
Prospective investors are cautioned that this document is unique of its kind in terms of format, technicalities, disclosure, contents and other criteria. Therefore, kindly peruse this document to comprehend its contents before making any investment decision.

If you have any question or confusion about the Prospectus, you may please consult your stockbroker, solicitor, accountant or other professional financial advisor.

P R O S P E C T U S

for

PUBLIC OFFER OF 5,000,000 UNITS OF TK10 EACH AT PAR OF

GRAMEEN ONE

the First Scheme of

Grameen Mutual Fund One

A balanced mutual fund

with 17,000,000 units of Tk10 each totaling Tk170,000,000

Sponsor:

Grameen Bank

Trustee:

Grameen Fund

Custodian:

Standard Chartered Bank

Asset Management Company:

**Asset & Investment Management Services of Bangladesh Limited
(AIMS of Bangladesh Limited)**

SUBSCRIPTION OPENS: July 11, 2005

SUBSCRIPTION CLOSES: July 16, 2005

Subscription opens for Non-Residents: July 24, 2005

Subscription closes for Non-Residents: August 07, 2005

Date of Publication of Prospectus: June 29, 2005

Fund Directory

Registered Office	AIMS of Bangladesh Limited Chandrashila Suvastu Tower (5 th flr) 69/1 Panthapath (East) Dhaka 1205	Sponsor	Grameen Bank Grameen Bank Complex Mirpur 2 Dhaka 1216
Auditors	Hoda Vasi Chowdhury and Co. <i>Chartered Accountants</i> BTMC Bhaban (8 th level) 7-9 Karwan Bazar Dhaka 1215	Trustee	Grameen Fund Grameen Bank Complex Mirpur 2 Dhaka 1216
Legal Advisor	Mirza Quamrul Hasan <i>Advocate</i> Advisor's Legal Alliance 35/A Purana Paltan Line, VIP Road Dhaka 1000	Custodian	Standard Chartered Bank 18-20 Motijheel CA Dhaka 1000
Bankers	Southeast Bank Limited 1 Dilkusha CA Dhaka 1000 Standard Chartered Bank 18-20 Motijheel CA Dhaka 1000	Investment Manager	AIMS of Bangladesh Limited Chandrashila Suvastu Tower (5 th floor) 69/1 Panthapath (East) Dhaka 1205

Abbreviations and Definitions

“AIMS”	Asset & Investment Management Services of Bangladesh Limited
“AMC”/“Asset Management Company”/“Fund Manager”/“Investment Manager”	AIMS, who will act as Investment Manager of the Fund
“BO”	Beneficiary owner
“CD”	Current account deposit
“CDBL”	Central Depository Bangladesh Limited
“CDS”	Central depository system
“Commission”	Securities and Exchange Commission
“CSE”	Chittagong Stock Exchange
“Custodian”	Standard Chartered Bank
“DER”	Dividend equalization reserve
“DSE”	Dhaka Stock Exchange
“EPS”	Earning per share
“FC”	Foreign currency
“FIS”	Fixed-income securities
“FISIR”	Fixed-income securities investment reserve
“Fund”	Grameen Mutual Fund One
“GMFO”	Grameen Mutual Fund One
“Grameen One”	First scheme of Grameen Mutual Fund One
“NAV”	Net asset value
“NRB”	Non-resident Bangladeshi, i.e. Bangladeshi citizens staying abroad including those who have dual citizenship (provided they have valid Bangladeshi passport) or whose foreign passport bear a stamp from the concerned Bangladeshi Embassy to the effect that no visa is required to travel to Bangladesh
“PE”	Price earning
“Rules”	Securities and Exchange Commission (Mutual Fund) Rules, 2001
“SCB”	Standard Chartered Bank
“Scheme”	“Grameen One”, the scheme of Grameen Mutual Fund One
“Share”	Unit of the Scheme
“Sponsor”	Grameen Bank, which has provided 10% of the size of the Fund
“Trustee”	Grameen Fund, which is the guardian of the Fund, held in Trust for the benefit of the unitholders
“TT”	Telegraphic transfer
“Unit”	Share in the Scheme
“Unitholder”	Shareholder of the Scheme

Highlights

Features	Description
<i>Fund's name</i>	Grameen Mutual Fund One
<i>Scheme's name</i>	Grameen One
<i>Fund size</i>	Tk170,000,000 divided into 17,000,000 units at par value of Tk10 each
<i>Face value</i>	Tk10 of one unit each
<i>Nature</i>	Close-end Balanced Mutual Fund with 10 years tenure
<i>Objective</i>	To achieve capital appreciation as well as earn dividend and interest income
<i>Target investors</i>	Individuals, institutions and NRBs are eligible to apply for investment in the Fund
<i>Target amount</i>	Tk102 million including contribution of Sponsor and private placement
<i>Dividend</i>	The Scheme shall distribute at least 90% of the 'Annual Income' ¹ of the Scheme, as dividend, at the end of each accounting year, net of provisions
<i>Mode of distribution</i>	Dividend warrants will be dispatched within 45 days from the declaration of such dividends
<i>Transferability</i>	Units are freely transferable; the transfer will be made by the CDBL under electronic settlement system
<i>Tax exemption</i>	Investment in the Scheme by an individual assessee will qualify for investment tax credit under Section-44(2) of the Income Tax Ordinance, 1984, besides, dividend, interest and capital gains of the Scheme shall be fully tax-exempt under the Sixth Schedule, Part A, Para-30 of the Income Tax Ordinance, 1984
<i>Accounts and information</i>	The unitholders of the Scheme are entitled to receive the audited Annual Reports of the Scheme in addition to the monthly publication of the NAV of the Scheme in the newspapers and online at the Stock Exchanges

¹Before declaring dividend the Fund shall provide for depreciation on investments, appropriate provision for obligatory investment (e.g. 75% of the Scheme to be invested in the capital market, etc), and also make a provision for bad and doubtful investments to the satisfaction of the Auditors and shall create a DER and a likely FISIR by appropriation from the income of the Fund.

Preliminary

Publication of the Prospectus for Public Offer

Grameen One is the first Scheme of the Grameen Mutual Fund One that has been established as a Trust under the Trust Act, 1882, and registered with the Sub-Registrars Office under the Registration Act, 1908, on May 09, 2001. The Fund has received Registration Certificate from the Securities and Exchange Commission on August 28, 2001 under the Securities and Exchange Commission Act, 1993, and the Securities and Exchange Commission (Mutual Fund) Rules, 2001, 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 registered office of the Fund.

Approval of the Securities and Exchange Commission

“CONSENT OF THE SECURITIES AND EXCHANGE COMMISSION HAS BEEN OBTAINED TO THE ISSUE/OFFER OF THE SECURITIES UNDER THE SECURITIES AND EXCHANGE ORDINANCE, 1969, AND SECURITIES AND EXCHANGE COMMISSION (MUTUAL FUND) RULES, 2001. IT MUST BE DISTINCTLY UNDERSTOOD THAT IN GIVING THIS CONSENT, THE COMMISSION DOES NOT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL SOUNDNESS OF THE FUND, ANY OF ITS SCHEMES OR THE ISSUE PRICE OF ITS SHARE OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINION EXPRESSED WITH REGARD TO THEM, RESPONSIBILITY FOR WHICH LIES WITH THE ASSET MANAGER, TRUSTEE, SPONSOR, CUSTODIAN AND/OR AUDITORS.

IT IS, HOWEVER, THE SECURITIES AND EXCHANGE COMMISSION’S RESPONSIBILITY TO ENSURE THAT FULL AND FAIR DISCLOSURES ARE MADE IN THE PROSPECTUS IN TERMS OF THE MUTUAL FUND RULES, 2001, SO THAT THE INVESTORS CAN MAKE INFORMED INVESTMENT DECISIONS.”

Listing of the Scheme

Application shall be made to both Dhaka and Chittagong Stock Exchanges within 9 (nine) days of the issue of the Prospectus for listing of the Scheme for dealing on the stock market and for their quotation on the Stock Exchanges.

If, for any reason, the application for listing is not accepted by both of the Stock Exchanges within 6 (six) weeks of the closure of the subscription, allotment of units shall be void, and the Fund shall refund the subscription money within 30 (thirty) days from the expiry of 6 (six) weeks of closing of the subscription list.

Issuance of securities in dematerialized form

As per provisions of the Depository Act, 1999, and regulations made thereunder, the units of the Scheme shall be issued in dematerialized form only and for the purpose, the Fund has signed an agreement with the Central Depository of Bangladesh Ltd. (CDBL). Therefore, all transfers, transmissions, and splitting or conversions will take place only under the CDBL system.

Documents available for inspection

Copies of the Trust Deed, the Investment Management Agreement and the Prospectus² may be inspected during the usual office hours on any business day at AIMS of Bangladesh Limited, Chandrashila Suvastu Tower (5th floor), 69/1 Panthapath (East), Dhaka 1205 during the period of 10 (ten) days from the date of this Prospectus.

Declaration about the responsibility of the Sponsor

The Sponsor, whose name appears in this Prospectus, accept the responsibility for the information contained in this document as regards the objectives of the Fund. To the best of the knowledge and belief of the Sponsor, who has taken all reasonable care to ensure that such is the case, the information contained in this document, drawn up by virtue of the Trust Deed of the Fund by the entrusted asset management company, is in accordance with the Rules and facts, and does not omit anything likely to affect any informed investment decision.

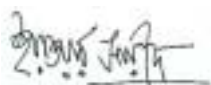


PROFESSOR MUHAMMAD YUNUS

Managing Director
Grameen Bank

Declaration about the responsibility of the Asset Management Company

This Prospectus has been prepared by us based on the Trust Deed, Investment Management Agreement, and examination of other materials as relevant for adequate disclosure of the Fund's objective and investment strategies to the investors and we confirm that (a) the Prospectus forwarded to the Commission is in conformity with the documents, materials and papers related to the offer, (b) all the legal requirements of the issue have been duly complied with, and (c) 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 an investment under the Fund might go down as well as up. Accordingly, no guarantee can be given as to the return or earning of any investment made. Like any other equity investment, the investment in the Fund is only suitable for investors who are willing to accept a moderate degree of risk. Attention is particularly drawn to the "Risk Factor" detailed at Chapter 4, which must be taken into cognizance by any prospective investor.



YAWER SAYEED

Managing Director and CEO
AIMS of Bangladesh Limited

² Printed copies of the Prospectus are available with the Members of the Stock Exchanges, Bankers to the Issue and at the office of AIMS of Bangladesh Limited. The Prospectus is also available at the websites of the SEC <www.secbd.org>, Grameen Bank <www.grameen.com> and AIMS of Bangladesh Limited <www.aims-bangladesh.com>.

Chapter 1

PUBLIC OFFER

Conditions of Public Offer

- (1) The Fund shall go for Public Offer of 5,000,000 (five million) units of Tk10 (taka ten) each at par worth Tk50,000,000 (taka fifty million) following the Securities and Exchange Commission (Mutual Fund) Rules, 2001, Depository Act, 1999, and regulations issued thereunder;
- (2) The Prospectus as vetted by the SEC shall be published in 2 (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 the Prospectus in the form of press release be published in 2 (two) national daily newspapers;
- (3) The Asset Management Company shall ensure transmission of the Prospectus and relevant application forms for the nonresident Bangladeshis (NRBs), simultaneously with the publication of the Prospectus, to the Bangladesh Embassies and Missions abroad, as mentioned in the Prospectus, and shall 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 an efficient mail service. A compliance report shall be submitted in this respect to the SEC by the AMC within 2 (two) working days from the date of the said dispatch of the Prospectus and the forms;
- (4) The paper clippings of the published Prospectus and all other published documents/notices regarding the Scheme shall be submitted to the Commission within 24 hours of publication thereof;
- (5) The AMC shall submit 40 (forty) copies of the printed Prospectus, along with a soft copy in diskette, as vetted by the SEC, to the Commission for official record within 5 (five) working days from the date of publication of Prospectus in the newspaper(s);
- (6) The AMC shall maintain bank account(s) for collection of proceeds of the Public Offer from the prospective investing public throughout the country;
- (7) The AMC 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 the said FC account(s) in the Prospectus;
- (8) Subscription shall remain open for 5 (five) consecutive banking days;
- (9) Application shall be sent by the NRB applicants directly to the AMC so as to reach it to the AMC by the closing date for NRBs. Applications received by the AMC after the above-mentioned period shall not be considered for allotment;
- (10) The AMC shall apply the spot buying rate (TT clean) of Standard Chartered Bank, which shall be mentioned on the Application Form, and as prevailed on the date of the opening of the subscription for the purpose of application of the NRBs and other non-Bangladeshi persons, where applicable;

- (11) The AMC shall ensure prompt collection/clearance of the foreign remittances of NRBs and other non-Bangladeshis, if applicable, for allotment of units without any difficulty/complaint;
- (12) The AMC shall provide the SEC with the preliminary status of the subscription within one week from the closure of the subscription date, and also the list of the valid and invalid applicants (i.e. final status of the subscription) to the Commission within 2 (two) weeks after the closure of the subscription date including bank statement (original), branch-wise subscription statement, NRB application forms (photocopy attested by the CEO of the AMC) regarding collection of the Public Offer money;
- (13) The Public Offer shall stand cancelled and the application money shall be refunded immediately (but not later than 30 [thirty] days from the date of 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 applicants is less than the minimum requirement as specified in the listing regulations of the Stock Exchange(s) concerned; or
 - b. At least 60% of the targeted amount is not subscribed;
- (14) Public Offer distribution system: All the applicants shall first be treated as applied for one minimum market lot of Tk5,000 (taka five thousand) worth of units. If, on this basis, there is oversubscription, then lottery shall be held amongst applicants allocating one identification number for each application, irrespective of the application money. On the other hand, if there is under-subscription, then all the applicants shall first be distributed with a single lot, and for the balance amount, lottery shall be held for the applicants who have applied for multiple lots on the basis of dividing the application money by the amount of a market lot separately for both the NRBs and the general public;

In case of oversubscription, allotment shall be made by lottery among all the valid applicants in presence of the authorized representatives of the Stock Exchange(s) concerned, if any, Sponsor, Asset Management Company and Trustee;
- (15) Lottery (if applicable) will be held within 3 (three) weeks from closure of the subscription date;
- (16) The AMC shall issue unit allotment letters to all successful applicants within 30 (thirty) days from the date of the subscription closing. At the same time, the unsuccessful applicants shall be refunded with the application money within 30 (thirty) days from the closing of the subscription date by account payee Refund Warrants;
- (17) The AMC shall furnish the List of Allottees to the Commission and the Stock Exchange(s) simultaneously in which the units will be listed, within 24 hours of allotment;
- (18) If the Fund fails to collect the minimum 60% (sixty percent) of the targeted amount, it will refund the subscription money within 30 (thirty) days from the closure of the subscription without any deduction. In case of failure, the Fund Manager shall refund it with interest @ 18% (eighteen percent) per annum from its own account within the next month;
- (19) In case of oversubscription, the excess amount shall be refunded within 30 (thirty) days from the closure of subscription period, failing which the Fund

Manager will refund it with an interest @ 18% (eighteen percent) per annum from its own account within the next month;

- (20) The Fund Manager shall serve a notice through the newspaper to all successful applicants within 30 (thirty) days from the closing of subscription for collection of Allotment Letters;
- (21) The AMC shall apply for listing of the Scheme with the Stock Exchange(s) within 9 (nine) days of first publication of the Prospectus;
- (22) The Fund collected through Public Offer shall not be utilized prior to the allotment of units and shall be effected through banking channel i.e., through account payee cheque, pay order, bank draft, etc.;
- (23) The Annual Report of the Fund or its abridged version shall be published within 45 (forty five) days of the closure of each accounting year of the Fund;
- (24) An annual report of the Fund shall be submitted to the Commission by the Trustee within 90 (ninety) days from the closure of accounts and dispatched to the unitholders;
- (25) Half-yearly accounts/financial results of the Fund shall be published in at least one widely circulated national daily newspaper within 30 (thirty) days from end of the period;
- (26) Dividend shall be paid within 45 (forty five) days of its declaration, and a report shall be submitted to the Commission within 7 (seven) days of the completion of distribution;
- (27) Net asset value (NAV) of the Scheme shall be calculated and disclosed publicly at monthly intervals.

Subscription

Subscription by resident Bangladeshis to the First Scheme of GRAMEEN ONE will commence at the opening of banking business on July 11, 2005 and will be closed at the end of banking business on July 16, 2005. For non-residents, subscription will commence on July 24, 2005 and close on August 07, 2005, Bangladesh time.

Chapter 2

BACKGROUND

Background of initiating a close-end mutual fund

The mutual fund is sponsored by the Grameen Bank principally to facilitate micro-savers to invest in the country's capital market instruments. Although this Fund has been launched primarily for the benefit of the 4.3 million borrowers of Grameen Bank, 96% of whom are women, other micro- and small savers of the country may also find this team-managed, close-ended balanced Fund a dependable investment vehicle.

AIMS of Bangladesh Limited, the first SEC-approved asset management company in Bangladesh, pioneered mutual fund under private initiative. It has gained valuable experience and confidence in managing a mutual fund efficiently. This encouraged Grameen Bank to give responsibility to AIMS to manage this mutual fund sponsored by the Bank. The SEC has already approved and registered the Trust as a Mutual Fund, and provided consent to raise subscription from the investors through Public Offer.

The vision of Professor Mohammad Yunus, founder of Grameen Bank, was to create a dependable financial instrument for the poor clients of Grameen Bank, as well as the poor people of the country, to connect them with the macroeconomy, give them ownership in the leading enterprises, and take advantage of the growth of the economy. Not only the poor borrowers of Grameen Bank would be investing in their own income-generating activities, they may also be part of owners of the promising enterprises of the country. By owning units of the Mutual Fund, they can also build their own old-age protection. Grameen Mutual Fund has been created to fulfill this dream. This Fund would enhance the earning potential of the savings of the poor savers by linking them with the national capital market in a structured and transparent way. It would also encourage other rural savers to take advantage of this new financial opportunity.

Competitive Advantages in investing in Grameen One

- Mutual funds substantially lower the investment risk of small investors through diversification in which funds are spread out into various sectors, companies, securities as well as entirely different markets. It is always the objective of a fund manager to maximize a fund's return for a given level of risk through a tolerable risk-return tradeoff.
- Mutual funds mobilize the fund and channel them into profitable investment opportunities. As a result, mutual funds add liquidity to the market. Moreover, given that the funds are long-term investment vehicles, they reduce market volatility by extending support to scrip prices.
- Mutual funds provide the institutional investors an access to the whole market that, at an individual level, would be difficult if not impossible to achieve.
- Because funds are professionally managed, investors are relieved of the emotional strain associated with the day-to-day management of the fund. Moreover, the amounts 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.

- The investor saves a good deal of transaction costs given that s/he has access to a larger number of securities by purchasing a single unit of a mutual fund.
- The investor can pick and choose a mutual fund to match his/her particular needs.
- Mutual fund is the only vehicle that operates simultaneously both at the demand as well as the supply side of the market. On the supply side, mutual funds, being itself a listed security in the Stock Exchanges, introduces a good and reliable instrument in the capital market for the small but astute investors. Mutual fund units have been one of the most sought-after scrips. On the demand side, since mutual fund investments are primarily in the secondary market stock and bonds bought at the Stock Exchanges, the demand for blue chip shares thus increases with the operation of the mutual funds.
- Mutual funds are one of the most strictly-regulated investment vehicles. The laws governing mutual funds require exhaustive disclosure to the SEC as well as the general public. The laws also entail continuous regulation of fund operations by the Trustee.
- Professional fund managers search for the attractive assets and securities. They do all the footwork to uncover opportunities and research them to make sure that the investment is appropriate for the fund. The fund's stated goal, or investment objective influences the choice of securities.
- Another benefit of mutual fund is liquidity, the ability to move money in and out of the investment. Unlike fixed deposits or CDs, where money is tied up for a period of time, mutual funds are designed so that access or exit is easy.

Chapter 3

THE FUND

Establishment

Grameen One is the first scheme of Grameen Mutual Fund One, a trust property registered on May 09, 2001 under the Trust Act, 1882, and Registration Act, 1908. The SEC has registered the Trust as a Mutual Fund on August 28, 2001 under the Securities and Exchange Commission (Mutual Fund) Rules, 2001. The SEC has also approved the Scheme and provided consent on June 27, 2005 to raise subscription from the general investors through public offer.

The life of the Scheme is 10 (ten) years from the date of first listing, although there is circumstances set out in the Trust Deed where the unitholders can extend the life on maturity of the tenure.

Close-end policy

The Scheme will adopt a close-end policy in its operation. In compliance with the policy, the Scheme will not change the capital position by issuing any additional units or repurchasing existing units during the life (i.e. 10 years) of the Scheme.

Face value and market lot

The face value of the units of the Scheme is fixed at Tk10 (taka ten) and since there would be no paper scrip issued against any holding, no market lot is necessary and, therefore, for trading at the Stock Exchanges under the CDS mechanism one unit of Tk10 each shall comprise the tradable market lot. However, minimum application amount for Public Offer application shall be for 500 (five hundred) units amounting Tk5,000 (taka five thousand) and its multiples on a single BO account of the CDS.

Investment objectives and policy

The primary objective of the Scheme is to achieve capital appreciation as well as earn dividend and interest income through investment in the capital market of Bangladesh. It mostly shall focus on generating cash earning and at the same time preservation of capital. The assets of the Scheme will be invested both in equity securities and fixed-income securities (FIS). Most of the equity investments will be made in the companies listed on the DSE and/or CSE. The Scheme may also invest in unlisted equity securities directly from the issuers (IPO and pre-IPO placement) at the primary market. The Scheme may also invest in the listed and/or unlisted debt instruments, including government notes and bonds.

The principal investment objective and policies of the Scheme as set out above will, in the absence of unforeseen circumstances, be adhered to during the life of the Scheme. The Scheme will always adopt the investment policy that will ensure the *balanced* nature that is being contemplated.

The details of the investment policies are as follows:

- a) The Scheme shall invest only in securities and investments approved by the SEC, the Bangladesh Bank and/or the Controller of Insurance of Bangladesh or any other competent authority in this regard.

- b) All money collected under the Scheme, except FIS investments, shall be invested only in transferable securities whether in money market or equity market or privately placed debentures or securitized debts.
- c) Generally not more than 25% of the assets will be invested in the fixed-income securities (FIS).
- d) FIS investment may be made in privately placed unquoted debt or depository instruments of different terms.
- e) The equity portfolio will be a growth-value blend basket of large-cap as well as small-cap stocks.
- f) In order to increase the profit potential, the manager will have the flexibility to use market timing to move between stocks and FIS in any percentage they deem prudent when investment conditions change.
- g) The Scheme will seek to invest in companies, which it considers to exhibit good growth potential and have sound management.
- h) The AMC shall categorize the investments either as *'Trading Securities'* or as *'Available-for-Sale Securities'* as they deem prudent, as per provisions of IAS-39 corresponding to the Statement of Financial Accounting Standard (SFAS) No. 115 of Financial Accounting Standard Board, USA.
- i) Capital appreciation will be the primary consideration and dividend and interest income will be the secondary consideration for the trading-security investments.
- j) Dividend and interest income will be the primary consideration and capital appreciation will be the secondary consideration for the available-for-sale security investments.
- k) During periods in which the Investment Manager believes changes in economic, financial or political conditions will adversely affect the Scheme's portfolio, the Scheme may, for temporary defensive purposes, reduce holdings in equity and other securities and invest in short and/or medium-term debt securities or hold cash.

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

Transaction Policy

- 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) Transactions requiring physical settlement shall be through the Custodian of the Scheme.
- f) The Scheme 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 or engage in *badla* finance.
- g) 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.

Investment restrictions

The following restrictions are fundamental policies of the Scheme that may not be changed without approval of majority of the Scheme's outstanding voting securities. These are also in line with the Section-56 and the Schedule-V of the Securities and Exchange Commission (Mutual Fund) Rules, 2001. If a percentage restriction on investment or use of assets set forth below is adhered to at the time a transaction is effected, later changes of holding value due to changes in market price movement or accrued gain in value over time will not be considered a violation of the restrictions.

- a) The Scheme shall not invest in securities having unlimited liability.
- b) The Scheme shall not buy its own units.
- c) Investments by way of privately placed debentures, securitized debts and other unquoted debt instruments shall not exceed 25% (twenty five percent) of the total assets of the Scheme.
- d) The Scheme shall not invest more than 10% (ten percent) of its assets in any one particular company shares.
- e) The Scheme shall not own more than 15% (fifteen percent) of any company's paid-up capital at any point of time.
- f) The Scheme shall not invest more than 20% (twenty percent) of its total assets in the shares, debentures or other securities of a single company.
- g) The Scheme shall not invest more than 25% (twenty five percent) of its total assets in shares, debentures or other securities in any one industry.
- h) The Scheme shall not involve in option trading or short selling or carry forward transactions.
- i) The Scheme shall not invest in or lend to another scheme under the same AMC.
- j) The Scheme shall not provide term loan or advance to any entity.
- k) The Scheme shall not borrow fund for investing unless authorized by the SEC.

Investment management

AIMS of Bangladesh Limited shall conduct the day-to-day management of the Scheme's investment portfolio as the Asset Management Company (AMC). Subject to the provisions laid down in the Trust Deed and the Investment Management Agreement, the AMC will have discretionary authority over the Scheme's portfolio.

Investment style

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

The manager will adequately and thoughtfully diversify the portfolio so that the Scheme 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 Scheme.

Borrowing policy

As per the Rules, the Scheme is not permitted to borrow to finance investments or to advance any term loan or guarantee term loan for any purpose. However, if the SEC withdraws or relaxes these restrictions during the life of the Scheme, it may well opt for borrowing, if necessary, from any legal source at a competitive rate with the consent of the Trustee.

Distribution policy

Distribution policy of the Scheme has been planned emphasizing the interest of the small investors. The AMC has appointed selected branches of the Bankers-to-the-Issue concentrating in the urban and off-urban regions for facilitating subscription from the general investors. AIMS of Bangladesh Limited shall also complement the efforts of broader dissemination through its network. However, no commission, including seal commission, shall be paid to any one for distributing the subscription applications.

Dividend policy

- i. The accounting year of the Scheme shall be July to June fiscal year immediately following the year of listing.
- ii. After the close of annual accounts, the Trustee, as appears appropriate, shall declare dividend.
- iii. The Scheme shall distribute at least 90% (ninety percent) of the 'Annual Income'³ of the Scheme, as dividend, at the end of each accounting year.
- iv. No dividend may be declared or paid other than from earnings of the Scheme, available for distribution.

³ Before deriving the annual income and declaring dividend, the Fund shall provide for depreciation on investments, appropriate provision for investment, and also make a provision for bad and doubtful investments to the satisfaction of the Auditors and shall create a DER and an provisional FISIR by appropriation from the income of the Fund.

- v. Surpluses arising simply from the valuation of investments may not be available for dividend.
- vi. Dividend warrants will be dispatched within 30 (thirty) days from the declaration of such dividends.
- vii. A transfer of unit shall not pass the right to any dividend declared thereon before the registration of the transfer.

Valuation policy

The Scheme intends to determine its NAV per unit no less frequently than the close of business on the last business day of each month by dividing the value of the net assets of the Scheme (the value of assets less liabilities) by the total number of units outstanding. Details of the valuation policy are as under:

- a) In valuing the Scheme's assets, the closing price or average price, if available, of securities quoted on the last trading day of the month at DSE.
- b) When the securities were not traded on the particular valuing date at DSE, the closing price quoted at CSE on that particular valuing date would be taken into account in valuing such securities.
- c) When the securities were not traded either at DSE or CSE on the particular valuing date, immediate previous closing price, which one is nearer, but not longer than 90 (ninety) days, to the valuing date will be taken into account.
- d) When the securities were not traded either at DSE or CSE for a period for over 90 (ninety) days, securities will be valued considering the value derived by multiplying the respective EPS of the last available reported year with the sector PE multiple or the cost price (acquisition value) of the securities, which one is lower.
- e) In case of listed bond or debenture valuation, last quoted closing price at DSE will be taken into account.
- f) The valuation of non-listed securities will be made by the AMC with their reasonable value and approved by the Trustees and commented upon by the Auditors in the Annual Report of the Scheme.
- g) Once non-listed securities are valued, the valued amount will be considered for purpose of valuing the Scheme's assets at any interval of time until the securities are further revalued by the AMC and the Trustee.
- h) The AMC and the Trustee shall ideally value the non-listed securities at three month intervals.
- i) In case of investment in long-term debt instruments or fixed deposit, accrued interest for the period up to the date of valuation will be taken into account for the purpose of valuation of assets of the Scheme.
- j) In case of deferred expenses, accrued expenses for the period will be taken into account for determining total liabilities.

Following the valuation criteria as set forth above, the Scheme will use the following net formula to derive NAV per unit.

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

$$\text{NAV Per Unit} = \frac{\text{Total NAV}}{\text{No. of Share}}$$

V_A = Value of all securities in hand + Value of all securities placed under lien + Cash at hand and 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 less amortized for the period + Printing, publication and stationery expenses less amortized for the period = Value of Total Assets of the Scheme for the Period.

L_T = Value of all securities payable + Payables for purchase of investments + Payables with respect to brokerage and custodial charges + All other payables with respect to printing, publication and stationery + Accrued deferred expenses with regard to trustee fee, annual fee, audit fee, and safe keeping fee = Total Liabilities of the Scheme for the Period.

Redemption policy

The unitholders of the Scheme will be fully redeemed at maturity unless the life is extended by the unitholders. The policies pertaining to redemption are described below:

- a) If three-fourths of the unitholders do not decide otherwise at the closing meeting called for the purpose, the Trustee of the Scheme will declare full redemption. The unitholders may authorize the Trustee and/or the AMC or any other person to take steps for winding up of the Scheme.
- b) The Trustee and/or the AMC or the person authorized shall dispose of the assets of the Scheme concerned in the best interest of the unitholders of the Scheme. After making appropriate provision for meeting the expenses connected with such winding up, the balance shall be paid to the unitholders in proportion to their respective interest in the assets of the Scheme as on the date when the decision for winding up was taken.
- c) Within 30 (thirty) days from the completion of the winding up, the Trustee shall forward to the Commission and the unitholders a report on the winding up containing particulars such as circumstances leading to the winding up, the steps taken for disposal of assets of the Scheme before winding up, expenses of the Scheme for winding up, net assets available for distribution to the unitholders and a certificate from the Auditors of the Scheme.
- d) After the receipt of the report, if the Commission is satisfied that all measures for winding up of the Scheme have been completed, the Scheme shall cease to exist and the SEC shall notify the Trustee in writing about the winding up.
- e) Redemption Warrant will be dispatched to the unitholders within 7 (seven) working days from the date of such notifying letter from the SEC.

Additional measures to improve profitability

Investment in the primary market: The Fund shall appropriately focus on primary market (IPOs) especially on private placements. Accordingly the AMC shall maintain good network with the merchant banks.

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

Delayed payment of expenses: To provide the Fund Manager with a considerable leeway to manage the portfolio that would expectedly improve earning potential to some extent, the Fund may increase the size of its available fund for investment through delaying payments of management and trusteeship fees.

Chapter 4

RISK PARAMETERS

Risk Factors

The prospective investors should appreciate that investment in the Scheme involves certain special considerations and risk factors, including those set forth below, which are not necessarily exhaustive or mutually exclusive:

- (a) Performance of the Scheme is significantly dependent on the macroeconomic situation and the capital market in particular.
- (b) Since the capital market of Bangladesh is extremely fluctuating, there is no firm assurance that the Scheme will achieve all its stated objectives.
- (c) Stock market activity in Bangladesh focuses on a small number of companies representing a limited number of industries, resulting in a potential lack of liquidity and price volatility. In addition, a high proportion of the equity securities listed on the DSE and CSE are closely held and the number of shares currently available for acquisition by the Scheme may be very limited. It may, therefore, be difficult to invest the Scheme's assets, to obtain a desired diversification of the portfolio or to realize the Scheme's investments at the prices and times that it would wish to do so.
- (d) The recent stock market trends portray that price of almost all the listed securities move in tandem with the market in the similar direction, causing difficulty to the Manager to diversify the assets.
- (e) Since Bangladesh lack secondary bond market or product variation as it would have been ideal, the Manager might not be able to swap between different asset classes, as they might desire.
- (f) Money market instruments are also not readily available, which may narrow the opportunity of short term or temporary investments of the Scheme.
- (g) If maturity of the Scheme is extended by the unitholders at the closing meeting, investment in fixed income securities will be subject to reinvestment risk, i.e., the risk of non-availability of investment opportunity at the current rate at that time.
- (h) The value of the units of the Scheme may, in direct correlation with other listed securities, fluctuate. In addition, there is no guarantee that the market price of units of the Scheme will fully reflect their underlying net asset values.
- (i) Since the Scheme is a balanced fund, i.e., the Scheme shall invest in both equity and FIS, the credit risk of the FIS issuers is also associated with the Scheme.
- (j) Despite careful selection of stocks, the companies may fail to provide expected dividend or make timely disbursements, which may affect the return of the Scheme.

- (k) The value of the Scheme's assets may be affected by uncertainties such as political or social instability, or changes in any law or regulations of the territory.
- (l) Since unlike the older mutual funds in the market, mutual funds under the SEC (Mutual Fund) Rules, 2001 are not allowed to have access to short-term borrowing, the Fund may have to meet its cash needs including dividend payments or meeting pre-IPO placement investment commitments through disposing off its investments, even at unfavorable market conditions. This may greatly curtail the earnings as well as future reinvestment capabilities of the Fund, translating to lower profit.
- (m) Qualitative and quantitative investment restrictions imposed through the Rules, have restricted the operational leeway of the Fund Manager, in the event of only a handful of securities qualifying as Category-A at the stock exchanges. Since the older mutual funds in the market do not have such qualitative and quantitative restrictions, ceiling of all these restrictions have created an uneven playing field.
- (n) Although application will be made to the DSE and CSE for the units for listing, there is no assurance that the units will be listed with the bourses. In the unlikely event of non-listing by both the exchanges, the Scheme will be redeemed prematurely causing opportunity cost to the investors.

Chapter 5

FORMATION, MANAGEMENT AND ADMINISTRATION

Sponsor of the Fund

Grameen Bank

Grameen Bank is the Sponsor of the 'Grameen Mutual Fund One'. As the Sponsor, Grameen Bank has provided an initial capital of Tk16.5 million to the first Scheme of the Fund. The Bank has also set the objectives and policy guidelines of the Fund through authoring and executing the Trust Deed and the Investment Management Agreement.

Grameen Bank was established under the Grameen Bank Ordinance, 1983, operating with an objective to alleviate poverty through financial services, especially by providing microcredit. Empowering poor people is the ultimate objective of the Bank. The Government of Bangladesh owns 5% of the Bank and the rest 95% is held by the borrowers of the Bank. Mr. Tobarak Hossain is the Chairman and Professor Muhammad Yunus is the founder Managing Director of the Bank. The Government nominates three directors including the Chairman and nine other directors are elected representatives from among the Grameen borrowers.

Trustee of the Scheme

Grameen Fund

Grameen Fund, a venture capital undertaking of the Grameen family limited by guarantee is the Trustee of the Fund. Established in 1994, Grameen Fund dedicated itself in promoting, managing and financing various enterprises, which aims to create wealth for ultimate poverty alleviation. Professor Muhammad Yunus is the Chairman and Mr. Faizur Razaque is the Managing Director of this nonprofit company.

As the Trustee Grameen Fund, for all practical purposes, is the guardian of the Fund and shall be responsible for ensuring compliance as well as the protection of the properties of the Fund solely for the beneficiaries. In order to properly carry out their responsibilities, Grameen Fund has formed a Trustee Committee, with Mr. M. Faizur Razaque, Mr. Giasuddin Ahmed, Mr. M. Hafizuddin Khan and Mr. Quazi Sultan Ahmed. Brief profile of the members of the Trustee Committee is presented below:

Mr. M. Faizur Razaque is a veteran civil servant. During his 34-year career in civil service, he has worked in various capacities from the subdivisional and district administrations to the Chief Executive of some Corporations and Secretary to the Government. Some of the positions he held were the Managing Director of Biman Bangladesh Airlines, Director General of Department of Industries, Chairman of Bangladesh Small and Cottage Industries Corporation (BSCIC), Director General of Bangladesh Television (BTV), Chairman of Bangladesh Power Development Board (BPDB), Secretary of the Ministry of Power, Energy and Mineral Resources and Secretary of the Bangladesh Election Commission Secretariat. The last position he held before retirement from Government service was Alternate Executive Director in the Board of Directors of the Asian Development Bank at Manila, Philippines.

Mr. Giasuddin Ahmed, MA (Econ.), LLB is a financial sector professional. During his long career, he held the position of Chief Executive of the Investment Corporation of Bangladesh (ICB), Bangladesh Institute of Bank Management (BIBM), Bangladesh Shilpa Rin Sangstha (BSRS), and Bangladesh Shilpa Bank (BSB). He also successfully steered the operations of Al-Arafah Islami Bank Ltd. as an administrator (Chief Executive) and the restructuring of the collapsed BCCI branches in Bangladesh into the Eastern Bank Ltd. (EBL) as the Central Bank's representative and subsequently as a Consultant to the EBL. He also held the position of Chairman of the Board of Directors of the Social Investment Bank Ltd. and worked as a Consultant to the Bangladesh Bank for preparing and launching the Equity and Entrepreneurship Fund Scheme. He was also involved in the World Bank-supported Commercial Banks Reforms project as a Consultant.

M. Hafizuddin Khan is a well-known reformer in administrative and financial management. As the Comptroller and Auditor General of Bangladesh he conducted special audit on default culture in state-owned commercial banks. He also held the position of a Director in Rupali Bank, BASIC Bank and Agrani Bank. He served the government as Member-Finance of the Khulna Divisional Development Board, the Bangladesh Rural Development Board (BRDB), and the Bangladesh Agricultural Development Corporation (BADC). He also served in the Ministry of Works, the Internal Resources Division (IRD) and the Local Government Division as Joint Secretary. As Additional Secretary he worked in the Prime Minister's Office, and as Secretary he served in the Ministry of Disaster Management and Relief and the Ministry of Post and Telecommunications. As a Member of the Public Administration Reforms Commission (PRAC), he provided valuable inputs on different issues. Mr. Khan served as an Advisor to the Caretaker Government headed by Justice Latifur Rahman in 2001.

Quazi Sultan Ahmed is an accountant. He joined Grameen Bank as Accounts Officer in 1984. He carried out important responsibilities holding different positions within the organization. Presently he is working with Grameen Fund as Deputy General Manager and heading its Accounts and Administration section.

Custodian of the Scheme

Standard Chartered Bank (SCB)

SCB is a UK-based commercial bank operating in Bangladesh for over fifty years. They have been providing the custodial services to the foreign institutional portfolio investors in Bangladesh for the last several years. They are experienced and skilled in this line of business and enjoy a reputation for confidentiality, timely settlement, reporting, and collecting corporate announcements for their clients. They are also providing custodial service to AIMS First Guaranteed Mutual Fund, the first local private-sector mutual fund.

Investment Manager of the Scheme

AIMS (Asset & Investment Management Services) of Bangladesh Limited

AIMS of Bangladesh Limited is the Asset Management Company (AMC) or Manager of the Fund. They are responsible for designing, structuring, registration, floatation and day-to-day management of the Fund. AIMS is also responsible for recurring

investment activities, including portfolio construction and rebalancing, under the guidelines set in the Trust Deed and the Investment Management Agreement of the Fund.

AIMS has the distinction of conceiving and floating 'AIMS First Guaranteed Mutual Fund', the first and so far the only private sector mutual fund in Bangladesh. AIMS is actively involved in developing with the debt market and contractual savings sectors, and has also been rendering services in various financial sector development projects of different multilateral and donor agencies.

AIMS is the first investment and fund management company of its kind under private initiative in Bangladesh. The shareholders of the company are all practicing professionals, highly qualified in their professed vocation and a majority of them are either returned or expatriate Bangladeshis. It is equipped with a team of expert capital market professionals, research analysts and economists to run the outfit. The core management team has been recruited with experienced managers formerly with leading institutions at home and abroad. Mr. M. Monzurul Haque is the Chairman of the Company. Brief profile of the key personnel of the company is as under:

Yawer Sayeed, Managing Director and CEO of the company, is a dual citizen of Bangladesh and Australia with an MBA and post graduation on Applied Finance and Investment from Sydney. He is also an Associate of the Securities Institute of Australia and brings with him about 23 years of diverse hands on experience in the financial services sector at home and abroad. Well known in the industry circle for commentaries on capital market and economic issues, Mr. Sayeed also teaches in the business school at the local universities and also at other training institutes. He is Consultant of the Asian Development Bank (ADB), World Bank, Asia Foundation, Department for International Development (DFID) of UK, and other multilateral agencies and a corporate governance activist.

The AIMS research and operations team is a blend of young and experienced professionals in the capital market and investment areas. Among the key personnel **Wasiq al Azad**, *Head of Operations*, is an MBA with major in Development Management. He has over nine years' hands-on experience in investment and capital markets and heads the operations, research and corporate finance activities. **Laila Mahmuda Shilpi**, MSS, *Manager*, has over seven years experience in the capital market and looks after the overall administrative and corporate affairs. **Sukumar D'Costa**, *Head of Accounts* is a CA Intermediate and M.Com., and has over ten years of practical experience in his field, while **Nasima Sultana**, MSS, is in charge of the front office. **Ashrafal Hasan**, M.Com. is an experienced hand in securities dealing.

Auditors

Hoda Vasi Chowdhury and Co, Chartered Accountants, have been appointed as the Auditor of the Fund. They are one of the oldest audit firms of the country and are associated with world renowned Deloitte Touché Tohmatsu. Subsequent auditors shall be appointed by the Trustee.

Limitation of expenses

- (a) Issue expenses of the Scheme shall not exceed 5% (five percent) of the Fund, the details of which are provided in the Prospectus.

- (b) Total expenses (other than issue expenses) of the Scheme shall not exceed 4% of the net asset value based on weekly averages.

Fees and expenses

The Scheme will pay the fees of 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, 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, share registration expenses, commitment fee of liquidity facility, pre-operating fees and expenses and other fees due to the SEC. 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:

Issue and formation expenses

All efforts will be made so that the total issue and formation expenses shall not exceed 3.15% of the Scheme excluding the fee to the bankers to the issue and processing charges. The expenses shall be amortized within 10 (ten) years on a straight-line basis. The major expenses constituting issue and formation expenses are estimated as under:

<i>Formation Fee payable to AMC</i>	1.00%
<i>Bankers to the Issue Fee⁴</i>	0.35%
<i>Legal, Printing and Publication (including Prospectus)</i>	2.00%
<i>Other Expenses</i>	0.15%
Total	3.50%

Management fee

The Scheme shall pay a management fee to the AMC @ 2.50% per annum of the weekly NAV up to Tk50 million and @ 2% for additional amount over Tk50 million of NAV up to Tk250 million @ 1.25% and for additional amount over Tk250 million of NAV up to Tk500 million and @ 0.75% for additional amount over Tk500 million of NAV, accrued and payable annually in arrears.

Trustee fee

The Scheme shall pay an annual fee of Tk200,000 (taka two hundred thousand) to the Trustee on semi-annual installments in advance.

Custodial fee

The Scheme shall pay to the Custodian a fee @ 0.30% of the total trade volume and @ 15 basis point per annum for safe keeping calculated on month-end value of the balance securities kept with the custodian, accrued and payable monthly.

⁴ Assuming Tk600 million will be collected through subscription.

CDBL fee

For listing with the Central Depository of Bangladesh Ltd. (CDBL) there are both initial and recurring expenses. As security deposit, a Tk300,000 (taka three hundred thousand) shall be kept with the CDBL during the whole life of the Tk170 million Scheme, while an IPO fee of Tk42,500 (taka forty two thousand five hundred) will be paid during the public subscription of the Scheme. Annual fee for the Scheme shall be Tk50,000 (taka fifty thousand).

Scheme registration and annual fee

The Fund has already paid a sum of Tk100,000 (taka one hundred thousand) to the SEC as registration fee. And as per Securities and Exchange Commission (Mutual Fund) Rules 2001 the Scheme will pay an annual fee to the SEC every year during the entire life of the Scheme. The current fee is Tk170,000 (taka one hundred seventy thousand) per annum (at the rate of 0.10% on the total Scheme size of Tk170 million).

Listing fee

The Scheme shall be paying the usual listing fees and annual renewal fees to the stock exchanges as per their charge schedule on a regular basis. Current listing fee for the Scheme is Tk425,000 (taka four hundred twenty five thousand) along with a service charge of Tk5,000 (taka five thousand) and annual fee is Tk55,000 (taka fifty five thousand) at both of the Exchanges.

Audit fee

The Scheme shall pay Tk30,000 (taka thirty thousand) to the Auditors for the first year and fees for subsequent years will be fixed by the Trustee.

Accounts and information

The Scheme's financial yearend will be the July to June period as fixed by the Securities and Exchange Commission (Mutual Fund) Rules, 2001. Annual reports and audited accounts of the Scheme will be published and sent to the unitholders within 45 (forty five) days from the closure of each financial year. The NAV per unit will be published on a monthly basis in national newspapers. Furthermore, the AMC will notify the stock exchanges the monthly NAV per unit and suspension or alteration of the calculation of the NAV, if any.

Chapter 6

CAPITAL STRUCTURE, TAX STATUS AND RIGHTS OF UNITHOLDERS

1. Capital Structure

Share Issue

The Scheme has issued 17,000,000 (seventeen million) units of Tk10 (taka ten) each at par totaling Tk170,000,000 (taka one hundred seventy million), distributed as follows:

Subscribers	No. of Units	Taka
Sponsors	1,650,000	16,500,000
Pre-Public Offer Institutional Placement	10,350,000	103,500,000
Public subscription	<u>5,000,000</u>	<u>50,000,000</u>
Total Size of the Scheme	<u>17,000,000</u>	<u>170,000,000</u>

Pre-Public Offer Institutional Placement

10,350,000 (ten million three hundred fifty thousand) units at Tk10 (taka ten) each, totaling Tk103,500,000 (taka one hundred three million five hundred thousand) have been privately placed with the following financial institutions including banks, insurance companies, non-banking financial institutions and merchant banks:

Pre-Public Offer Investors	No. of Units	Taka
Bangladesh Mutual Securities Ltd. (Portfolio)	400,000	4,000,000
Bangladesh Shilpa Rin Sangstha	150,000	1,500,000
EC Securities Ltd.	100,000	1,000,000
Equity Partners Ltd.	50,000	500,000
Equity Partners Ltd. (Portfolio)	1,000,000	10,000,000
First BSRS Mutual Fund	50,000	500,000
Grameen Capital Management Ltd.	300,000	3,000,000
Grameen Capital Management Ltd. (Portfolio)	500,000	5,000,000
Green Delta Insurance Ltd.	250,000	2,500,000
IDLC of Bangladesh Ltd.	250,000	2,500,000
Investment Corporation of Bangladesh	200,000	2,000,000
Karnaphuli Insurance Company Ltd.	50,000	500,000
Meghna Life Insurance Ltd.	100,000	1,000,000
Midas Financing Ltd.	250,000	2,500,000
National Housing Finance and Investment Ltd.	400,000	4,000,000
Pangaea Partners (BD) Ltd.	800,000	8,000,000
Pragati Insurance Ltd.	200,000	2,000,000
Prime Bank Ltd.	500,000	5,000,000
Prime Finance and Investment Ltd.	400,000	4,000,000
Reliance Insurance Ltd.	500,000	5,000,000
Sandhani Life Insurance Company Ltd.	150,000	1,500,000
South Asia Capital Ltd. (Portfolio)	500,000	5,000,000
Swadesh Investment Management Ltd. (Portfolio)	1,200,000	12,000,000
The City Bank Ltd.	1,000,000	10,000,000
The Trust Bank Ltd.	800,000	8,000,000
Vanik Bangladesh Ltd.	<u>250,000</u>	<u>2,500,000</u>
Total Private Placement	<u>10,350,000</u>	<u>103,500,000</u>

Public Offer

5,000,000 (five million) units at Tk10 (taka ten) each are being offered for public subscription in cash in full on application. Units will be allocated in the manner placed alongside.		Units
	NRBs	500,000
	General Public	<u>4,500,000</u>
	Total Public Offer	<u>5,000,000</u>

Exemption from income tax

Investment in the Scheme by an individual assessee will qualify for investment tax credit under Section 44(2) of the Income Tax Ordinance, 1984. Besides, dividend, interest and capital gains of the Scheme shall be fully tax-exempt under the Sixth Schedule, Part-A Para-30 of the Income Tax Ordinance, 1984.

Rights of the Shares

The rights attaching to the units of the Scheme are as follows:

- (a) **Voting rights:** Unitholders shall have the usual voting right in person or by proxy in a meeting held in connection with any proposal to amend the size, characteristics, or tenure of the Scheme or any other agenda of meetings called by the Trustee, in the circumstances delineated in the Trust Deed. On a show of hands, every unitholder present in person or by proxy shall have one vote and, on a poll, every unitholder 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 Scheme are freely transferable and no fee shall be levied for transfer of units other than those of the CDBL. No transfer shall be made to an infant or persons of unsound mind.
- (c) **Dividend:** The units carry rights to dividends as explained in the '**Dividend Policy**' of the Scheme, set forth in Chapter 3.
- (d) **Periodic Information:** The unitholders of the Scheme shall have the right to receive the audited Annual Reports of the Scheme. Besides, they will be informed on a monthly basis about the NAV of the Scheme, through publishing the same in the newspapers and through the stock exchange(s).
- (e) **Disclosure:** The Trustees shall make or cause to make such disclosures to the investors as are essential in order to keep them informed about any development, which may have bearing on their investments.

Chapter 7

CONDITIONS FOR OFFER, ALLOTMENT AND APPLICATION OF UNITS

1. Share Issue

- i. The Fund offers 5,000,000 (five million) units of Tk10 (taka ten) each at par, totaling Tk50 (taka fifty) million for the general public.

2. Allotment of Shares

- i. NRBs shall have the right of preferential allotment to the extent of 10% (ten percent) i.e., 500,000 (five hundred thousand) units. In case of undersubscription, the unsubscribed amount shall be added to the general category.
- ii. The rest 4,500,000 (four million five hundred thousand) units will be distributed among the local general public investors.

Tk5,000,000

Tk45,000,000

Tk50,000,000

3. Minimum Amount to be Raised

- i. The target amount to be raised in respect of the Fund is Tk170,000,000 (taka one hundred seventy million) only, including the sponsor's contribution and private placement.
- ii. The Fund shall be liable to refund to the public investors the entire amount collected, if public subscription fails to collect a minimum amount of 60% (sixty percent) of the targeted amount, i.e. Tk102,000,000 (taka one hundred two million) including the sponsor's contribution and private placement.
- iii. Any amount refundable under the Rules shall forthwith, but, in any case not later than 30 (thirty) days from the date of the closure of the subscription list be refunded by a Refund Warrant with account number, bank and branch name as mentioned on the Application Form and sent through postal service or courier to the public subscribers.
- iv. In the event of failure to refund the amounts within the period stipulated in the Rules, the Fund shall be liable to refund within next 30 (thirty) days along with interest accrued at the rate prescribed in the Rules.

4. Conditions of Allotment

- i. In case of over-subscription in both the general public and NRB categories, allotment shall be made by separate lottery in both the categories among all the valid applicants in the presence of authorized representatives of Stock Exchanges, Sponsor, Trustee, AMC and the members of the public who would like to be present.
- ii. In case of undersubscription in any of the above categories, the under-subscribed portion will be allotted to the other category.
- iii. There shall not be any issue of odd lot/broad lot or fractional units.

- iv. Allotment amongst public applicants for lots other than minimum lot shall be made on *pro-rata* basis in market lots through public lottery.
- v. In case of any difficulty with respect to implementation of the conditions of offer and allotment of units, the allotment of public shares to applicants shall be made in such a manner as may be determined by the SEC.
- vi. The Fund reserves the right to accept or reject any application in whole or in part.
- vii. No paper certificate will be issued to any successful applicant. The units shall be credited directly to the BO account of the respective applicants.
- viii. Where an application is not accepted in full or in part, the money received on application will be refunded to the applicant, without any interest, within 30 (thirty) days of closing of subscription lists through a Refund Warrant with account number, bank and branch name as mentioned on the Application Form.
- ix. Interest as stipulated in the Rules will be paid to the unsuccessful applicants where application money is refunded after 30 (thirty) days from the date of closing of subscription lists.

5. Conditions of Application for General Public Subscription

- i. Application for units may be made for a minimum of 500 (five hundred) units valuing Tk5,000 (taka five thousand) or multiples thereof and must not be for less than 500 (five hundred) units or fractions thereof, i.e. less than Tk5,000 (taka five thousand) only.
- ii. Application should preferably be made on the prescribed printed forms. Application Form and Prospectus may be obtained from the registered office of the AMC, office of the Sponsor, members of DSE and CSE or from the Bankers to the Issue. The Prospectus is also available at SEC website www.secbd.org, AIMS website www.aims-bangladesh.com, and Grameen Bank website www.grameen.com. In case adequate forms are not available, applicants may use photocopied, cyclostyled, hand written or typed copies of the forms.
- iii. Joint application form for more than two persons will not be accepted. In the case of joint application, each party must sign the application form.
- iv. Application must be in full name of individuals or limited companies or trusts or societies, Bangladeshi or foreign, but not in the name of minors or persons of unsound mind.
- v. An applicant can submit only two applications, one in his/her own name and the other jointly with another person. In case an applicant makes more than two applications, those in excess of two applications shall not be considered for allotment purpose.
- vi. All completed application forms together with the subscription for the full amount payable shall be lodged by the investors, other than NRBs, with any of the branches of the Bankers to the Issue.

- vii. Payment for subscription by investors, other than NRBs, may be made to the branches/office of the banks mentioned on page 30, in Cash/Cheque/Pay Order/Bank Draft. The Cheque/Pay Order/Bank Draft shall be made payable to the bank to which it is submitted and be marked "GRAMEEN MUTUAL FUND ONE" and shall bear the crossing "A/C Payee Only" and must be drawn on a bank in the same town of the bank to which application form is deposited.
- viii. The NRB applicants will submit the filled-in application form along with foreign currency drafts in US dollar, UK sterling pound or Euro drawn and payable at Dhaka, directly to the office of AIMS of Bangladesh Limited, Chandrashila Suvastu Tower (5th Floor), 69/1 Panthapath (East), Dhaka 1205, Bangladesh.
- ix. A NRB shall apply either directly, by enclosing a foreign currency demand draft drawn on a bank payable at Dhaka, or through a nominee (including a Bank or a Company) by paying out of foreign currency deposit account maintained in Bangladesh, for the value of securities applied for. The value of securities applied for may be paid in Bangladesh taka or US dollar at the rate of exchange mentioned on the Application Form. Refund against over subscription shall be made in the currency in which the applicant paid the value of units applied for. Copies of application form and Prospectus will be available with the Bangladesh Embassy/High Commission in USA, UK, Australia, Canada, Saudi Arabia, UAE, Malaysia, Japan, Italy and South Korea.
- x. The subscription money collected from investors (other than NRBs) by the Bankers to the Issue will be remitted to the STD A/C 31 000 066, Southeast Bank Limited, Dhanmondi Branch, Dhaka 1205.
- xi. The Fund has opened one "FC Account for Public Issue" in US dollar with Standard Chartered Bank, Motijheel, Dhaka 1000 on approval of Prospectus by the SEC; and shall close the account after refund of over subscription, if any.
- xii. The subscription money collected from NRBs shall be deposited in the "Grameen Mutual Fund One (FC Account for Public Offer Subscription)" No. USD 012789426-01 in US dollar with Standard Chartered Bank, Dhaka. In case of over subscription, refund shall be made by the Fund out of the "FC Account for Public Issue".
- xiii. **APPLICATIONS NOT IN CONFORMITY WITH THE ABOVE REQUIREMENTS AND THE INSTRUCTIONS PRINTED ON THE APPLICATION FORM ARE LIABLE TO BE REJECTED.**

Banker to the Issue

AB Bank Ltd

Principal Br, Dilkusha, Dhaka.
Merchant Banking Dilkusha, Dhaka
Karwan Bazar Br, Dhaka
Dhanmondi Br, Dhaka
Mohakhali Br, Dhaka
Kakrail Br, Dhaka.
New Elephant Road Br, Dhaka
Mirpur Br, Dhaka
Uttara Br, Dhaka
Gulshan Br, Dhaka
Rokeya Sharani Br, Dhaka
Nawabpur Road Br, Dhaka
Agrabad Br, Chittagong
Khulna Br, Khulna
Modhuban Br, Sylhet

The City Bank Ltd

Principal Br, Dilkusha, Dhaka
Islamic Banking Br, Motijheel, Dhaka
Dhaka Chamber Br, Motijheel
Foreign Exchange Br, Dilkusha, Dhaka
B.B. Avenue Br, Dhaka
New Market Br, Dhaka
Islampur Road Br, Dhaka
Johnson Road Br, Dhaka
Karwan Bazar Br, Dhaka
Mouchak Br, Dhaka
Gulshan Br, Dhaka
Mirpur Br, Dhaka
Tongi Br, Gazipur
Tanbazar Br, Narayanganj
Comilla Br, Comilla
Barisal Br, Barisal
Khatungonj Br, Chittagong
Agrabad Br, Chittagong
Bandar Bazar Br, Sylhet
Rajshahi Br, Rajshahi
Khulna Br, Khulna

Investment Corporation of Bangladesh (ICB)

Head Office, Dhaka
Chittagong Br, Chittagong
Rajshahi Br, Rajshahi
Khulna Br, Khulna
Barisal Br, Barisal
Sylhet Br, Sylhet
Bogra Br, Bogra
Local Office, Naya Palatan

National Credit and Commerce Bank Ltd

Motijheel Br, Dhaka
Dilkusha Br, Dhaka
Moghbazar Br, Dhaka
Mirpur Br, Dhaka
Dhanmondi Br, Dhaka
Gulshan Br, Dhaka
Malilbagh Br, Dhaka
Uttara Br, Dhaka
Agrabad Br, Chittagong
Khatungonj Br, Chittagong
OR, Nizam Road Br, Chittagong
Jubilee Road Br, Chittagong
Khulna Br, Khulna
Jessore Br, Jessore
Laxmipur Br, Lazmipur
Rangpur Br, Rangpur
Chowhatta Br, Sylhet

Moulovi Bazar Branch

Prime Bank Ltd

Motijheel Br, Dhaka
Moulvibazar Br, Dhaka
Mohakhali Br, Dhaka
Islamic Banking Br, Dhaka
Karwan Bazar Br, Dhaka
Elephant Road Br, Dhaka
Mouchak Br, Dhaka
Gulshan Br, Dhaka
Dhanmondi Br, Dhaka
Eskaton Br, Dhaka
Banani Br, Dhaka
IBB Mirpur Br, Dhaka
Pragati Soroni Br, Dhaka
Shymoli Br, Dhaka
Uttara Br, Dhaka
Foreign Exchange Br, Dhaka
Bangshal Br, Dhaka
Panthapath Br, Dhaka
Tongi Br, Gazipur
Gonakbari Br, Savar
Narayanganj Branch
Shimrail Br, Narayanganj
Khatungonj Br, Chittagong
Agrabad Br, Chittagong
Jubilee Road Br, Chittagong
Nizam Road Br, Chittagong
Islamic Banking Br, Pahartoli
Rajshahi Br, Rajshahi
Bogra Br, Bogra
Khulna Br, Khulna
Jessore Br, Jessore
Barisal Br, Barisal
Islamic Banking, Br, Sylhet
Sylhet Branch, Sylhet
Court Road Br, Moulovi Bazar
Madhabdi Br, Narsingdi

Southeast Bank Ltd

Principal Br, Dhaka
Gulshan Br, Dhaka
Imamganj Br, Dhaka
Karwan Bazar Br, Dhaka
New Elephant Road Br, Dhaka
Dhanmondi Br, Dhaka
Banani Br, Dhaka
Uttara Br, Dhaka
New Eskaton, Br
Agargaon Br, Dhaka
Bangshal Br, Dhaka
Khatungonj Br, Chittagong
Agrabad Br, Chittagong
Jubilee Road Br, Chittagong
Halishahar Br, Chittagong
Islamic Banking, Br, Cox's Bazar
Laldighirpaar Br, Sylhet
Shahjalal Uposahar Br, Sylhet
Chouhatta Br, Sylhet
Bandar Bazar Br, Sylhet
Moulovi Bazar Br, Moulovi Bazar
Feni Branch
Kulaura Branch
Chhagalnaiya Br, Feni
Khulna Br, Khulna