategic marketing and branding, enhance operational efficiencies, and incorporate state-of-the-art technologies and best practices. Moreover, his focus on quality and driving product innovation by incorporating modern features into Shanta projects continue to truly differentiate it from competitors, ensuring it remains unparalleled in design and quality.

Mr. Arif Khan, CFA FCMA **Vice Chairman**

Mr. Arif Khan, is the Vice Chairman of Shanta Asset Management Limited (SAML). Over the past 30 years of his career, Mr. Khan has played numerous pivotal roles in different organizations, where he worked in different capacities.

Prior to partnering with Shanta Group, Mr. Khan led IDLC Finance as Managing Director (MD) and Chief Executive Officer. Before joining IDLC, Mr. Khan was the commissioner of Bangladesh Securities and Exchanges Commission (BSEC). During his tenure in the BSEC, he played a vital role in the development of the capital market of Bangladesh. Before working with the BSEC, he served about 15 years during his first tenor in IDLC Finance.

Mr. Khan started his career in 1991 as a probationary officer of AB Bank Ltd. Later he served in different renowned companies including Beximco Fisheries and British American Tobacco (BAT) Limited.

Mr. Arif Khan served many volunteer roles during his professional career. He is the founding President of both the Bangladesh Merchant Bank Association (BMBA) and the CFA Society, Bangladesh. Also, he was the president of the Institute of Cost and Management Accountants of Bangladesh (ICMAB).

He is graduated in Finance and Banking from the University of Dhaka and obtained his MBA from the Institute of Business Administration (IBA), University of Dhaka. He is a member of the CFA Institute, USA and fellow member of Institute of Cost and Management Accountants of Bangladesh (ICMAB).

Ms. Mayesha Khondoker **Director**

Ms. Mayesha Khondoker, completed her Bachelor of Commerce (Bcom) with a Specialized Honors 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 at Apollo Hospitals Dhaka (i.e. Evercare Hospital). She is currently the Managing Director at Shanta Multiverse, a Franchise & Brand Management corporation that owns and operates multiple brands and store locations.

Mr. Mohammad Emran Hasan
Chief Executive Officer (CEO)

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 funds in the Bangladesh Mutual Fund industry. Mr. Emran has around 14 years of experience in capital market strategy, fund management, mutual fund industry and risk management. He has also attended numerous training programs and seminars related to the capital market and financial sector. He was also a panel speaker and trainer in many recognized events and training programs such as the "Bangladesh Capital Market Expo" organized by Arthosuchak, guest lecturer in Fund Management related topics in Bangladesh Institute of Bank Management and trainer to retail investors organized by Monash University Australia.

Before joining AT Capital, he worked as a 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. Sazzad Mahmud
Head of Accounts & Operations

Mr. Sazzad has over 12 years of professional experiences in AMC. Mr. Sazzad Mahmud joined Shanta Asset Management Ltd. as Manager-Accounts & Admin in July 2017. He started his career in ICB Asset Management Company Ltd in 2008. He performed different responsibilities in SAML including preparing financial statements of AMC & mutual funds. He also responsible for overall operations and compliance activities of the SAML. He has experience in launching and managing both open-end and closed end mutual funds. Mr. Sazzad completed his Master of Business Administration (MBA) with major in Accounting and Information System from the University of Dhaka.

Mr. H M Jahid Hassan, CFA
Fund Manager

Mr. H M Jahid Hassan, CFA is the Deputy Fund Manager of Shanta Asset Management Limited (SAML). Mr. Hassan is responsible for ensuring efficient fund management and comprehensive research. Before joining in SAML, Mr. Hassan worked as an Associate Portfolio Manager in Asian Tiger Capital Partners Asset Management Limited. Mr. Hassan started his career in UniCap Securities Limited as a Research Analyst. Mr. Hassan has completed both his undergrad (BBA) and post graduate (MBA) from Faculty of Business Studies (FBS), University of Dhaka.

Mr. Salman Rahman, CFA
Deputy Fund Manager

Mr. Salman Rahman, CFA is the Deputy Fund Manager of Shanta Asset Management Limited. He is responsible for the fund management backed by buy side research of the company. Mr. Rahman has been with SAML since December 2017. Prior to joining here, he served as the Research Associate of Capital Market Research Department in LankaBangla Securities Limited. He has commendable analytical ability and passion for fund management with strong investment research issues. Mr. Rahman has completed MBA and BBA as major in Finance and Banking from Jahangirnagar University.

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 25,000.00 (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 No.	Particulars	Total (BDT)	% of Fund (Initial target size)	Subtotal (BDT)	Remarks
1	Formation Fee Payable to AMC	1,000,000	1.00%		▪ Formation fee to AMC on collected fund of approved size
2	Legal & Compliance Related Expenses	307,500	0.31%	10,000	▪ Application Fee to BSEC
				200,000	▪ BSEC Registration Fee (0.2% of initial fund size)
				15,000	▪ CDBL Fee (Distribution of 1 crore units x BDT 10 x 0.00015)
				2,500	▪ CDBL Documentation Fee
				80,000	▪ Trust Deed Registration Fee
3	Printing and Publication	8,00,000	0.80%	550,000	▪ Publication of abridged version of prospectus and IPO notification on daily newspaper
				250,000	▪ Printing of Prospectus and Application Forms
4	Other Expenses	100,000	0.10%	100,000	Post issue manager/data entry, data processing, bank charge and other related job
Total		22,07,500	2.21%		

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, ২০০৯, 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 Up to BDT250,000,000	@2.00%
From BDT250,000,001 up to BDT500,000,000	@1.50%
Above BDT500,000,000	@1.00%

5.7.3 Trustee Fee

The Trustee shall be paid an annual Trusteeship Fee of 0.15% of the Net Asset Value (NAV) of the Fund or Tk 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 upto 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 40,000.00 (Forty Thousand Taka only) & Annual Central Depository System (CDS) Connection Fee will be BDT 6,000.00. The fees may vary with changes 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 200,000 (Taka two 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, ২০০৯.

5.7.8 Audit Fee

The Fund shall pay audit fee of BDT 25,000.00 (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)

The Fund may 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, ২০০৯. 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

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 10,00,00,000 (Taka ten crore) only divided into 1,00,00,000 (One 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	Face Value (BDT)	Taka	Status
Sponsor: Shanta Asset Management Ltd	1,000,000	10.00	10,000,000	Subscribed
General Investors	9,000,000	10.00	90,000,000	Yet to be Subscribed
Total Size of the Fund	10,000,000	10.00	100,000,000	

6.2 Sponsor's Subscription

Shanta Asset Management Ltd, the Sponsor, has already subscribed BDT 100,000,000 (Taka ten crore) only worth of Units equivalent to 1,000,000 (ten lac) Units of BDT 10 (ten) each at par on March 18, 2021.

6.3 Tax Status

Divided Income will be tax free up to certain level, which is permitted as per Finance Act. Investment in the Fund would qualify for investment tax credit under section 44(2) of the Income Tax Ordinance 1984.

6.4. Rights of the Unit Holders

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

(a) 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, ২০০৯. 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.

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

(c) Dividend: The units carry rights to dividend and benefits as explained in the 'Dividend Policy' of the Scheme, set forth in Chapter 3.

(d) 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.

(e) Accounts and Information: The Fund's financial year will be closed on December 31 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, ২০০৯, will be published within 45 (forty-five) days from the closure of each accounting year. Furthermore, the NAV of the Fund, NAV per Unit, any suspension or alteration of the calculation of NAV of the Fund will be published by the Asset Manager as per বিধিমালা.

(f) Beneficial Interest: 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**

CHAPTER 7: UNIT SUBSCRIPTION

7.1 Terms and Conditions of Unit Subscription

- a. The units of Shanta Fixed Income Fund, hereinafter referred to as the Fund, may be bought/surrendered through Shanta Asset Management Company Limited (SAML) and authorized selling agents appointed by SAML from time to time.
- b. 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.
- c. Joint application by two persons is acceptable. In such a case, registration and issuance of Confirmation of Unit Allocation will be in favor of principal applicant while dividend and other benefits, if any, will be addressed to bank account of principal applicant mentioned in the application form/bank account mentioned in BO account. In case of the death of any of the joint holders, only the survivor shall be recognized as having any title to the units. On death of both the joint holders, the title to the units will be bestowed upon the nominee mentioned in the application form.
- d. 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.
- e. Application for purchase of units should be accompanied by an account payee cheque/pay order/bank draft/electronic fund transfer/deposit receipt/cash with the limit set by BSEC in favor of “Shanta Fixed Income Fund” for the total value of units.
- f. 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.
- g. Application must contain BO account number, full name and address of the applicant and the nominees. Minor can also be a nominee.
- h. 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.
- i. 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.
- j. 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.
- k. 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

CHAPTER 8: SELLING AGENT & FORMS

8.1. Selling Agent

Initially only the Asset Management Company will sell the units of the Fund. The asset manager in future may appoint other organizations / individual as its agent or cancel any of the agents named above subject to approval of the Trustee and with due intimation to the BSEC.

8.2. Forms

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

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

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

To
No: _____
Chief Executive Officer
Shanta Asset Management Limited
The Glass House (Level 13) S.E (B)-2, 38, Gulshan Avenue,
Gulshan -1, Dhaka -1212.

Registration

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 Fixed Income 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 Fixed Income 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 FIXED INCOME FUND SUBSCRIPTION" 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 FIXED INCOME FUND
APPLICATION FORM TO PURCHASE UNITS– INSTITUTION
(Please Read Instructions Overleaf; Fill up the Form in Block Letters)

To
No: _____
Chief Executive Officer
Shanta Asset Management Limited
The Glass House (Level 13) S.E (B)-2, 38, Gulshan Avenue,
Gulshan -1, Dhaka -1212.

Registration

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 Fixed Income Fund, at the price of BDT _____ per unit. We are giving necessary
information as follows:

Registration no. with Shanta Fixed Income 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 Fixed Income 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.
7. Application must contain BO account number, full name and address of the applicant and the nominees. Minor can also be a nominee.
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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

