



PROSPECTUS
(Abridged Version)
for



JANATA BANK LIMITED

Sponsored

**First Janata Bank
Mutual Fund**

*"The First State-Owned Commercial
Bank Sponsored Mutual Fund"*

Managed by



**Promoting Capital Market Efficiency
Through Mutual Funds**



PROSPECTUS
(Abridged Version)
for
First Janata Bank Mutual Fund

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

SPONSOR'S CONTRIBUTION: 50,000,000 Units of Tk. 10 each at par for Tk. 500,000,000

PRE IPO PLACEMENT: 50,000,000 Units of Tk. 10 each at par for Tk. 500,000,000

PUBLIC OFFER : 100,000,000 Units of Tk. 10 each at par for Tk. 1,000,000,000

RESERVED FOR MUTUAL FUNDS: 10,000,000 Units of Tk. 10 each at par for Tk. 100,000,000

NON RESIDENT BANGLADESHIS: 10,000,000 Units of Tk. 10 each at par for Tk. 100,000,000

RESIDENT BANGLADESHIS: 80,000,000 Units of Tk. 10 each at par for Tk. 800,000,000

This Offer Document sets forth concisely the information about the fund that a prospective investor ought to know before investing. This Offer Document should be read before making an application for the Units and should be retained for future reference.

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

The Issue/Fund shall be placed in "A" category.

The Fund shall apply for listing with both the Stock Exchanges

SPONSOR :

Janata Bank Limited

TRUSTEE:

Investment Corporation of Bangladesh (ICB)

CUSTODIAN:

Investment Corporation of Bangladesh (ICB)

ASSET MANAGEMENT COMPANY:

RACE Management PCL

Subscription

Subscription opens: 01 August, 2010

Subscription closes: 05 August, 2010

For Non-Resident Bangladeshis

Subscription closes on: 14 August, 2010

Date of Publication of Prospectus: 29 June, 2010

Highlights

1. Name:	First Janata Bank Mutual Fund
2. Size of the Fund:	Tk. 200 crore divided into 200,000,000 units at par value of Tk. 10.00 each. In future the fund size will not be changed.
3. Face Value:	Tk. 10.00 per unit.
4. Nature:	Closed-end Mutual Fund with a tenure of ten years.
5. Objective:	The objective of the Fund is to provide attractive dividend to the unit holders by investing the proceeds in the various instruments in the Bangladeshi Capital Market and Money Market.
6. Target Group:	Individuals, institutions, non-resident Bangladeshis (NRB), mutual funds and collective investment schemes are eligible to apply for investment in the Fund.
7. Dividend:	Minimum 70% income of the Fund will be distributed as dividend in Bangladeshi Taka only at the end of each accounting year. The Fund shall create a dividend equalization reserve fund to ensure consistency in dividend.
8. Mode of Distribution:	The dividend will be distributed within 30 days from the date of declaration.
9. Transferability:	Units are transferable. The transfer will be made by the CDBL under electronic settlement process.
10. Encashment:	The Fund will be listed with DSE and CSE. So investment in this Fund will easily be encashable.
11. Tax Benefit:	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.
12. Report & Accounts:	Every unit holder is entitled to receive annual report together with the yearly and half-yearly statements of accounts as and when published.

Risk Factors

Investing in the First Janata Bank Mutual Fund (hereinafter the Fund) involves certain considerations in addition to the risks normally associated with making investments in securities. There can be no assurance that the Fund will achieve its investment objectives. The value of the Fund may go down as well as up and there can be no assurance that on redemption, or otherwise, investors will receive the amount originally invested. Accordingly, the Fund is only suitable for investment by investors who understand the risks involved and who are willing and able to withstand the loss of their investments. In particular, prospective investors should consider the following risks:

- In General:** There is no assurance that the Fund will meet its investment objective; investors could lose money by investing in the Fund. As with all mutual funds, an investment in the Fund is not insured or guaranteed by the Government of Bangladesh or any other government agency.
- Market Price Risk:** Stock prices and Mutual Fund prices generally fluctuate because of the interplay of the various market forces that may affect a single issuer, industry or the market as a whole. The Fund may lose its value or experience a substantial loss on its investments due to such market volatility.
- NAV Risk:** Stock market trends show that prices of many listed securities move in unpredictable directions, which may affect the value of the Fund's portfolio of listed securities. Depending on its exposure to such securities, the net asset value of units issued under this Fund can go up or down depending on various factors and forces affecting the capital markets. Moreover, there is no guarantee that the market price of the Fund's units will fully reflect the underlying asset value of the Fund.
- Issuer Risk:** In addition to market and price risk, value of an individual security can, in addition, be subject to factors unique or specific to the issuer, including but not limited to management malfeasance, lack of accounting transparency, management performance, management decision to take on financial leverage. Such risk can develop in an unpredictable fashion and can only be partially mitigated, and sometimes not at all, through research or due diligence. To the degree that the Fund is exposed to a security whose value declines due to issuer risk, the Fund's value may be impaired.
- Asset Allocation Risk:** Due to a very thin secondary debt market in Bangladesh, it would be difficult for the Fund Manager to swap between asset classes, if and when required. In addition, limited availability of money market instruments in the market implies that there are only few opportunities for short term or temporary investments for the Fund.
- Lack of Diversification Risk:** Due to small number of listed securities in both the Stock Exchanges, it may be difficult to invest the Fund's assets in a widely diversified portfolio.
- Liquidation Risk:** Market conditions and investment allocation may impact on the ability to sell securities during periods of market volatility. The Fund may not be able to sell securities or instruments at the appropriate price and/or time.
- Dividend Risk:** If the companies wherein the Fund will be invested fail to pay expected dividend, it may affect the overall returns of the Fund.
- Investment Strategy Risk:** The Fund is subject to management strategy risk because it is an actively managed investment portfolio. The AMC will apply investment techniques and risk analyses in making investment decisions for the Fund, but there can be no guarantee that these techniques and analyses will produce the desired results.
- Socio-Political & Natural Disaster Risk:** Uncertainties resulting from political and social instability may affect the value of the Fund's Assets. In addition, adverse natural climatic conditions may hamper the performance of the Fund.

1. PRELIMINARY

1.1. PUBLICATION OF PROSPECTUS FOR PUBLIC OFFERING:

RACE Management PCL has received Registration Certificate from the Securities and Exchange Commission (SEC) under the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন আইন, ১৯৯৩ and the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (নিউট্রায়াল ফান্ড) বিধিমালা, ২০০১ made thereunder and also received approval for issuing prospectus for public offering. A complete copy of the prospectus of the public offering is available for public inspection at the registered office of the Fund.

1.2. APPROVAL OF THE SECURITIES AND EXCHANGE COMMISSION (SEC):

“APPROVAL OF THE SECURITIES AND EXCHANGE COMMISSION HAS BEEN OBTAINED TO THE ISSUE/OFFER OF THE FUND UNDER THE SECURITIES AND EXCHANGE ORDINANCE, 1969 AND THE সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (নিউট্রায়াল ফান্ড) বিধিমালা, ২০০১. IT MUST BE DISTINCTLY UNDERSTOOD THAT IN GIVING THIS APPROVAL THE COMMISSION DOES NOT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL SOUNDNESS OF THE FUND, ANY OF ITS SCHEMES OR THE ISSUE PRICE OF ITS UNITS OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINION EXPRESSED WITH REGARD TO THEM. SUCH RESPONSIBILITY LIES WITH THE ASSET MANAGER, TRUSTEE, SPONSOR AND/OR CUSTODIAN.”

1.3. LISTING OF FUND:

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

“None of the Stock Exchange(s), if for any reason, grants listing within 75 (seventy five) days from the closure of subscription, any allotment in terms of this prospectus shall be void and the Asset Management Company shall refund the subscription money within fifteen days from the date of refusal for listing by the Stock Exchange(s), or from the date of expiry of the said 75 (seventy five) days, as the case may be.

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

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

1.4. DOCUMENTS AVAILABLE FOR INSPECTION:

1. Copy of this prospectus will be available at the Members of the Stock Exchanges, Bankers to the Issue and the registered office of the RACE Management PCL and also available at the website of Securities and Exchange Commission (www.sec.gov) and RACE Management PCL (www.racebd.com).
2. Copy of Trust Deed, Investment Management Agreement and the Prospectus will be available for public inspection during business hours at the head office of the Asset Management Company of the Fund during the period **10 (ten) days** from the publication date of this prospectus.

1.5. CONDITIONS OF THE PUBLIC OFFER (PO):

PART-A

- 1) The Fund shall make Public Offer (PO) for 100,000,000 (ten crore) units of Taka 10/- each at par worth Taka 100.00 (hundred) crore following the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (নিউট্রায়াল ফান্ড) বিধিমালা, ২০০১, the Securities and Exchange Commission (Public Issue) Rules, 2006, the ডিপজিটরি আইন, ১৯৯৯ and regulations issued there under.
- 2) The prospectus/abridged version of the prospectus as vetted by SEC, shall be published in two widely circulated national daily newspapers (Bangla and English) within **10 (ten) days** of receipt of the approval letter. Provided that information relating to publication of prospectus in the form of advertisement be published in two national daily newspapers (Bangla and English).
- 3) Sufficient copies of prospectus shall be made available by the Asset Management Company so that any person requesting a copy may receive one. A notice shall be placed on the front of the application form distributed in connection with the offering, informing that interested persons are entitled to a prospectus, if they so desire, and that copies of prospectus may be obtained from the Asset Management Company. The subscription application shall indicate in bold type that no sale of securities shall be made, nor shall any money be taken from any person, in connection with such sale until **25 (twenty five) days** after the prospectus has been published.
- 4) The Asset Management Company shall ensure transmission of the prospectus and relevant application forms for NRBs through e-mail, simultaneously of publication of the prospectus, to the Bangladesh Embassies and Missions abroad, as mentioned in the prospectus, and shall also ensure sending of the printed prospectus and application forms to the said Embassies and Missions within **5 (five) working days** of the publication date by express mail service (EMS) of the postal department. A compliance report shall be submitted in this respect to the SEC by the Asset Management Company within **3 (three) working days** from the date of said dispatch of the prospectus & the forms.
- 5) The paper clipping of the published prospectus/abridged version of the prospectus and all other published documents/notices regarding the Scheme shall be submitted to the Commission within **24 (twenty four) hours** of publication thereof.
- 6) The Asset Management Company shall submit **40 (forty)** copies of the printed prospectus, along with a diskette/Compact Disk (CD) prepared in “MS WORD” containing the prospectus and its abridged version, as vetted by SEC, to the Securities and Exchange Commission for official record within **5 (five) working days** from the date of publication of the prospectus in the newspaper.
- 7) The Asset Management Company shall maintain a separate bank account for collecting proceeds of the Public Offering and shall also open FC account(s) to deposit the application money of the Non-Resident Bangladeshis (NRBs) for Public Offer purpose, and shall incorporate full particulars of said FC account(s) in the prospectus. The company shall open the abovementioned accounts for Public Offer purpose; and close these accounts after refund of over-subscription. **NRB means Bangladeshi citizens staying abroad including all those who have dual citizenship (provided they have a valid Bangladeshi passport) or those, whose foreign passport bear a stamp from the concerned Bangladesh Embassy/High Commission to the effect that “no visa is required to travel to Bangladesh. “**
- 8) Subscription shall start after **25 (twenty five) days** from the date of publication of the prospectus for both NRBs and resident Bangladeshis. Subscription will remain open for **5 (five) consecutive banking days**.
- 9) Application shall be sent by the NRB applicants directly to the Asset Management Company within the closing date of the subscription so as to reach the same to the Asset Management Company by the closing date plus **9 (nine) days**. Applications received by the Asset Management Company after the abovementioned time period will not be considered for allotment purpose.

- 10) The Asset Management Company shall apply the spot buying rate (TT clean) in US \$, UK Pound Sterling and Euro of Sonali Bank Ltd. as prevailed on the date of opening of the subscription for the purpose of application of the NRBs.
- 11) **A non-resident Bangladeshi shall apply either directly by enclosing a foreign demand draft drawn on a bank payable at Dhaka, or through a nominee by paying out of foreign currency deposit account maintained in Bangladesh or in Taka, supported by foreign currency encashment certificate issued by the concerned bank, for the value of securities applied for through crossed bank cheque marking "Account Payee only". Application shall be sent by the NRB applicants to the Asset Management Company within the closing date of the subscription so as to reach the same to the company by the closing date plus 9 (nine) days. Applications received by the company after the above time period will not be considered for allotment purpose.**
- 12) The Asset Management Company shall ensure prompt collection/clearance of the foreign remittances of NRBs for allotment of units without any difficulty/complaint.
- 13) The Asset Management Company shall provide SEC with the preliminary status of the subscription within **5 (five) working days** from closure of the subscription date, and also the list of valid and invalid applicants (i.e. final status of subscription) in electronic form in 2 (two) CDs to the Commission within **3 (three) weeks** after the closure of the subscription date including bank statement (original) and branch-wise subscription statement. The final list of valid and invalid applicants shall be finalized after examining with the CDBL in respect to BO accounts and particulars thereof. The public offering shall stand **cancelled** and the application money shall be refunded immediately {but not later than **5 (five) weeks** from the date of the subscription closure} if any of the following events occur:
 - a) **Upon closing of the subscription list it is found that the total number of valid applications is less than the minimum requirement as specified in the listing regulations of the Stock Exchange(s) concerned; or**
 - b) **At least 60% (i.e. Tk. 120.00 crore) of the targeted amount (i.e. Tk. 200.00 crore) under বিধি ৪৮ of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (সিউট্যুরাল ফান্ড) বিধিমালা, ২০০১ is not subscribed.**
- 14) **Public Offer distribution system:**
 - a) **Units of Tk. 10,00,00,000.00 (Ten crore) only** of total public offering shall be reserved for non-resident Bangladeshi (NRB) and units of **Tk. 10,00,00,000.00 (Ten crore) only** for mutual funds and collective investment schemes registered with the Commission, and the remaining units of **Tk. 80,00,00,000.00 (Eighty crore) only** shall be open for subscription by the general public.
 - b) All securities/units stated in Para (a) shall be offered for subscription and subsequent allotment by the Asset Management Company subject to any restriction which may be imposed from time to time by the Securities and Exchange Commission.
 - c) In case of **over-subscription under any of the 3 (three) categories** mentioned in Para (a), the Asset Management Company shall conduct an open lottery of all the applications received under each category **separately** in accordance with the SEC's instructions.
 - d) In case of **under-subscription** under any of the 2 (two) categories [i.e. units of **Tk. 10,00,00,000.00 (Ten crore) only** for NRB and units of **Tk. 10,00,00,000.00 (Ten crore) only** for mutual funds] mentioned in Para (a), the unsubscribed portion shall be added to the **general public category [units of Tk. 80,00,00,000.00 (Eighty crore) only]** and, if after such addition, there is over subscription in the general public category, the Asset Management Company shall conduct an open lottery of all the applicants added together.
 - e) The lottery as stated in Para (c) and (d) shall be conducted in presence of authorized representatives from the SEC, Stock Exchange(s) concerned, Sponsor, Asset Management Company, Trustee and the applicants.

- 15) Upon completion of the period of subscription for securities the issuer and the Asset Manager shall jointly provide the Commission and the Stock Exchange(s) with the preliminary status of the subscription within **5 (five) working days**, in respect of the following matters, namely:-
 - (a) Total number of securities for which subscription has been received;
 - (b) Amount received from the subscription; and
 - (c) Amount of commission paid to the banker to the issue.
- 16) The Asset Management Company shall issue unit allotment letters to all successful applicants within **5 (five) weeks** from the date of the subscription closing date. Within the same time, refund to the unsuccessful applicants shall be made in the currency in which the value of units was paid for by the applicant without any interest and refunded to the respective banks for onward deposit of the refund money into the applicant's bank accounts as provided in the respective application form for subscription.

After completion of remittance of the Scheme to the respective applicant's bank account, the Asset Manager shall disclose the information in the newspapers where the abridged version of the Prospectus has been published. In this regards a compliance report shall be submitted to the Commission within **7 (seven) days** from the date of completion of the allotment of units and refund warrants (if applicable).
- 17) The applicant must mention the bank account in the application form which will be the same bank account as available in the database of Beneficiary Owners Account in the Central Depository for the purpose of refund of application money.
- 18) All applicants shall first be treated as applied for one minimum market lot of **500** (five hundred) units worth Tk. 5,000 (five thousand) only. If, on this basis, there is over subscription, then lottery shall be held amongst the applicants allocating one identification number for each application, irrespective of the application money. In case of over-subscription under any of the categories mentioned hereinabove, the issuer and the Asset Manager shall jointly conduct an open lottery of all the applications received under each category separately in presence of representatives from the SEC, The Stock Exchange(s), Sponsor, Asset Manager, Trustee and the applicants, if there be any.
- 19) **An applicant cannot submit more than two applications, one in his/her own name and another jointly with another person. In case, an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, whole or part of application money may be forfeited by the Commission.**
- 20) Lottery (if applicable) will be held within **4 (four) weeks** from closure of the subscription date.
- 21) The Asset Management Company shall furnish the List of Allotees to the Commission and the Stock Exchange(s) simultaneously in which the units will be listed, within **24 (twenty four) hours** of allotment.
- 22) **Unit Certificates of the Sponsor's contribution amounting to Tk. 50,00,00,000.00 (Fifty crore) is subject to a lock-in period of one year from the date of listing in the Stock Exchange(s) and 1/10th of the Sponsor's contribution amounting to Tk. 5,00,00,000.00 (Five crore) shall be subject to a lock-in period of full time of the Fund.**
- 23) **Pre-IPO placement** will be in 1 (one) year lock-in period from the date of the listing of the Fund.
- 24) If the Asset Management Company fails to collect the **minimum 60%** of the targeted amount under বিধি ৪৮ of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (সিউট্যুরাল ফান্ড) বিধিমালা, ২০০১, it will **refund** the subscription money within **5 (five) weeks** from the closure of subscription without any deduction. In case of **failure**, the Asset Management Company shall refund the same with interest @ 18 (eighteen) percent per annum from its own account within the next month.

- 25) In case of oversubscription, the excess amount shall be refunded within **5 (five) weeks** from the closure of subscription period, failing which the Asset Management Company will refund the same with an interest @ 18 percent per annum from its own account within the next month.
- 26) The Asset Management Company shall publish a notice through the newspaper to all successful applicants within **5 (five) weeks** from the closing of subscription for collection of allotment letters.
- 27) The Asset Management Company shall apply for listing of the Scheme with Stock Exchange(s) within **7 (seven) working days** of first publication of the prospectus.
- 28) **Declaration about Listing of Scheme with the Stock Exchange(s):**

“None of the Stock Exchange(s), if for any reason, grants listing within **75 (seventy five) days** from the closure of subscription, any allotment in terms of this prospectus shall be void and the Asset Management Company shall refund the subscription money within 15 (fifteen) days from the date of refusal for listing by the Stock Exchange(s), or from the date of expiry of the said **75 (seventy five) days**, as the case may be.

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

The Asset Management Company, in addition to the Sponsor and Trustee shall ensure due compliance of the abovementioned conditions and shall submit compliance report thereon to the Commission within 7 (seven) days of expiry of the aforesaid 15 (fifteen) days time period allowed for refund of the subscription money”.
- 29) **Letter informing allotment shall be issued within 5 (five) weeks from the closure of subscription.**
- 30) The Scheme shall maintain **escrow bank account** for the proceeds of the public offering. The fund collected through public offering shall not be utilized prior to the allotment and shall be effected through banking channel i.e., through account payee cheque, pay order, bank draft etc.
- 31) The Scheme shall not be involved in **option trading**, short selling or carry forward transactions.
- 32) The Annual Report or its abridged version of the Scheme shall be published within **45 (forty-five) days** of the closure of each accounting year of the Scheme.
- 33) The Annual Report and details of investment and savings of the Scheme shall be submitted to the Commission, Trustee and Custodian of the Schemes within **90 (ninety) days** from the closure of the accounts.
- 34) Half-yearly accounts/financial results of the Scheme shall be submitted to the Commission and the Stock Exchanges and published in at least one widely circulated Bangla national daily newspaper within **30 (thirty) days** from end of the period.
- 35) Dividend shall be paid within **45 (forty five) days** of its declaration, and a report shall be submitted to SEC, Trustee and Custodian within **7 (seven) days** of dividend distribution.
- 36) Net Asset Value (NAV) of the Scheme shall be calculated and disclosed publicly as per the *রিফি ৬০ of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (নিউট্রায়াল ফান্ড) বিধিমালা, ২০০১*.
- 37) SEC may appoint auditors for special audit/investigation on the affairs of the Scheme, if it so desires.

Part –B

- 1) The Asset Management Company (i.e. RACE Management PCL) shall ensure that the prospectus/abridged version of the prospectus have been published correctly and in strict conformity without any error/omission, as vetted by the Securities and Exchange Commission.

- 2) The Asset Management Company shall carefully examine and compare the published prospectus/abridged version of the prospectus on the date of publication with the prospectus, as vetted by SEC. If any discrepancy/inconsistency is found, both the Sponsor and the Asset Management Company shall jointly publish a corrigendum immediately in the same newspapers concerned, simultaneously endorsing copies thereof to SEC and the Stock Exchange(s) concerned, correcting the discrepancy/inconsistency as required under ‘Declaration’ provided with SEC.
- 3) The Sponsor and the Asset Management Company shall, immediately after publication of the prospectus, jointly inform the Commission in writing that the published prospectus/abridged version of the prospectus is a verbatim copy of the prospectus vetted by the Commission.
- 4) The Sponsor and the Asset Management Company shall simultaneously submit to the Commission an attested copy of the application filed with the Stock Exchange(s) for listing of the securities.
- 5) The fund collected through public offering shall not be utilized prior to allotment and/or issuance of unit, as and when applicable, and that utilization of the said Fund shall be effected through banking channel, i.e. account payee cheque, pay order or bank draft etc.

PART-C

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

PART-D

1. As per provision of the *ডিপজিটরি আইন, ১৯৯৯* and regulations made there under, units shall only be issued in dematerialized condition. All transfer/transmission/splitting will take place in the Central Depository Bangladesh Ltd. (CDBL) system and any further issuance of units will be issued in dematerialized form only.
An applicant (including NRB) shall not be able to apply for allotment of units without Beneficiary Owner account (BO account).
2. The Asset Management Company shall also ensure due compliance of all abovementioned conditions.

PART-E

General Information:

- 1) This prospectus has been prepared by RACE Management PCL based on the Trust Deed executed between the Trustee and the Sponsor of the Fund, which is approved by the Commission and available publicly. The information contained herein is true and correct in all material aspects and that there are no other material facts, the omission of which would make any statement herein misleading.
- 2) No person is authorized to give any information to make any representation not contained in this prospectus and if given or made, any such information or representation must not be relied upon as having been authorized by the RACE Management PCL.
- 3) The issue as contemplated in this document is made in Bangladesh and is subject to the exclusive jurisdiction of the court of Bangladesh. Forwarding this prospectus to any person residing outside Bangladesh in no way implies that the issue is made in accordance with the laws of that country or is subject to the jurisdiction of the laws of that country.



FIRST JANATA BANK MUTUAL FUND



Subscription:

Subscription to the First Janata Bank Mutual Fund will commence at the opening of banking business on **1st August, 2010** and will be closed at the end of the banking business on **5th August, 2010**.

1.6. DECLARATIONS:

Declarations about the responsibility of the Sponsor

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

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

Sd/-
S. M. Aminur Rahman
Managing Director
Janata Bank Limited

Declaration about the responsibility of the Asset Management Company

This prospectus has been prepared by us based on the Trust Deed, Investment Management Agreement, the Securities and Exchange Commission (Public Issue) Rules, 2006, the *সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (নিউচ্যুয়াল ফান্ড) বিধিমালা, ২০০৬, ডিগ্জিটাল আইন, ১৯৯৯*, and other related agreement & examination of other documents as relevant for adequate disclosure of the Fund's objectives and investment strategies to the investors. We also confirm that:

- This Prospectus is in conformity with the documents, materials and papers related to the offer;
- All the legal requirements of the issue have been duly fulfilled; and
- The disclosures made are true, fair and adequate for investment decision.

Investors should be aware that the value of investments in the Fund could be volatile and as such no guarantee can be made about the returns from the investments that the Fund will make. Like any other equity investment, only investors who are willing to accept a moderate amount of risk, should invest in the Fund. Investors are requested to pay careful attention to the "Risk Factors" as detailed in Chapter 4 and to take proper cognizance of the risks associated with any investment in the Fund.

Sd/-
Mashrib Zahid
Chief Financial Officer
RACE Management PCL



FIRST JANATA BANK MUTUAL FUND



Declaration about the responsibility of the Trustee

We, as Trustee of the First Janata Bank Mutual Fund, accept the responsibility and confirm that we shall:

- Be the guardian of the Fund, held in trust for the benefit of the unit holders in accordance with the Rules & Trust Deed;
- Always act in the interest of the unit holders;
- 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;
- Make such disclosure by the Asset Management Company to the investors as are essential in order to keep them informed about any information, which may have any bearing on their investments;
- Take such remedial steps as are necessary to rectify the situation where they have reason to believe that the conduct of business of the Fund is not in conformity with the relevant Rules.

Sd/-
Kamrul Islam Asad
Deputy General Manager
Investment Corporation of Bangladesh

Declaration about the responsibility of the Custodian

We, as Custodian of the First Janata Bank Mutual Fund accept the responsibility and confirm that we shall:

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

Sd/-
Kamrul Islam Asad
Deputy General Manager
Investment Corporation of Bangladesh

2. BACKGROUND

2.1. FORMATION OF FIRST JANATA BANK MUTUAL FUND:

Over the last decade, the Bangladesh capital market has grown rapidly in size and volume through the efforts of regulators, local exchanges, brokerages, merchant banks and other institutions. Yet the nature and composition of this growth has given rise to some structural problems, such as excessive volatility, speculation based investing, and unusual churn. One of the most effective solutions to these structural issues is by increasing increased participation of mutual funds in our capital markets ... firstly, mutual funds by virtue of being managed by professionals with the right expertise usually invest on the basis of fundamental research and protect such investments from catastrophic loss through proper risk-management. Thus, mutual funds “invest” rather than “speculate” and can play a vital role in institutionalizing the market and act as a counterweight to excessive market volatility and manipulation. Secondly, mutual funds pool investment capital from thousands of retail investors and institutions that are not market specialists; by doing so mutual funds can bring retail investors’ funds under an institutional umbrella and thereby protecting these small investors from excessive volatility and speculation.

Realizing the vital role that mutual funds can play in improving the capital market efficiency, Janata Bank Limited, has come forward and decided to sponsor **First Janata Bank Mutual Fund**. Having successfully launched merchant banking operations in March 2009, Janata Bank has built significant exposure to our stock market. The Bank strongly believes that the Bangladeshi stock market is entering a new growth phase, with healthy dynamics in both the demand and supply sides, and that mutual fund sponsorship offers the bank a responsible and profitable way of participating in this growth; the First Janata Bank Mutual Fund is the result.

In this endeavor, First Janata Bank Mutual Fund has chosen two trusted partners with successful track record in the Bangladeshi mutual fund industry: RACE Management PCL as the Fund Manager and the Investment Corporation of Bangladesh (ICB) as the Trustee and Custodian of the Fund.

2.2. FORMATION OF THE PROPOSED MUTUAL FUND IN THE CONTEXT OF PRESENT MARKET SCENARIO:

Since 2006, a number of factors have increased the popularity of stock market investing among Bangladeshi retail investors, including: rising income, low interest rates in traditional bank savings accounts, large stock investment gains, and increased media coverage. This exponential increase in demand is reflected in the 9x growth in average daily trading volume in the stock market during the last 2 years from Tk. 200 crores in 2006-07 to its current Tk. 1900 crores.

Despite this significant growth in investor participation in the Bangladeshi stock market, and the demand for professionally managed investment vehicles, the domestic mutual fund industry has not responded with adequate supply. With only 26 individual funds to choose and about Tk. 2,500 crores in funds under management, the mutual fund industry has been slow to respond to current capital market realities and comprises only a small percentage of the total stock market investments. As a result, existing mutual funds in the market are trading at significant premium to their NAVs while the recent launches have been significantly oversubscribed. To fulfill this large unsatisfied demand for mutual fund investments in Bangladesh, Janata Bank is floating the **First Janata Bank Mutual Fund**. In this endeavor, Janata Bank has appointed RACE Management PCL to be the Fund Manager; RACE Management has a successful track record in the Bangladesh stock market having achieved the largest private Asset Management Company in terms of funds under management in Bangladesh landmark within a little more than year.

2.3. ADVANTAGES IN INVESTING IN FIRST JANATA BANK MUTUAL FUND:

Generally investment in mutual funds enjoys some additional advantages compared to investments made directly in other securities of the capital market. Investors of this mutual fund should be able to enjoy the following advantages.

- 1) The Fund will maintain a diversified portfolio which will lower the investment risk for investors.
- 2) The diversified portfolio will allow investors gain a broad exposure to the overall stock market which may not be possible at the individual level.
- 3) This Fund provides access to extensive local research and investment experience. The Fund Manager, RACE Management PCL has developed deep insight into the dynamics of the local capital markets. RACE’s research department consistently produces insightful research products on the Bangladeshi stock market which have been highly commended by both local stock market participants and foreign investors.
- 4) As the management of the investments in the Fund is outsourced to a professional Asset Management Company, investors will be relieved from any emotional stress associated with day-to-day management of individual investment portfolio. In fact, investment management usually requires a significant amount of time-consuming research and analyses to identify the highest-quality securities which may not be doable for the general investor and is, therefore, best left to professional investment managers.
- 5) The investors will be able to save in transaction cost as he/she has access to a larger number of securities by purchasing a single unit of First Janata Bank Mutual Fund.
- 6) Income will be tax free up to certain level, which is permitted as per Finance Act.
- 7) Investment in the Fund would qualify for investment tax credit under section 44(2) of the Income Tax Ordinance 1984.
- 8) Management and operation of Mutual Funds are subject to strict regulations from Bangladesh Bank, SEC and the Trustee. SEC regularly monitors the performance of such funds. The laws governing mutual funds require exhaustive disclosures to the regulator and general public and, as such mutual funds are one of the most transparent investment vehicles in Bangladesh.
- 9) In Bangladesh, the mutual funds enjoy a 10% (ten percent) reserved quota in all Initial Public Offerings (IPOs). Given the lack of supply of high-quality scrips in the Bangladeshi stock market, IPOs have historically outperformed the general Bangladeshi market index significantly and, therefore, have been a major source of outperformance for the mutual fund industry in Bangladesh.

2.4. THE CONSTITUTION OF THE FUND:

First Janata Bank Mutual Fund has been constituted through a Trust Deed entered into between Janata Bank Limited and Investment Corporation of Bangladesh on January 28, 2010 under the Trust Act, 1882 and Registration Act, 1908.

The Fund was registered by the SEC on February 9, 2010 under the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (নিউট্রায়াল ফান্ড) বিধিমালা, ২০০১.

2.5. LIFE OF THE FUND:

The Fund will be a closed-end mutual fund of 10 (ten) years tenure, established with a view to broaden the base of investment and develop the capital market.

The Trust Deed also provides the flexibility to the unit-holders to extend the tenure of the fund beyond the initial 10 years.

2.6. SIZE, FACE VALUE AND MARKET LOT OF THE FUND:

- Total Fund is fixed at 200,000,000 (twenty crore) units of Tk. 10 each totaling Tk. 2,000,000,000 (Taka two hundred crore).
- The Sponsor's portion of the Fund is 50,000,000 (five crore) units of Tk. 10 each totaling Tk. 500,000,000 (Taka fifty crore).
- Size of the Pre-IPO Private Placement is 50,000,000 (five crore) units of Tk. 10 each totaling Tk. 500,000,000 (Taka fifty crore)
- Size of the Initial Public Offering (IPO) is 100,000,000 (ten crore) units, each worth Tk. 10, totaling Tk. 1,000,000,000 (Taka one hundred crore) available as public offering to general public, NRBs, Mutual Funds and collective investment schemes.
- The market lot will be constituted of 500 (five hundred) units. In future the fund size will not be changed.

3. INVESTMENT OBJECTIVES AND POLICIES

3.1. INVESTMENT OBJECTIVE:

The objective of First Janata Bank Mutual Fund is to provide attractive dividends to its unit-holders by earning superior risk adjusted return from a diversified investment portfolio.

3.2. INVESTMENT POLICIES:

Investment Objective	The Fund shall invest subject to the বিধিমালা and only in securities, deposits and investments approved by the Securities and Exchanges Commission and/or the Bangladesh Bank and/or Insurance Regulatory Authority (IRA) of Bangladesh. The Fund may invest in Pre-IPO Private Placements or IPO of debt or equity, with intimation to the Commission.
Investment Exposure & Liquidity	The Fund shall not invest more than 10% of its total assets in any one particular company.
	The Fund shall not invest in more than 15% of any company's total paid-up capital.
	The Fund shall not invest more than 20% in shares, debentures, or other securities of a single company or group.
	The Fund shall not invest more than 25% of its total assets in shares, debentures or other securities in any one industry.
	Not less than 75% of the total assets of the Fund shall be invested in capital market instruments out of which at least 50% shall be invested in listed securities
	Not more than 25% of the total asset of the Fund shall be invested in Fixed Income Securities (FIS)
	Not more than 15% of the total asset of the Fund shall be invested in pre-IPOs at one time
Investment Decision	Only the Asset Management Company will make the investment decisions and place orders for securities to be purchased or sold by the Fund.

3.3. INVESTMENT RESTRICTIONS:

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

- 1) The Fund shall not invest in or lend to another Scheme under the same Asset Management Company.
- 2) The Fund shall not acquire any asset out of the Trust property, which involves the assumption of any liability that is unlimited or shall result in encumbrance of the Trust property in any way.
- 3) The Fund or the Asset Management Company on behalf of the Fund shall not give or guarantee term loans for any purpose or take up any activity in contravention of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (নিউচ্যুয়াল ফান্ড) বিধিমালা, ২০০৯.

- 4) 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, and debentures or securitized debts.
- 5) The Fund shall not involve in option trading or short selling or carry forward transaction.
- 6) The Fund shall not buy its own unit.

3.4. VALUATION POLICY:

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

- 1) For listed securities, the average quoted market price on the Stock Exchanges on the date of valuation shall form the basis of any calculation of Net Asset Value of such securities in the portfolio of the Fund.
- 2) The Fund shall fix the valuation method for each of the schemes subject to prior approval of the Commission.
- 3) The Fund shall follow the method approved by the Commission for valuation of the non-listed investment, if any, and the Asset Management Company and the Trustee shall periodically review the value of such investment. The auditors shall comment on such investment in the annual reports of the Fund about that.
- 4) The valuation of Listed Securities but not traded within previous one month will be made within reasonable standards by the Asset Management Company and approved by the Trustee and commented upon by the Auditors in the Annual Report of the Mutual Fund but shall not be more than the intrinsic value of the securities.
- 5) 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.

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

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

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

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

L_T = Total liabilities of the Fund as on date

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

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

3.5. INVESTMENT MANAGEMENT:

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

3.6. DIVIDEND POLICY:

- 1) The accounting year of the Fund shall end on June 30 of every calendar year or as determined by the Commission.
- 2) The Fund shall, as soon as may be, after the closing of the annual accounts, distribute by way of dividend to the holders of the units in accordance with the বিধিমালা an amount, which shall not be less than the 70% of the net profits earned during the year, or as determined by the commission from time to time.
- 3) Before declaration of dividend, the Asset Management Company shall make a provision with agreement of the auditors for revaluation of investments caused from loss if market value of investments goes beyond the acquisition cost, and the method of calculation of this provision must be incorporated in the notes of accounts.
- 4) The Fund shall create a dividend equalization reserve by suitable appropriation from the income of the Fund to ensure consistency in dividend.
- 5) The Asset Management Company shall dispatch the dividend warrants at the expense of the Fund, within 30 days of the declaration of the dividend and shall submit a statement within next 7 (seven) days to the Commission, the Trustee and the Custodian.
- 6) Before record of ownership by the CDBL, a transferee shall not possess the right to any dividend declared by the Fund.

4. RISK CONSIDERATIONS

4.1. RISK FACTORS:

Investing in the First Janata Bank Mutual Fund (hereinafter the Fund) involves certain considerations in addition to the risks normally associated with making investments in securities. There can be no assurance that the Fund will achieve its investment objectives. The value of the Fund may go down as well as up and there can be no assurance that on redemption, or otherwise, investors will receive the amount originally invested. Accordingly, the Fund is only suitable for investment by investors who understand the risks involved and who are willing and able to withstand the loss of their investments. In particular, prospective investors should consider the following risks:

1. **In General:** There is no assurance that the Fund will meet its investment objective; investors could lose money by investing in the Fund. As with all mutual funds, an investment in the Fund is not insured or guaranteed by the Government of Bangladesh or any other government agency.
2. **Market Price Risk:** Stock prices and Mutual Fund prices generally fluctuate because of the interplay of the various market forces that may affect a single issuer, industry or the market as a whole. The Fund may lose its value or experience a substantial loss on its investments due to such market volatility.
3. **NAV Risk:** Stock market trends show that prices of many listed securities move in unpredictable directions, which may affect the value of the Fund's portfolio of listed securities. Depending on its exposure to such securities, the net asset value of units issued under this Fund can go up or down depending on various factors and forces affecting the capital markets. Moreover, there is no guarantee that the market price of the Fund's units will fully reflect the underlying asset value of the Fund.
4. **Issuer Risk:** In addition to market and price risk, value of an individual security can, in addition, be subject to factors unique or specific to the issuer, including but not limited to management malfeasance, lack of accounting transparency, management performance, management decision to take on financial leverage. Such risk can develop in an unpredictable fashion and can only be partially mitigated, and sometimes not at all, through research or due diligence. To the degree that the Fund is exposed to a security whose value declines due to issuer risk, the Fund's value may be impaired.
5. **Asset Allocation Risk:** Due to a very thin secondary debt market in Bangladesh, it would be difficult for the Fund Manager to swap between asset classes, if and when required. In addition, limited availability of money market instruments in the market implies that there are only few opportunities for short term or temporary investments for the Fund.
6. **Lack of Diversification Risk:** Due to small number of listed securities in both the Stock Exchanges, it may be difficult to invest the Fund's assets in a widely diversified portfolio.
7. **Liquidation Risk:** Market conditions and investment allocation may impact on the ability to sell securities during periods of market volatility. The Fund may not be able to sell securities or instruments at the appropriate price and/or time.
8. **Dividend Risk:** If the companies wherein the Fund will be invested fail to pay expected dividend, it may affect the overall returns of the Fund.
9. **Investment Strategy Risk:** The Fund is subject to management strategy risk because it is an actively managed investment portfolio. The AMC will apply investment techniques and risk analyses in making investment decisions for the Fund, but there can be no guarantee that these techniques and analyses will produce the desired results.

10. **Socio-Political & Natural Disaster Risk:** Uncertainties resulting from political and social instability may affect the value of the Fund's Assets. In addition, adverse natural climatic conditions may hamper the performance of the Fund.

4.2. EXPECTED MARKET PERFORMANCE OF THE FUND:

- 1) It is expected that demand for the First Janata Bank Mutual Fund units will always rule over supply.
- 2) Brand name of First Janata Bank Limited and Trustee, ICB's track record in the successful marketing of several mutual funds in the past may motivate investors to invest in this Fund.
- 3) World class investment management team of the RACE Management PCL as a new-generation Asset Management Company (AMC) would attract investors to invest in this Fund.

4.3. WHO SHOULD INVEST AND HOW MUCH TO INVEST:

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

5. FORMATION, MANAGEMENT AND ADMINISTRATION

5.1. SPONSOR OF THE FUND:

Janata Bank Limited (JBL) is the second largest commercial bank in Bangladesh with 851 branches and an asset base of Tk. 282 billion. The Bank is fully owned by Government of Bangladesh. The mission of the bank is to actively participate in the socio-economic development of the nation by operating a commercially sound banking organization. The Bank received operational autonomy in 2007 after it became a public limited company under a World Bank financed program. Realizing the potential of our capital market, Janata Bank Limited expanded into stock markets in 2009 through launching its own merchant banking operations.

Given the scarcity of mutual funds in the Bangladesh stock market, Janata Bank Limited has decided to sponsor the **First Janata Bank Mutual Fund**. The Bank also realizes that mutual fund is the need of the hour to make our stock market more vibrant and efficient – furthermore First Janata Bank Mutual Fund will expand the bank's product offerings to clients. In order to efficiently launch First Janata Bank Mutual Fund, the Bank has appointed RACE Management, a second-generation asset management company that has already made its mark in the local market by becoming the largest private Asset Management Company in Bangladesh in a little more than year.

5.2. TRUSTEE & CUSTODIAN OF THE FUND:

In order to ensure maximum trust and confidence of the investors, supervisory bodies and potential investors in the fund, the Investment Corporation of Bangladesh (ICB) will act as the Trustee and Custodian of the Fund.

The Investment Corporation of Bangladesh (ICB) was established on 01 October 1976, under "The Investment Corporation of Bangladesh" Ordinance, 1976 (No. XL of 1976) to encourage and broaden the base of investment, develop the capital market, mobilize savings, promote and establish subsidiaries for business development and provide for matters ancillary thereto. Over the years, the activities of ICB have grown manifold, particularly in Merchant Banking, Mutual Funds operations and stock brokerage activities. ICB is the biggest investment bank and the harbinger of the mutual fund industry in the country. Out of country's 26 (twenty six) closed-end mutual funds, ICB and its subsidiary manage 19 (nineteen) mutual funds.

As of May 2009, ICB has acted as Trustee to the 11 debenture issuances involving Tk. 155.95 crore, issues of 9 (nine) bond issuances involving Tk. 1,000 crore. ICB also performed the responsibilities of trustee and custodian to 23 (twenty three) closed-end mutual funds of Tk. 1560 crore and 2 (two) open-end mutual funds with initial capital of Tk. 40 crore.

5.3. ASSET MANAGER OF THE FUND:

RACE Management PCL (hereinafter RACE) will act as the Asset Manager of the Fund. RACE is one of the second generation asset management company and received its Asset Management license in September 2008 after fulfilling rigorous due diligence requirements of the SEC. RACE Management has already established a successful track record by launching the first-ever commercial bank sponsored mutual fund, EBL First Mutual Fund and is the only second generation asset management company to have a mutual fund under management in Bangladesh.

The RACE Team: With about 40 professionals and more than Tk. 540 crores of funds under management, RACE is now the largest private Asset Management Company in Bangladesh. The RACE team includes (1) Senior Bangladeshi investment professionals with world-class training and over a decade of experience in investment management and research in some of the world's most

developed capital markets; (2) Senior Bangladeshi professionals from the local banking and financial services industry with strong operational experience and an extensive contact base among the local business community; (3) a cadre of young professionals who have gained unique insights into the local capital markets through the application of sophisticated investment techniques and on-the-ground research.

The investment management operation of RACE is managed by a team of investment professionals and is guided by an Investment Committee. The Investment Committee reviews the Fund portfolio selection process to ensure compliance with the objectives set out in the Trust Deed. In addition, the RACE Investment Committee pays special regard to the SEC guidelines regarding restriction on investments/investment limits as prescribed from time to time; these restrictions relate to single company/group investments, investments in associate companies, investments in unrated debt instruments etc. In addition, the RACE Investment Committee also reviews the portfolio periodically to assess liquidity positions and evaluate the risk parameters and will, from time to time, rebalance the portfolio.

RACE Approach to Fund Management: Highly Process-Driven Investment Approach

A flexible yet disciplined investment process is the hallmark of a professional investment management fund. Incorporating the intellectual capital and collective experience of the RACE's senior investment professionals, RACE has developed a 7-step investment process:

Step 1: Universe Selection. The first step of the investment process begins with identifying the universe of stocks. These stocks are then classified in four categories based on RACE's proprietary selection methodology.

Step 2: Focus List. The universe of stock is then narrowed down to build a prospective focus list. This step is usually done in phases. The first phase involves narrowing down the list through RACE's proprietary filtering process. The second phase involves narrowing the list further through the fundamental research inputs.

Step 3: 'Top Down' Analysis involves analysis of macroeconomic trends, analysis on broad market indices, analysis of fund flow trend to formulate sector biases and sector allocations.

Step 4: "Bottom Up" Company Analysis. This step involves a combination of individual security analysis based on multiple parameters, including valuation, qualitative analysis to identify business trends, competitive outlook and corporate management. These analyses are supplemented by company visits and information exchange with management.

Step 5: Portfolio Construction. The next step is to create an optimum portfolio with the goal of maximizing returns and minimizing risk.

Step 6: Risk Management. This step applies the pre-determined position limits to the portfolio, limiting sector exposure and individual stock exposure. Maintaining lower volatility is also an important concern; to this end, beta adjustment and other sophisticated risk analysis is used.

Step 7: Trade Execution: RACE uses a combination of quantitative strategies and market information to maximize its trade executions. To this end, RACE has selected a panel of brokers to execute its trades in an efficient and confidential manner.

5.4. AUDITORS:

The Trustee, ICB has appointed S F Ahmed & Co. Chartered Accountants as the Auditor of the Fund for the first year. It is one of the reputed and oldest audit firms of the country and is associated with world-renowned Ernst & Young, based in New York.

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

5.5. LIMITATION OF EXPENSES:

- 1) The initial issue expenses in respect of the Fund shall not exceed 5% of the Fund to be raised, the details of which are provided in this Prospectus.
- 2) The total expenses charged to the Fund except the amortization of initial issue expenses including transactions cost in the form of stock brokerage against buy and sell of securities forming a part of acquisition or disposal cost of such securities, transaction fees payable to the Custodian against acquisition or disposal of securities, CDBL Charges, listing fees payable to the stock exchanges, the annual registration fees payable to the Commission, audit fees, cost for publication of reports and periodicals, bank charge, etc., shall not exceed 4% of the weekly average net assets outstanding during any accounting year or as may be determined by the Rules.

5.6. FEES AND EXPENSES:

The Fund will pay the fees of Asset Management Company, the Trustee and the Custodian together with any other fees, commissions and expenses as may arise from time to time. The Fund will bear its own costs and expenses incurred/accrued in connection with its formation, promotion, registration, public offering, listing together with certain other costs and expenses incurred in its operation, including without limitation, expenses of legal and consulting services, auditing, other professional fees and expenses, brokerage, share/debenture registration expenses, guarantee or underwriting commission and fees due to the SEC. The Fund will also bear all other incidental expenses including printing, publication and stationery relating to its smooth and fair operation.

Keeping in mind, the fund size of Taka 200.00 (two hundred) crore, RACE has estimated the normal annual operating expenses of the Fund, which will not exceed 4% of the average NAV of the Fund. However, there may be variation in the actual operating expenses of the Fund. Major expenses of the Fund are detailed as follows:

- 1) **Issue and Formation Expenses:** Issue and formation expenses are estimated to be not over 5% of the total Fund size. The expenses will be amortized within 10 (Ten) years on a straight-line method. The estimated expenses for the issue and formation of the Fund are presented below:

1. Banker to the issue fee/Collection Charge	: 0.30 percent
2. Formation Fee Payable to AMC	: 1.00 percent
3. Printing & Publication	: 0.60 percent
3. Legal Expenses (Listing Fees, Registration Fees, etc.)	: 1.00 percent
4. Other expenses	: 0.80 percent
Total	: 3.70 percent

- 2) **Management Fee:** As per Trust Deed, the Asset Management Company shall be paid annual management fee @ 1.125% per annum of the weekly average NAV of the Fund. The management fee shall be paid semi-annually by the Fund.

Trustee Fee: The Fund shall pay an annual trusteeship fee of 0.10% of the size of the Fund payable on a semi-annual in advance basis during the life of the Fund.

- 3) **Custodian Fee:** The Fund shall pay to the custodian i.e. ICB for safekeeping of securities @ 0.10 % of balance securities held by the Fund calculated on the average month end value per annum.

- 4) **CDBL Fee:** For listing with the Central Depository of Bangladesh Limited (CDBL) there are both initial and recurring expenses. An amount of Tk. 500,000 (Taka five lac) as security deposit shall be kept with the CDBL without interest during the whole life of the Fund, while an IPO fee of Tk. 500,000 (Taka five lac) will be paid during the public subscription. Depository connection fee is Tk. 6,000 (Taka six thousand) per annum. Annual fee on Face Value of Issued Eligible Security is Tk. 100,000 (Taka one lac). Documentation Fee is Tk. 2,500 (Taka twenty-five hundred).
- 5) **Fund Registration and Annual Fee:** The Fund has paid Tk. 4,000,000 (forty lac, 0.20%) to the Securities and Exchange Commission (SEC) as registration fee. In addition to that the Fund will have to pay Tk. 2,000,000.00 (Twenty lac) at the rate of Tk. 0.10% of the fund size) only per annum as annual fee in terms of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (সিউক্সাল ফান্ড) বিধিমালা, ২০০১.
- 6) **Listing Fee:** The usual listing fees to DSE, CSE and CDBL, annual renewal fees and other charges are to be paid by the Fund to the stock exchanges.
- 7) **Audit Fee:** The audit fee will be Tk. 30,000.00 (thirty thousand) only for the first year and Trustee will fix fees for subsequent years.

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

6.1. ISSUE OF UNITS:

The paid-up capital of the Fund shall be Tk. 2,000,000,000.00 (two hundred crore) divided into 200,000,000 units of Tk. 10.00 each. The total distribution of units shall be as follows:

Subscribers	No of units	Face Value (Tk.)	Amount (Tk.)	Remarks
Sponsor*	50,000,000	10.00	500,000,000	Subscribed
Pre-IPO Placement**	50,000,000	10.00	500,000,000	Subscribed
Resident Bangladeshis	80,000,000	10.00	800,000,000	Yet to be subscribed
Non-Resident Bangladeshis (NRBs)	10,000,000	10.00	100,000,000	Yet to be subscribed
Reserved for Mutual Funds	10,000,000	10.00	100,000,000	Yet to be subscribed
Total	200,000,000	10.00	2,000,000,000	

* 100% of the Sponsor's contribution amounting to Tk. 50 (fifty) crores is subject to a lock-in for 1 (one) year from the date of listing in the Stock Exchange(s). 10% of the Sponsor's contribution amounting to Tk. 5 (five) crores will be locked-in for the subsequent 9 years.

** Pre-IPO placement will be in 1 (one) year lock-in period from the date of listing of the Fund.

6.2 Pre-IPO Placement:

- Subscription from sponsor: Janata Bank Limited, the Sponsor, has already subscribed Tk. 500,000,000.00 for 50,000,000 units of Tk. 10.00 each at par as per Rule 9 of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (নিউট্রায়াল ফাউন্ড) বিধিমালা, ২০০১
- The following institutions have subscribed Tk. 500,000,000.00 (fifty crore) for 50,000,000 (five crore) units with each unit worth Tk. 10.00 (Taka ten) at par:

Sl. No.	Pre-IPO Investor	No. of units	Amount (Tk.)
1	AB Bank Ltd. (Portfolio)	3,000,000	30,000,000
2	Bangladesh Mutual Securities Ltd. (Portfolio)	10,000,000	100,000,000
3	BRAC EPL Investments Ltd. (Portfolio)	9,000,000	90,000,000
4	EC Securities Ltd. (Portfolio)	11,000,000	110,000,000
5	Janata Bank Ltd. (Portfolio)	2,000,000	20,000,000
6	Lanka Bangla Finance Ltd. (Portfolio)	6,500,000	65,000,000
7	Standard Bank Ltd. (Portfolio)	8,500,000	85,000,000
	Total:	50,000,000	500,000,000

- Public Offer: 10% of the Public Offer i.e. 10,000,000 units of Tk. 10 each totaling Tk. 100,000,000 are being offered to the non-resident Bangladeshis (NRBs), 10% i.e. 10,000,000

units of Tk. 10 each totaling Tk. 100,000,000 are being reserved for Mutual Funds and the remaining 80,000,000 units of Tk. 10 each amounting to Tk. 800,000,000 are being offered to the Resident Bangladeshis for subscription in cash in full on application.

6.3 TAX EXEMPTION:

Investment in this Fund by individual investors will enjoy tax exemption benefit under section 44(2) of the Income Tax Ordinance, 1984.

6.4 RIGHTS OF THE UNIT HOLDERS:

- Unit holders of the Fund have a proportionate right in the beneficial ownership of the assets of the Fund.
- Dividend: All the unit holders have equal but proportionate right with respect to dividend. Dividend will be paid in Bangladeshi Taka only.
- Transfer of units: Units are transferable. The transfer will be made by CDBL under electronic settlement process.
- Voting Right: All the unit holders shall have usual voting rights. Voting right can be exercised in person or by proxy in a meeting held in connection with any proposal to amend the characteristics of the Fund or any other agenda of meeting called by the trustee in the circumstances mentioned in the trust deed or the *মুকদমিউর ১ গ- ১পা কাকব (গডিপিজি চিউ) নৈগজি ১, ২০০১*. In case of show of hands, every unit holder present in person or/and by proxy shall have only one vote and on a poll, every unit holder present in person and/or by a proxy shall have one vote for every unit of which he/she is the holder.
- Encashment: The units will be listed with DSE and CSE. So investment in this Fund will easily be encashable.

6.5 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.
- Periodic Information: All the unit holders of the Fund shall have the right to receive the Annual Report & Audited Accounts of the Fund. Moreover, NAV of the Fund will be informed to the unit holders on a quarterly basis through DSE/CSE and newspaper(s).
- Accounts and Information: The Fund's financial year will be closed on June 30 every year. Annual report or major head of Income & Expenditure A/C and Balance Sheet in line with schedule VI of the *মুকদমিউর ১ গ- ১পা কাকব (গডিপিজি চিউ) নৈগজি ১, ২০০১* will be published within 45 (forty five) days from the closure of each accounting year.

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



FIRST JANATA BANK MUTUAL FUND



FIRST JANATA BANK MUTUAL FUND



BANKERS TO THE ISSUE



FIRST JANATA BANK MUTUAL FUND



same bank account number as available in the database of Beneficiary Owners Account in Central Depository for the purpose of refund of application money.

17. **An applicant cannot submit more than two applications, one in his/her own name and another jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, whole or part of application money may be forfeited by the Commission.**
18. No sale of securities shall be made, nor shall any money be taken from any person, in connection with such sale until 25 (twenty five) days after the prospectus has been published.

THE NRB APPLICATION ALONG WITH THE FOREIGN CURRENCY DRAFT/ PAY ORDER, AS ABOVE, IS TO BE SUBMITTED TO THE ASSET MANAGEMENT COMPANY'S HEAD OFFICE DIRECTLY WITHIN THE STIPULATED TIME MENTIONED IN PARA- 5.



FIRST JANATA BANK MUTUAL FUND

