

ECONOMIC OBSERVER

First Mutual Fund in private sector to be issued from Aug 1

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The First Mutual Fund in the country's private sector is likely to be issued by August. The name of the proposed Mutual Fund will be "Aims First Guaranteed Mutual Fund".

The size of the Fund, to be issued by Aims of Bangladesh, will be Taka 50 million (Taka five crore). Of the amount, sponsors will provide Taka 20 million (Taka

two crore) and the rest Taka 30 million (Taka three crore) will be raised through the public subscription and the private placement.

"This will also be the first guaranteed mutual fund in the country," said Yawer Sayeed, Managing Director of Aims of Bangladesh. Briefing a select group of newsmen about the Mutual Fund on Saturday at his office, he said after enacting the Mutual Fund Regulation in 1997 to allow mutual fund by the private sector, Aims is going to issue its first mutual fund aiming to help revitalise the ailing capital market.

He said the 'close-end' Aims First Mutual Fund will be issued for five years and the face value will be paid to the investors after five years. The face value of the mutual fund will be Taka one while the market-lot will compose 2500 units, Sayeed pointed out.

He further said that the sponsors of the fund included the major banks, leasing companies, developing financial institutes and group

of local and expatriate Bangladeshi investors.

The major institutional sponsors are: IPDC of Bangladesh, Sandhani Life Insurance Company Limited, Pangea Partners Limited, Uttara Finance Limited and IDLC of Bangladesh Limited, Sayeed said. He added that Bangladesh General Insurance Company Limited (BGIC) would be the Trustee of the Fund while the Custodian would be Standard Chartered Bank.

"Besides the traditional distribution through the stock members, the Initial Public Offerings (IPOs) of the proposed mutual fund will be distributed through the branches of the commercial banks and the agencies of the insurance companies all over the country. This will facilitate the investors scattered across the country to invest in the mutual fund and thus in the capital market," Sayeed said.

He said that the second Aims Mutual Fund would be issued by December this year after reviewing the response to the first one.

The state-owned Investment Corporation of Bangladesh (ICB) issued the country's first mutual fund in 1980. The size of the fund was Taka 50 lakh only.

ICB so far issued eight mutual funds to raise Taka 175 million (Taka 17.5 crore). The 8th ICB mutual fund was issued in July 1996. The size of the fund was Taka 50 million (Taka five crore). Besides the 'closed-ended' mutual funds, ICB issued an 'open-ended' mutual fund namely ICB Unit Certificate.

Like ICB, Bangladesh Shilpa Rin Shingtha (BSRS) also issued a mutual fund in 1997. The size of the fund was Taka 50 million (Taka five crore).

As the dividends, declared by ICB against the funds were lucrative, investors responded highly to the funds.

Corrigendum

The headline "First Mutual Fund in private sector to be issued from Aug 1" was published on the front page of Economic Observer on July 19 issue. In fact, the first Mutual Fund will be issued by August. The inadvertant mistake is regretted.