

SOUTHEAST BANK 1ST MUTUAL FUND

PROSPECTUS

SPONSORED BY



ASSET MANAGER



VIPB ASSET MANAGEMENT COMPANY LIMITED

FEBRUARY 08, 2011



PROSPECTUS FOR SOUTHEAST BANK 1ST MUTUAL FUND

SIZE OF THE FUND: TK. 100.00 CRORE DIVIDED INTO 10,00,00,000 UNITS AT PAR VALUE OF TK.10.00 EACH

SPONSOR'S CONTRIBUTION: 2,50,00,000 UNITS OF TK. 10 EACH AT PAR FOR TK. 25,00,00,000.00

PRE-IPO PLACEMENT: 2,50,00,000 UNITS OF TK. 10 EACH AT PAR FOR TK. 25,00,00,000.00

PUBLIC OFFER: 5,00,00,000 UNITS OF TK. 10 EACH AT PAR FOR TK. 50,00,00,000.00

RESERVED FOR MUTUAL FUNDS: 50,00,000 UNITS OF TK. 10 EACH AT PAR FOR TK. 5,00,00,000.00

NON RESIDENT BANGLADESHIS: 50,00,000 UNITS OF TK. 10 EACH AT PAR FOR TK. 5,00,00,000.00

RESIDENT BANGLADESHIS: 4,00,00,000 UNITS OF TK. 10 EACH AT PAR FOR TK. 40,00,00,000.00

THIS OFFER DOCUMENT SETS FORTH CONCISELY THE INFORMATION ABOUT THE FUND THAT A PROSPECTIVE INVESTOR OUGHT TO KNOW BEFORE INVESTING. THIS OFFER DOCUMENT SHOULD BE READ BEFORE MAKING AN APPLICATION FOR THE UNITS AND SHOULD BE RETAINED FOR FUTURE REFERENCE. INVESTING IN THE SOUTHEAST BANK 1ST MUTUAL FUND (HEREINAFTER THE FUND) BEARS CERTAIN RISKS THAT INVESTORS SHOULD CAREFULLY CONSIDER BEFORE INVESTING IN THE FUND. INVESTMENT IN THE CAPITAL MARKET AS WELL AS IN THE FUND BEARS CERTAIN RISKS THAT ARE TYPICALLY ASSOCIATED WITH MAKING INVESTMENTS IN SECURITIES INCLUDING LOSS OF PRINCIPAL AMOUNT INVESTED. THERE CAN BE NO ASSURANCE THAT THE FUND WILL ACHIEVE ITS INVESTMENT OBJECTIVES. THE FUND VALUE CAN BE VOLATILE AND NO ASSURANCE CAN BE GIVEN THAT INVESTORS WILL RECEIVE THE AMOUNT ORIGINALLY INVESTED. WHEN INVESTING IN THE FUND, INVESTORS SHOULD CAREFULLY CONSIDER THE RISK FACTORS OUTLINED IN THE DOCUMENT.

THE SPONSOR, AMC OR THE FUND IS NOT GUARANTEEING ANY RETURNS

THE PARTICULARS OF THE FUND HAVE BEEN PREPARED IN ACCORDANCE WITH THE সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১ (SECURITIES AND EXCHANGE COMMISSION (MUTUAL FUND) REGULATIONS, 2001), AS AMENDED TILL DATE AND FILED WITH SECURITIES AND EXCHANGE COMMISSION (SEC) OF BANGLADESH.

THE ISSUE/FUND SHALL BE PLACED IN "A" CATEGORY. THE FUND SHALL APPLY FOR LISTING WITH BOTH THE STOCK EXCHANGES.

SPONSOR:

SOUTHEAST BANK LIMITED

TRUSTEE:

INVESTMENT CORPORATION OF BANGLADESH (ICB)

CUSTODIAN:

INVESTMENT CORPORATION OF BANGLADESH (ICB)

ASSET MANAGEMENT COMPANY:

VIPB ASSET MANAGEMENT COMPANY LIMITED (VIPB AMCL)

SUBSCRIPTION

SUBSCRIPTION OPENS: MARCH 6, 2011
SUBSCRIPTION CLOSES: MARCH 10, 2011

FOR NON-RESIDENT BANGLADESHIS
SUBSCRIPTION CLOSES ON: MARCH 19, 2011

DATE OF PUBLICATION OF PROSPECTUS: FEBRUARY 08, 2011

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APPLICATION FORM



FUND DIRECTORY

Registered Office	VIPB Asset Management Company Limited Shamsuddin Mansion (4 th Floor) 41 Gulshan (North) Commercial Area Gulshan 2, Dhaka-1212, Bangladesh	Sponsor	Southeast Bank Limited Eunoos Trade Center 52-53, Dilkusha C/A (Level – 2, 3, 16) Dhaka-1000, Bangladesh
Trustee	Investment Corporation of Bangladesh (ICB) BDBL Bhaban 8, Rajuk Avenue (15th Floor) Dhaka-1000, Bangladesh	Custodian	Investment Corporation of Bangladesh (ICB) BDBL Bhaban 8, Rajuk Avenue (15th Floor) Dhaka-1000, Bangladesh
Auditor	Hoda Vasi Chowdhury & Co. BTMC Bhaban (8 th Level) 7-9 Kawran Bazar Dhaka-1215, Bangladesh	Banker	Southeast Bank Limited Eunoos Trade Center 52-53, Dilkusha C/A (Level – 2, 3, 16) Dhaka-1000, Bangladesh
Investors Service	VIPB Asset Management Company Limited Shamsuddin Mansion (4 th Floor) 41 Gulshan (North) Commercial Area Gulshan 2, Dhaka-1212, Bangladesh		

ABBREVIATIONS AND DEFINITIONS

Term	:	Definition
বিধিমালা / Rules	:	সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১
Act	:	Securities and Exchange Commission Act 1993
Allotment	:	Letter of Allotment for units
AMC	:	The Asset management Company (AMC) refers to “VIPB Asset Management Company Limited” registered with the Registrar of Joint Stock Companies and Firms
BO A/C	:	Beneficiary Owner’s Account or Depository Account
CDBL	:	Central Depository Bangladesh Limited
Certificate	:	Unit Certificate of the Fund
Commission	:	Securities and Exchange Commission
Cheque (MICR code)	:	All payment instruments (Cheque/Pay Order/Other Cash Instruments) should be Magnetic Ink Character Recognition (MICR) coded as per the Bangladesh Bank Rules
Companies Act	:	Companies Act 1994 (Act number 18)
CSE	:	Chittagong Stock Exchange
DSE	:	Dhaka Stock Exchange
EPS	:	Earnings Per Share
FC Account	:	Foreign Currency Account
FI	:	Financial Institution
ICB	:	Investment Corporation of Bangladesh
Issue	:	Public Issue
NAV	:	Net Asset Value of the Fund
NBFI	:	Non-Banking Financial Institutions
Net Assets	:	The excess of Assets over liabilities of the Fund, computed in the manner specified hereunder
NBR	:	National Board of Revenue
NRB	:	Non-Resident Bangladeshis 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
Offering Price	:	Price of the Securities of the Fund being offered
RJSC	:	Registrar of Joint Stock Companies and Firms
SEC	:	Securities and Exchange Commission
Securities	:	Units of the Fund
Sponsor	:	Sponsor of the Fund i.e. Southeast Bank Limited incorporated as a public limited company with the Registrar of Joint Stock Companies and Firms
Subscription	:	Application Money
The Fund	:	Southeast Bank 1 st Mutual Fund
Unit	:	One undivided share of the Fund

**FUND HIGHLIGHTS**

1	Name	Southeast Bank 1st Mutual Fund
2	Size of the Fund	Tk. 100 crore divided into 10,00,00,000 units at par value of Tk.10 each
3	Face value and Market lot	Tk. 10.00 per unit; 500 units per lot
4	Nature	Close-ended Mutual Fund of 10 (ten) years' tenure
5	Objective	The objective of this Fund is to provide attractive risk adjusted returns to the unit holders by investing the proceeds in the Capital Market and Money Market.
6	Target group	Individuals, Institutions, Non-Resident Bangladeshis (NRB), Mutual Funds and Collective Investment Scheme are eligible to apply for investment in the Fund.
7	Dividend	Minimum 70% realized 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	Time of distribution	The dividend will be distributed within 45 days from the date of declaration.
9	Transferability	Units are transferable. The transfer will be made by CDBL under electronic settlement process.
10	Encashment	The Fund will be listed with DSE and CSE. So investment in this Fund will be easily encashable.
11	Tax benefit	Income will be tax free up to a certain level, which is permitted as per the 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 Southeast Bank 1st Mutual Fund (hereinafter the Fund) bears certain risks that investors should carefully consider before investing in the Fund. Investing in the capital market bears certain risks that are normally associated with making investments in securities including loss of principal amount invested. There can be no assurance that the Fund will achieve its investment objectives. The Fund value can be volatile and no assurance can be given that investors will receive the amount originally invested. When investing in the Fund, investors should carefully consider the risk factors outlined below, which are not necessarily exhaustive or mutually exclusive.

- GENERAL:** There is no assurance that the Fund will be able to meet its investment objective and investors could potentially incur losses, including loss of principal when investing in the Fund. Investment in the Fund is not guaranteed by any government agency, the Sponsor or the AMC. Mutual Funds and securities investments are subject to market risks and there can be no assurance or guarantee that the Fund's objectives will be achieved. As with any investment in securities, the Net Asset Value of the Fund may go up or down depending on the various factors and forces affecting the capital markets. Past performance of the Sponsors and their affiliates and the AMC do not indicate the future performance of the Fund. Investors should study this Offer Document carefully in its entirety before investing.
- EXTERNAL RISK FACTOR:** Performance of the Fund is substantially dependent on the macroeconomic situation and in the capital market of Bangladesh. Political and social instability may have an adverse effect on the value of the Fund's assets. Adverse natural climatic condition may impact the performance of the Fund.
- MARKET RISK:** The Bangladesh capital market is highly volatile and mutual Fund prices and prices of other securities can fluctuate significantly. The Fund may lose its value or incur a sizable loss on its investments due to such market volatility. Stock market trends indicate that prices of majority of all the listed securities move in unpredictable direction which may affect the value of the Fund. Furthermore, there is no guarantee that the market prices of the units of the Fund will fully reflect their underlying Net Asset Values.
- CONCENTRATION RISK:** Due to the limited number of listed securities in both the stock exchanges (DSE and CSE), it may be difficult to invest the Fund's assets in a widely diversified portfolio as and when required to do so. Due to a very thin secondary fixed income/debt market in Bangladesh, it would be difficult for the Fund Manager to swap between asset classes, if and when required. Limited options in the money market instruments will narrow the opportunity of short term or temporary investments of the Fund which may adversely impact the returns.
- DIVIDEND RISK:** Despite careful investment selection of companies in the Fund, if the companies fail to provide the expected dividend or fail to disburse dividends declared in a timely manner that will impact the income and the overall return of the Fund.
- UNDERLYING LIQUIDITY RISK:** For investing in Pre-Public Offer Placement securities i.e. in the unlisted equity securities by the Fund, may involve liquidity risk. In addition, market conditions and investment allocation may have an impact on the ability to sell securities during periods of market volatility. Debt securities, while somewhat less liquid, lack a well-developed secondary market, which may restrict the selling ability of the Fund, and may lead to the Fund incurring losses till the security is finally sold. While securities listed on the stock exchange carry lower liquidity risk, the ability to sell these investments is limited by the overall trading volume on the stock exchanges and may lead to the Fund incurring losses till the security is finally sold.
- INVESTMENT STRATEGY RISK:** Since the Fund will be an actively managed portfolio, the Fund is subject to management strategy risk. Although the AMC will apply its investment process and risk minimization techniques when making investment decisions for the Fund, there can be no guarantee that such process and techniques will produce the desired outcome.
- CREDIT RISK:** Since the Fund will seek to invest as per the Mutual Fund Regulations (2001) in both equity and fixed income securities, the credit risk of the fixed income issuers is also associated with the Fund. Investment in fixed income securities is subject to the risk of an issuer's inability to meet interest and principal payments on its obligations and market perception of the creditworthiness of the issuer.
- INTEREST RATE RISK:** The Net Asset Value (NAV) of the Fund, to the extent invested in Debt and Money Market securities, will be affected by changes in the general level of interest rates. The NAV of the Fund is expected to increase from a fall in interest rate while it would be adversely affected by an increase in the level of interest rates. In addition, zero coupon securities do not provide periodic interest payments to the holders of the security; these securities are more sensitive to changes in interest rates. Therefore, the interest rate risk of zero coupon securities is higher. The AMC may choose to invest in zero coupon securities that offer attractive yields. This may increase the risk of the portfolio.
- ISSUER RISK:** In addition to market and price risk, value of an individual security can, in addition, be subject to factors unique or specific to the issuer, including but not limited to management malfeasance, lack of accounting transparency, management performance, and management decision to take on financial leverage. Such risk can develop in an unpredictable fashion and can only be partially mitigated, and sometimes not at all, through research or due diligence. To the degree that the Fund is exposed to a security whose value declines due to issuer risk, the Fund's value may be impaired.

THE MUTUAL FUND IS NOT GUARANTEEING OR ASSURING ANY RETURNS.

1.0 PRELIMINARY

1.1 PUBLICATION OF PROSPECTUS FOR PUBLIC OFFERING

VIPB Asset Management Company Limited (VIPB AMCL) 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 (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১ made there under and also received approval for issuing Prospectus for the public offering available for public inspection at the registered office of the Fund.

1.2 APPROVAL OF 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 (মিউচুয়াল 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 **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 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 **7 (seven) days** of expiry of the aforesaid **15 (fifteen) days** time period allowed for refund of the subscription money.”

1.4 DOCUMENTS AVAILABLE FOR INSPECTION

1.4.1 PROSPECTUS

Copy of this Prospectus will be available with the Members of the Stock Exchanges, website and the registered office of the VIPB Asset Management Company Limited (www.vipbamc.com) and also at the website of Securities and Exchange Commission (www.secbd.org).

1.4.2 TRUST DEED AND INVESTMENT MANAGEMENT AGREEMENT

Copy of the Trust Deed and the Investment Management Agreement will be available for public inspection during business hours at the head office of the Asset Management Company of the Fund. The Trust Deed and the Investment Management Agreement may also be viewed on the website of VIPB Asset Management Company Limited (www.vipbamc.com).

1.5 CONDITIONS OF THE PUBLIC OFFER (PO)

1.5.1 PART-A

1. The Fund shall go for Public Offer (PO) for 5,00,00,000 units of Taka 10/- each at par worth Tk. 50,00,00,000.00 (Taka fifty crore) only following the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল 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 the 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 Fund 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 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(s) 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 Offering 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 oversubscription. **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 above-mentioned time period will not be considered for allotment purpose.
10. The Asset Management Company shall apply the spot buying rate (TT clean) in US Dollar, 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 the 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), branch-wise subscription statement. The final list of valid and invalid applicants shall be finalized after examining with the CDBL in respect of 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. 60.00 crore only) of the targeted amount (i.e. Tk. 100.00 crore only) under বিধি ৪৮ of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১ is not subscribed.**
14. **Public Offer distribution system:**
 - a) **Units of Tk. 5,00,00,000.00 (Taka five crore) only** of total public offering shall be reserved for Non-Resident Bangladeshi (NRB), **units of Tk. 5,00,00,000.00 (Taka five crore) only** for mutual funds and

- collective investment schemes registered with the Commission, and the remaining units of **Tk. 40,00,00,000.00 (Taka forty crore) only** shall be open for subscription by the general public.
- b) All securities/units stated by in para (a) shall be offered for subscription and subsequent allotment 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 **oversubscription 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 **undersubscription** under any of the 2 (two) categories [i.e. units of **Tk. 5,00,00,000.00 (Taka five crore) only for NRB and units of Tk. 5,00,00,000.00 (Taka five crore) only for mutual funds**] mentioned in para (a), the unsubscribed portion shall be added to the **general public category** [units of Tk. 40,00,00,000.00 (Taka forty crore) only] and, if after such addition, there is oversubscription 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 the authorized representatives of 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 provided in respective application form for subscription. After completion of remittance of the Fund to the respective applicant's bank account, the Asset Manager shall disclose the information in the newspaper where the abridged version of the Prospectus has been published. In this regard 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. All the applicants shall first be treated as **applied** for one minimum market lot of **500 (five hundred) units worth Tk. 5,000/- (Taka five thousand) only**. If, on the basis, there is oversubscription, the lottery shall be held amongst the applicants allocating one identification number for each application, irrespective of application money. In case of oversubscription 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, Trustee, Asset Manager, and applicants, if there be any.
18. **An Applicant cannot submit more than 2 (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.**
19. Lottery (if applicable) will be held within **4 (four) weeks** from closure of the subscription date.
20. 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.
21. **Unit Certificates for 100% of the Sponsor's contribution amounting Tk. 25,00,00,000.00 (Taka twenty five crore) only shall be subject to a lock-in period of 1 (one) year from the date of listing in the Stock Exchange(s), and 1/10th of the Sponsor's contribution amounting to Tk. 2,50,00,000.00 (Taka two crore and fifty lac) only shall be subject to a lock-in period of full time of the Fund's life.**
22. All Pre-IPO Placement will be in **1 (one) year lock-in period** from the date of listing of the Fund.
23. If the Asset Management Company fails to collect the minimum 60% of the targeted amount under *বিধি ৪৮* of the *সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল 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 per cent) per annum from its own account within the next month.
24. 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% (eighteen per cent) per annum from its own account within the next month.

25. 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.
26. The Asset Management Company shall apply for listing of the Fund with Stock Exchange(s) within **7 (seven) days** of first publication of the Prospectus.
27. **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 **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 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 the Trustee, shall ensure due compliance of the above mentioned 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.”
28. **Letter informing allotment shall be issued within 5 (five) weeks from the closure of subscription.**
29. The Fund shall maintain **escrow bank account** for proceeds of public offering. The Fund collected through public offering shall not be utilized prior to the allotment and shall be affected through banking channel i.e., through account payee cheque, pay order, bank draft etc.
30. The Fund shall not be involved in **option trading, short selling or carry forward** transactions.
31. The Annual Report of the Fund or abridged version of the Annual Report of the Fund shall be published within **45 (forty-five) days** of the closure of each accounting year of the Fund.
32. The Annual Report and details of investment and savings of the Fund shall be submitted to the Commission, Trustee and Custodian of the Fund within **90 (ninety) days** from the closure of the accounts.
33. Half-yearly accounts/financial results of the Fund 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.
34. 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.
35. Net Asset Value (NAV) of the Fund shall be calculated and disclosed publicly as per the বিধি ৬০ of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১.
36. SEC may appoint auditors for special audit/investigation on the affairs of the Fund, if it so desires.

1.5.2 PART-B

1. The Asset Management Company (i.e. VIPB Asset Management Company Limited) shall ensure that the Prospectus/abridged version of the Prospectus is 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 the allotment and/or issuance of units, 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.

**1.5.3 PART-C**

1. All the above imposed conditions shall be incorporated in the Prospectus/abridged version of the Prospectus 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.

1.5.4 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.
2. **An applicant (including NRB) shall not be able to apply for allotment of units without Beneficiary Owners account (BO account).** Asset Management Company shall also ensure due compliance of all the above-mentioned conditions.

1.5.5 PART-E**GENERAL INFORMATION**

1. This Prospectus has been prepared by VIPB Asset Management Company Limited based on the Trust Deed executed between the Trustee and the Sponsor of the Fund, which is approved by the Commission and available publicly. The information contained herein is true and correct in all material aspects and that there are no other material facts, the 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 VIPB Asset Management Company Limited.
3. The issue as contemplated in this document is made in Bangladesh and is subject to the exclusive jurisdiction of the court of Bangladesh. Forwarding this Prospectus to any person residing outside Bangladesh in no way implies that the issue is made in accordance with the laws of that country or is subject to the jurisdiction of the laws of that country.

1.6 SUBSCRIPTION

Subscription to the Southeast Bank 1st Mutual Fund will remain open for **5 (five) consecutive banking days** which will commence at the opening of banking business on **March 6, 2011** and will be closed at the end of the banking business on **March 10, 2011**.

1.7 DECLARATIONS**1.7.1 DECLARATION 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 Asset Management Company, 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/-

(Syed Imtiaz Hasib)

Deputy Managing Director
Southeast Bank Limited

1.7.2 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 (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১, the ডিপজিটরি আইন, ১৯৯৯ and other related documents as relevant for adequate disclosure of the Fund's objectives and investment strategies to the investors. We also confirm that:

- a) This Prospectus is in conformity with the documents, materials and papers related to the offer;

- b) All the legal requirements of the issue have been duly fulfilled; and
- c) 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/-

(Shahidul Islam)

Chief Executive Officer

VIPB Asset Management Company Limited

1.7.3 DECLARATION ABOUT THE RESPONSIBILITY OF TRUSTEE

We, as the Trustee of The Southeast Bank 1st Mutual Fund, accept the responsibility and confirm that we shall:

- a) Be the guardian of the Fund, held in trust for the benefit of the unit holders in accordance with the Rules & Trust Deed;
- b) Always act in the interest of the unit holders;
- c) Take all the reasonable care to ensure that the Fund floated and managed by the Asset Management Company is in accordance with the Trust Deed and the Rules;
- d) 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; and
- e) Take such remedial steps as are necessary to rectify the situation where we have reason to believe that the conduct of business of the Fund is not in conformity with the relevant Rules.

Sd/-

(Md. Kamrul Islam Asad)

Deputy General Manager

Investment Corporation of Bangladesh

1.7.4 DECLARATION ABOUT THE RESPONSIBILITY OF CUSTODIAN

We, as Custodian of The Southeast Bank 1st Mutual Fund accept the responsibility and confirm that we shall:

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

Sd/-

(Md. Kamrul Islam Asad)

Deputy General Manager

Investment Corporation of Bangladesh

2.0 BACKGROUND

2.1 FORMATION OF SOUTHEAST BANK 1ST MUTUAL FUND

Southeast Bank Limited has decided to sponsor and launch Southeast Bank 1st Mutual Fund. The Board of Directors and senior management of Southeast Bank Limited strongly believe sponsoring a mutual fund is an efficient and effective means of expanding its capital market investment alternatives that will result in an attractive and stable profit source for Southeast Bank Limited and lead to a greater development of the capital markets in Bangladesh.

To further this initiative, VIPB Asset Management Company Limited will be the Asset Manager for Southeast Bank 1st Mutual Fund, with Investment Corporation of Bangladesh (ICB) as the Trustee and Custodian of the Fund.

2.2 ADVANTAGES OF INVESTING IN SOUTHEAST BANK 1ST MUTUAL FUND

Generally, investment in mutual funds provides certain incremental advantages when compared to investment made directly in the capital market. Highlighted below are some of the advantages the investors may benefit from when investing in a mutual fund:

1. Mutual funds generally lower investment risks for small and retail investors through diversification into multiple sectors, companies, securities, and via investing in various asset classes. The fund manager will attempt to maximize return for a given level of risk and always conduct a balance in his risk-return tradeoff.
2. Mutual funds through its diversified pool of investments will provide small investors access to returns of the wider market, which will not be very costly for retail investors to achieve.
3. Greater participation of mutual funds will add to enhanced liquidity to the overall market and, since most mutual funds are long terms investment vehicles, this will create price stability and better price discovery and reduce short term volatility in the market.
4. The Fund's performance will benefit from the VIPB Asset Management Company Limited proprietary investment process and research tools for both fundamental and technical analysis; AMC has a highly skilled in-house research team who are experienced investment professionals dedicated to analyzing in depth the Bangladesh stock market., its scripts and the impact of the broader macro factors that impact the markets.
5. As the Fund will be professionally managed, investors will be relieved from the emotional stress associated with day-to-day management of investment portfolio.
6. In Bangladesh, mutual funds enjoy a 10% (ten percent) reserved quota for all Initial Public Offerings (IPOs). IPOs in Bangladesh have historically performed very well relative to the market index and have positively contributed to mutual fund performance.
7. The investors will be able to save significantly in transaction costs as he/she will have access to a large number of securities by purchasing a single unit of the mutual fund.
8. Income will be tax free up to a certain level, as permitted under the Finance Act.
9. Investment in the Fund will qualify for investment tax credit under section 44(2) of the Income Tax Ordinance 1984.
10. Management and operations of mutual funds are subject to strict regulations from the SEC and the Sponsor appointed Trustee, both of whom closely monitor the performance of the funds. The laws governing mutual funds require exhaustive disclosure to the regulator and general public.

2.3 THE CONSTITUTION OF THE FUND

Southeast Bank 1st Mutual Fund has been constituted by a Trust Deed entered into between Southeast Bank Limited and Investment Corporation of Bangladesh on **August 30, 2010** under the Trust Act, 1882 and Registration Act, 1908.

The Fund was registered by the SEC on **September 19, 2010** under the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১.

2.4 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.



2.5 SIZE, FACE VALUE AND MARKET LOT OF THE FUND

- Total size of the Fund is fixed at 10,00,00,000 (ten crore) units of Tk. 10.00 each totaling Tk.100,00,00,000.00 (Taka one hundred crore) only.
- Sponsor's portion of the fund is 2,50,00,000 units of Tk. 10.00 each i.e. Tk. 25,00,00,000.00 (Taka twenty five crore) only.
- Size of the Pre-IPO Private Placement is 2,50,00,000 (two and a half crore) units of Tk. 10.00 each totaling Tk. 25,00,00,000.00 (Taka twenty five crore) only.
- Size of the Initial Public Offering (IPO) is 5,00,00,000 (five crore) units each worth Tk. 10.00, totaling Tk.50,00,00,000.00 (Taka fifty crore) only available as public offering to the general public, NRBs, Mutual Funds and collective investment schemes.
- The market lot will be constituted of 500 (five hundred) units.

3.0 INVESTMENT OBJECTIVES AND POLICIES

3.1 INVESTMENT OBJECTIVE

The investment objective of the Fund is to earn superior risk adjusted return by maintaining a diversified investment portfolio and provide attractive dividend payments to the unit holders.

3.2 INVESTMENT POLICIES

Investment Objectives	The Fund shall invest subject to the বিধিমালা and only in those securities, deposits and investments approved by the Securities and Exchange Commission and/or the Bangladesh Bank and/or the 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 and 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% of its total assets 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 assets of the Fund will be invested in Fixed Income Securities (FIS).
	Not more than 15% of the total assets of the Fund shall be invested in Pre-IPOs at one time.
Investment Decision	Only the Asset Management Company will make the investment decision and place order 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 managed by 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 আইন, ১৯৯৩, and the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১.
- 4) All money collected under the Fund except the part of fixed income securities or hedging instruments, if any, 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 itself in option trading or short selling or carry forward transactions.
- 6) The Fund shall not buy its own unit.
- 7) The Fund shall not take any loan.

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 (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১) by the total number of units outstanding. As per section 58 of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১, the valuation policy of investment of the Fund needs to be approved by Securities and Exchange Commission. Valuation criteria so far approved by the Commission in the Trust Deed are as below:

- 1) For listed securities, the average quoted closing 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 investments. The auditors shall comment on such investment in the annual reports of the Fund.
- 4) When the securities were not traded either at DSE or CSE on the particular valuing date, immediate previous average price, which one is nearer, but no longer than 30 (thirty) days to the valuing date will be taken into account.
- 5) The valuation of listed securities not traded within previous 1 (one) month will be made within reasonable standards by VIPB Asset Management Company Limited 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.
- 6) 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 (NAV) 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 calculate 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 investment + 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

VIPB Asset Management Company Limited will have discretionary authority over the Fund's portfolio about investment decision. VIPB Asset Management Company Limited 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 (মিউচুয়াল 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 each 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 70% of the realized income 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 below the acquisition cost, and the method of calculation of the 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 45 (forty five) 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.

4.0 RISK CONSIDERATIONS

4.1 RISK FACTORS

Investing in the Southeast Bank 1st Mutual Fund (hereinafter the Fund) bears certain risks that investors should carefully consider before investing in the Fund. Investing in the capital market bears certain risks that are normally associated with making investments in securities including loss of principal amount invested. There can be no assurance that the Fund will achieve its investment objectives. The Fund value can be volatile and no assurance can be given that investors will receive the amount originally invested. When investing in the Fund, investors should carefully consider the risk factors outlined below, which are not necessarily exhaustive or mutually exclusive.

- 4.1.1 GENERAL:** There is no assurance that the Fund will be able to meet its investment objective and investors could potentially incur losses, including loss of principal when investing in the Fund. Investment in the Fund is not guaranteed by any government agency, the Sponsor or the AMC. Mutual Funds and securities investments are subject to market risks and there can be no assurance or guarantee that the Fund's objectives will be achieved. As with any investment in securities, the Net Asset Value of the Fund may go up or down depending on the various factors and forces affecting the capital markets. Past performance of the Sponsors and their affiliates and the AMC do not indicate the future performance of the Fund. Investors should study this Offer Document carefully in its entirety before investing.
- 4.1.2 EXTERNAL RISK FACTOR:** Performance of the Fund is substantially dependent on the macroeconomic situation and in the capital market of Bangladesh. Political and social instability may have an adverse effect on the value of the Fund's assets. Adverse natural climatic condition may impact the performance of the Fund.
- 4.1.3 MARKET RISK:** The Bangladesh capital market is highly volatile and mutual Fund prices and prices of other securities can fluctuate significantly. The Fund may lose its value or incur a sizable loss on its investments due to such market volatility. Stock market trends indicate that prices of majority of all the listed securities move in unpredictable direction which may affect the value of the Fund. Furthermore, there is no guarantee that the market prices of the units of the Fund will fully reflect their underlying Net Asset Values.
- 4.1.4 CONCENTRATION RISK:** Due to the limited number of listed securities in both the stock exchanges (DSE and CSE), it may be difficult to invest the Fund's assets in a widely diversified portfolio as and when required to do so. Due to a very thin secondary fixed income/debt market in Bangladesh, it would be difficult for the Fund Manager to swap between asset classes, if and when required. Limited options in the money market instruments will narrow the opportunity of short term or temporary investments of the Fund which may adversely impact the returns.
- 4.1.5 DIVIDEND RISK:** Despite careful investment selection of companies in the Fund, if the companies fail to provide the expected dividend or fail to disburse dividends declared in a timely manner that will impact the income and the overall return of the Fund.
- 4.1.6 UNDERLYING LIQUIDITY RISK:** For investing in Pre-Public Offer Placement securities i.e. in the unlisted equity securities by the Fund, may involve liquidity risk. In addition, market conditions and investment allocation may have an impact on the ability to sell securities during periods of market volatility. Debt securities, while somewhat less liquid, lack a well-developed secondary market, which may restrict the selling ability of the Fund, and may lead to the Fund incurring losses till the security is finally sold. While securities listed on the stock exchange carry lower liquidity risk, the ability to sell these investments is limited by the overall trading volume on the stock exchanges and may lead to the Fund incurring losses till the security is finally sold.
- 4.1.7 INVESTMENT STRATEGY RISK:** Since the Fund will be an actively managed portfolio, the Fund is subject to management strategy risk. Although the AMC will apply its investment process and risk minimization techniques when making investment decisions for the Fund, there can be no guarantee that such process and techniques will produce the desired outcome.
- 4.1.8 CREDIT RISK:** Since the Fund will seek to invest as per the Mutual Fund Regulations (2001) in both equity and fixed income securities, the credit risk of the fixed income issuers is also associated with the Fund. Investment in fixed income securities is subject to the risk of an issuer's inability to meet interest and principal payments on its obligations and market perception of the creditworthiness of the issuer.
- 4.1.9 INTEREST RATE RISK:** The Net Asset Value (NAV) of the Fund, to the extent invested in Debt and Money Market securities, will be affected by changes in the general level of interest rates. The NAV of the Fund is expected to increase from a fall in interest rate while it would be adversely affected by an increase in the level of interest rates. In addition, zero coupon securities do not provide periodic interest payments to the holders of the security; these securities are more sensitive to changes in interest rates. Therefore, the interest rate risk of zero coupon securities is higher. The AMC may choose to invest in zero coupon securities that offer attractive yields. This may increase the risk of the portfolio.

4.1.10 ISSUER RISK: In addition to market and price risk, value of an individual security can, in addition, be subject to factors unique or specific to the issuer, including but not limited to management malfeasance, lack of accounting transparency, management performance, and management decision to take on financial leverage. Such risk can develop in an unpredictable fashion and can only be partially mitigated, and sometimes not at all, through research or due diligence. To the degree that the Fund is exposed to a security whose value declines due to issuer risk, the Fund's value may be impaired.

THE MUTUAL FUND IS NOT GUARANTEEING OR ASSURING ANY RETURNS.

4.2 EXPECTED MARKET PERFORMANCE OF THE FUND

- 1) Mutual fund industry is still in its infancy in Bangladesh and represents approx. 1% of the total market capitalization and currently a significant demand for the product exists. Therefore it is possible that demand for Southeast bank 1st Mutual Fund units will be substantially over the supply of units.
- 2) Brand name of Southeast Bank Limited, as a Sponsor and Investment Corporation of Bangladesh (ICB) as a Trustee and Custodian and their respective track record in the past may motivate investors to invest in this Fund.
- 3) VIPB Asset Management Company Limited having an experienced and highly qualified investment management team as an new generation Asset Management Company (AMC) will attract investors to invest in this Fund.

4.3 WHO TO 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 variability of returns, has a moderate to high tolerance for risk and is 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 limited portion of his/her total portfolio into the Fund.

5.0 FORMATION, MANAGEMENT AND ADMINISTRATION

5.1 SPONSOR OF THE FUND: SOUTHEAST BANK LIMITED

Southeast Bank Limited was incorporated as a Public Limited Company under Companies Act, 1994 on March 12, 1995 and started commercial banking operations on May 25, 1995 with a dream and a vision to become a pioneer banking institution of the country and contribute significantly to the growth of the national economy. The Bank was established by leading business personalities and eminent industrialists of the country with stakes in various segments of the national economy. During this short span of time the Bank has succeeded in positioning itself as a progressive and dynamic financial institution in the country.

The Bank has been widely acclaimed by the business community, from small entrepreneurs to large traders and industrial conglomerates, including the top-rated corporate borrowers, for its forward-looking business outlook and innovative financial solutions. Thus within this very short period of time it has been able to create an image and earn significant reputation in the country's banking sector as a Bank with Vision. At present, it has 69 branches as on 20th of December 2010.

Southeast Bank Limited has been licensed by the Government of Bangladesh as a Scheduled commercial bank in the private sector in pursuance of the policy of liberalization of banking and financial services and facilities in Bangladesh. In view of the above, the Bank, within a period of 15 years of its operation, has achieved remarkable success fully meeting capital adequacy requirement of Bangladesh Bank.

As evident from the financial statements for the last 10 years, it has been growing rapidly as one of the leaders of the new generation banks in the private sector in terms of business and profitability.

5.2 TRUSTEE AND CUSTODIAN OF THE FUND: INVESTMENT CORPORATION OF BANGLADESH (ICB)

In order to ensure maximum trust and confidence of the investors, supervisory bodies and the persons concerned towards the Fund, the Investment Corporation of Bangladesh (ICB) will act as the Trustee & Custodian of the Fund.

The Investment Corporation of Bangladesh (ICB) was established on October 01, 1976, under "The Investment Corporation of Bangladesh" Ordinance, 1976 (No. XL of 1976) with a view to encouraging and broadening the base of investment, develop the capital market, mobilize savings, promote and establish subsidiaries for business development & provide for matters ancillary thereto. Over the years, the activities of ICB have grown manifold, particularly in Merchant Banking, Mutual Funds operations and Lease Financing activities. ICB is the biggest investment bank and the harbinger of Mutual Funds in the country. Out of country's 31 (thirty one) close-end Mutual Funds, ICB manages 8 (eight) Funds. ICB also manages the biggest open-end Fund in the country. It was also the single largest stockbroker and dealer in Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited.

In the reporting year, ICB and its subsidiary companies contribution to total turnover (Tk. 1,01,897.20 crore) of both the bourses was 5.32%, which was 6.9% in the preceding year.

ICB acted as Trustee to the debenture issues of 17 companies involving Tk. 184.15 crore, issues of bonds of 6 companies involving Tk. 624.36 crore. ICB has also performed the responsibilities of Trustee as well as Custodian to 11 close-end Mutual Funds of Tk. 695.00 crore and 2 open-end Mutual Funds with initial capital of Tk. 10.00 crore each as on December 30, 2010.

As on December 31, 2009, the number of ICB assisted securities were 155 out of 415 listed securities of Dhaka Stock Exchange Limited. Out of 217 listed securities of Chittagong Stock Exchange Limited, ICB assisted securities totaled 116. Besides portfolios of over 43,815 investors (margin) accounts, institutional portfolios including Mutual Funds and Unit Fund are also being managed by ICB. The Corporation has long and proven experience in advisory function, particularly in buying and selling of shares, corporate restructuring and engineering, off loading of government shares and hosts of other merchant bank related activities for the benefit of its clients. Since inception, ICB has been playing a unique role in the development of country's capital market.

5.3 ASSET MANAGER OF THE FUND: VIPB ASSET MANAGEMENT COMPANY LIMITED

VIPB Asset Management Company Ltd. (VIPB AMCL) is a subsidiary of **Venture Investment Partners Bangladesh (VIPB)**, the first private venture capital investment firm in the country. VIPB, incorporated as a Public Limited Company (PLC), is a joint-venture between Non-resident Bangladeshi (NRB) Investors from the US and local institutional sponsors, namely NCC Bank Ltd, National Life Insurance Company Ltd, Southeast Bank Ltd and The City Bank Ltd.

After incorporation in October 2006, VIPB started its journey in 2007 with a pre-operating phase of developing its innovative model and building up its Human Resources on this new financial services product for SME in Bangladesh. It has since then pioneered the use of venture capital type investment in the country, targeting the SME segment firms, who have huge growth potential but face significant hurdles in attracting funding from conventional sources such as banks and leasing companies.

VIPB AMCL was incorporated on March 2, 2009. It received license from SEC on June 8, 2009, as an Asset Management Company.

5.3.1 INVESTMENT MANAGEMENT POLICY

a) Top Down Approach

- Economic Analysis
 - ✓ Analyze Macroeconomic Indicators both of Domestic and Global Economy
 - ✓ Estimate forecasted Economic Outlook of domestic and Global Economy
 - ✓ Review Monetary Policy (Set by Bangladesh Bank) and Fiscal Policy (Set by Bangladesh Government) and analyze implication of those on macroeconomic condition of Bangladesh
- Industry Analysis
 - ✓ Identify the prospective industries aligned with positive economic outlook
 - ✓ Understand the business dynamics of the industry and identify the key driving forces for the prospect and sustainability of the industry
 - ✓ Review the economic history of the industry in other countries with comparable economic status
- Company Analysis
 - ✓ Understand the business dynamics of the covered company
 - ✓ Comprehensively understand the Financials of the covered company
 - ✓ Interview top level officials of the covered company to have a complete understanding on the future outlook and strategic vision of the company in the future
 - ✓ Apply multiple equity valuation models and estimate the intrinsic price of the stock

b) Supplementary Analysis

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

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

5.3.2 PORTFOLIO MANAGEMENT POLICY

- 1) Optimum sector-wise allocation of fund is the key factor of portfolio Management process.
- 2) Invest in sectors with positive outlook but maintain the Regulation of Mutual Funds 2001.
- 3) Focus on the nature of the Fund and make decision which is suitable for the total portfolio.
- 4) Must consider the market impact for the Investment Decision. Both buying and selling decision must have a significant implication on the overall market dynamics.
- 5) Market manipulation and utilizing non public insider information is strictly forbidden.
- 6) The ethical standard and level of confidentiality of the Investment Manager and its research team are very important for the investors of the fund and for the integrity of the capital market.

5.4 AUDITOR

ICB, the Trustee, has appointed Hoda Vasi Chowdhury & Co. Chartered Accountants as the Auditor of the Fund for the first year. It is one of the most reputed and oldest audit firms of the country and is associated with globally renowned Deloitte Touche Tohmatsu.

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

5.5 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 & 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 the other incidental expenses including printing, publication and stationery relating to its smooth & fair operation.

Keeping in mind the Fund size of Taka 100,00,00,000.00 (Taka one hundred crore) only, VIPB Asset Management Company Ltd. 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 EXPENSE:** Issue and formation expenses are estimated to be not over 5% of the total Fund size. The expenses will be amortized within 10 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	...	...	0.10 per cent
2. Formation Fee Payable to AMC...	...	...	1.00 per cent
3. Printing & Publication	...	...	0.60 per cent
4. Legal Expenses (Listing Fees, Registration Fees etc.)	...	...	1.60 per cent
5. Other expenses.	...	...	<u>1.10 per cent</u>
Total	...	...	4.40 per cent

2. **MANAGEMENT EXPENSE:** As per the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১ (Securities and Exchange Commission (Mutual Fund) Regulation, 2001) the Fund shall pay annual management fee to VIPB Asset Management Company Limited @ 2.50% per annum of the weekly average NAV up to Tk. 5.00 crore and @ 2.00% per annum for additional amount of the weekly average NAV up to Tk. 25.00 crore over Tk. 5.00 crore, @ 1.50% per annum for additional amount of the weekly average NAV up to Tk. 50.00 crore over 25.00 crore, and @ 1.00% per annum for additional amount of the weekly average NAV over Tk. 50.00 crore, accrued and payable half yearly. **The estimated Management fee for the total Fund is 1.4%.**
3. **TRUSTEE FEE:** The Fund shall pay an annual Trusteeship Fee @ 0.10% of the Net Asset Value (NAV) of the Fund only payable semi-annually during the life of the Fund.
4. **CUSTODIAN FEE:** The Fund shall pay to the Custodian i.e. ICB for safekeeping of securities @ 0.10% of balance securities calculated on the average month end value per annum.
5. **CDBL FEE:** For listing with the Central Depository of Bangladesh Limited (CDBL) there are both initial and recurring expenses. An amount of Tk. 5,00,000.00 (Taka five lac) only as security deposit shall be kept with the CDBL without interest during the whole life of the Fund, while an IPO documentation fee of Tk. 2,500.00 (Taka two thousand and five hundred) only will be paid during the public subscription. Annual fee for the Scheme shall be Tk.1,00,000.00 (Taka one lac) only.
6. **FUND REGISTRATION AND ANNUAL FEE:** The Fund has paid Tk. 20,00,000.00 (Taka twenty lac) only to the Securities and Exchange Commission (SEC) as Registration Fee. In addition to that the Fund will have to pay @0.10% of the Net Asset Value (NAV) of the Fund only per annum as annual fee in terms of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১.
7. **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.
8. **AUDIT FEE:** The Audit Fee will be Tk. 30,000.00 (Taka thirty thousand) only, **plus VAT**, for the first year and Trustee will fix the amount of fees for subsequent years.

5.6 LIMITATION OF EXPENSES

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

6.0 CAPITAL STRUCTURE, TAX STATUS AND RIGHTS OF UNIT HOLDERS

6.1 ISSUE OF UNITS

The Paid Up Capital of the Fund shall be Tk. 1,00,00,00,000.00 (Taka one hundred crore) only divided into 10,00,00,000 (ten crore) 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	2,50,00,000	10.00	25,00,00,000.00	Subscribed
Pre-IPO Placement	2,50,00,000	10.00	25,00,00,000.00	Subscribed
Resident Bangladeshis	4,00,00,000	10.00	40,00,00,000.00	Yet to be subscribed
Non-Resident Bangladeshis (NRB's)	50,00,000	10.00	5,00,00,000.00	Yet to be subscribed
Reserved for Mutual Funds	50,00,000	10.00	5,00,00,000.00	Yet to be subscribed
Total	10,00,00,000	10.00	100,00,00,000.00	

All Pre-IPO Placements will be in 1 year lock-in period from the date of listing of the Fund. The percentage of institutional lock-in including Sponsor is 49.40% of total Fund size. The following is a list of institutions:

Sl. No.	Institutions	No. of Units	Amount (Tk.)	Lock-in Tenure*
1	Southeast Bank Limited (Sponsor)	2,50,00,000	25,00,00,000.00	1 year
2	Industrial and Infrastructure Development Finance Company Limited (IIDFC)	10,00,000	1,00,00,000.00	1 year
3	National Life Insurance Company Limited	50,00,000	5,00,00,000.00	1 year
4	National Credit and Commerce Bank Ltd.	10,00,000	1,00,00,000.00	1 year
5	Grameen Capital Management Ltd. (Own Account)	2,50,000	25,00,000.00	1 year
6	Bangladesh Development Bank Limited	10,00,000	1,00,00,000.00	1 year
7	Asia Insurance Limited	20,00,000	2,00,00,000.00	1 year
8	Venture Investment Partners Bangladesh Limited	10,00,000	1,00,00,000.00	1 year
9	Eastern Bank Limited	10,00,000	1,00,00,000.00	1 year
10	BRAC Bank Limited	10,00,000	1,00,00,000.00	1 year
11	GSP Finance Company (Bangladesh) Limited	10,00,000	1,00,00,000.00	1 year
12	Bay Leasing & Investment Ltd.	30,00,000	3,00,00,000.00	1 year
13	Anwer Khan Modern Hospital Ltd.	10,00,000	1,00,00,000.00	1 year
14	Southeast Bank Foundation	10,00,000	1,00,00,000.00	1 year
15	Southeast Bank Employees Provident Fund	15,00,000	1,50,00,000.00	1 year
16	Dhaka Securities Ltd.	10,00,000	1,00,00,000.00	1 year
17	Bangladesh Commerce Bank Limited	10,00,000	1,00,00,000.00	1 year
18	AIBL 1 st Islamic Mutual Fund	250,000	25,00,000.00	1 year
19	MBL 1 st Mutual Fund	250,000	25,00,000.00	1 year
20	LRGlobal Bangladesh Mutual Fund One	150,000	15,00,000.00	1 year
21	Southeast Bank Capital Services Limited	10,00,000	1,00,00,000.00	1 year
	Institutional Lock-in including Sponsor	4,94,00,000	49,40,00,000.00	
	% of Institutional Lock-in including Sponsor of the Fund	49.40%		

* Unit Certificates for 100% of the Sponsor's contribution amounting Tk. 25,00,00,000.00 (Taka twenty five crore) only shall be subject to a lock-in period of 1 (one) year from the date of listing in the Stock Exchange(s) and 1/10th of the Sponsor's contribution amounting to Tk. 2,50,00,000.00 (Taka two crore and fifty lac) only shall be subject to a lock-in period of full time of the Fund.

6.2 PRE-IPO PLACEMENT

1) Subscription from Sponsor

Southeast Bank Limited, the Sponsor, has already subscribed Tk.25,00,00,000.00 for 2,50,00,000 units of Tk. 10/- each at par as per বিধি ৯ of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১.

2) Pre-IPO Investor

The following institutions and portfolio account holders have subscribed Tk.25,00,00,000.00 (Taka twenty five crore) only for 2,50,00,000 (Two crore and Fifty lac) units worth Tk. 10/- at par:

Sl. No.	Pre-IPO Investors	No. of Units	Amount (Tk.)	Lock-in Tenure
1	Industrial and Infrastructure Development Finance Company Limited (IIDFC)	10,00,000	1,00,00,000.00	1 year
2	National Life Insurance Company Limited	50,00,000	5,00,00,000.00	1 year
3	National Credit and Commerce Bank Ltd.	10,00,000	1,00,00,000.00	1 year
4	Grameen Capital Management Ltd. (Own Account)	2,50,000	25,00,000.00	1 year
5	Grameen Capital Management Ltd. (Investors Account)	2,50,000	25,00,000.00	1 year
6	Bangladesh Development Bank Limited	10,00,000	1,00,00,000.00	1 year
7	Asia Insurance Limited	20,00,000	2,00,00,000.00	1 year
8	Venture Investment Partners Bangladesh Limited	10,00,000	1,00,00,000.00	1 year
9	Eastern Bank Limited	10,00,000	1,00,00,000.00	1 year
10	BRAC Bank Limited	10,00,000	1,00,00,000.00	1 year
11	GSP Finance Company (Bangladesh) Limited	10,00,000	1,00,00,000.00	1 year
12	Bay Leasing & Investment Ltd.	30,00,000	3,00,00,000.00	1 year
13	Anwer Khan Modern Hospital Ltd.	10,00,000	1,00,00,000.00	1 year
14	Southeast Bank Foundation	10,00,000	1,00,00,000.00	1 year
15	Southeast Bank Employees Provident Fund	15,00,000	1,50,00,000.00	1 year
16	Dhaka Securities Ltd.	10,00,000	1,00,00,000.00	1 year
17	Bangladesh Commerce Bank Limited	10,00,000	1,00,00,000.00	1 year
18	AIBL 1 st Islamic Mutual Fund	2,50,000	25,00,000.00	1 year
19	MBL 1 st Mutual Fund	2,50,000	25,00,000.00	1 year
20	LRGlobal Bangladesh Mutual Fund One	1,50,000	15,00,000.00	1 year
21	Southeast Bank Capital Services Limited	10,00,000	1,00,00,000.00	1 year
22	Investors Account of Southeast Bank Capital Services Limited	3,50,000	35,00,000.00	1 year
	Total	2,50,00,000	25,00,00,000.00	

3) Public offer

10% of the public offer i.e. 50,00,000 units of Tk. 10/- each totaling Tk.5,00,00,000.00 only are being offered to the Non-Resident Bangladeshis (NRBs), 10% i.e. 50,00,000 units of Tk. 10/- each totaling Tk.5,00,00,000.00 only are being reserved for Mutual Funds and the remaining 4,00,00,000 units of Tk. 10/- each amounting to Tk. 40,00,00,000.00 only are being offered to the Resident Bangladeshis for subscription in cash in full on application.

6.3 TAX EXEMPTIONS

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 the 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 সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১. In case of show of hands, every unit holder present in person or/and by proxy shall have only 1 (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

- Ownership:** The unit holders shall preserve only the beneficial interest in the trust properties on pro rata basis of their ownership of the Fund.



2. **Periodic Information:** All the unit holders of the Fund shall have the right to receive the Annual Report & Audited Accounts of the Fund. The Fund will calculate their NAV each week. Moreover, NAV of the Fund (according to cost and market price) will be informed to the Commission and to the DSE/CSE on the first business day of the week before the beginning of the trading hour. Furthermore, weekly NAV of the Fund is to be published in the notice board and website of the AMC's and as a press release to at least one daily newspaper which covers capital market news.
3. **Accounts and Information:** The Fund's financial year will be closed on 30th June every calendar year or as determined by the Commission. Annual report or major head of Income & Expenditure A/C and Balance Sheet in line with schedule VI of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১ will be published within 45 (forty five) days from the closure of each accounting year.

Furthermore, the NAV, NAV per unit, and 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.

7.0 REDEMPTION/WINDING UP POLICY

7.1 PROCEDURE OF REDEMPTION/WINDING UP

1. The Mutual Fund shall wind up on the expiry of the ten-year tenure of the Fund from the date of first listing.
2. The Fund may also wind up on the occurrence of any event, which, in the opinion of the Trustee with approval from the Commission, requires the Fund to be wound up.
3. The Fund will wind up if 75% (seventy five per cent) of the unit holders of the scheme vote in favor of winding up the Fund.
4. The Commission has the right to wind up the Fund in the interests of the unit holders.
5. If the Fund is to be wound up in pursuance to the above (1), (2), (3) and (4), the Trustee and the Asset Management Company shall simultaneously give separate notices of the circumstances leading to the winding up of the Fund to the Commission and the Stock Exchanges. If winding up is permitted by the Commission, the Trustee and the Asset Management Company shall publish the notice of winding up of the Fund in 2 (two) national daily newspapers including a Bengali newspaper having circulation all over Bangladesh.

7.2 MANNER OF REDEMPTION/WINDING UP

1. The Trustee shall call a meeting within 30 (thirty) days from the notice date of the unit holders to consider and pass necessary resolutions by three-fourth majority of the unit holders present and voting at the meeting for authorizing the Trustee to take steps for winding up of the Fund. If it fails to have three-fourth majority mandate, the Commission shall have the power to supersede the mandate if situation demands such.
2. The Trustee shall dispose off the assets of the Fund in the best interest of the unit holders, provided that the proceeds of sale made in pursuance of the বিধিমালা (Rules), shall in the first instance be utilized towards discharge of such liabilities as are properly due under the Fund and after making appropriate provision for meeting the expenses connected with such winding up, the balance shall be paid to the unit holders in proportion to their respective interest in the assets of the Scheme as on the date when the decision for winding up was taken.
3. Within 30 (thirty) days from the completion of the winding up, the Trustee shall forward to the Commission and the unit holders a report on the winding up containing particulars such as circumstances leading to the winding up, the steps taken for disposal of assets of the Fund before winding up, expenses of the Fund for winding up, net assets available for distribution to the unit holders and a certificate from the Auditors of the Fund.

7.3 EFFECT OF REDEMPTION/WINDING UP

On and from the date of the notice of the winding up of the Fund the Trustee or the Asset Management Company as the case may be, shall:

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

8.0 CONDITION FOR PUBLIC OFFER, ALLOTMENT AND APPLICATION OF UNITS

Disclosure in respect of issuance of security demat form

As per provisions of the ডিপজিটরি আইন, ১৯৯৯ and regulations made there under, unit of the Fund will be issued in dematerialized form, only and, for this purpose, Southeast Bank 1st Mutual Fund has signed an agreement with the Central Depository Bangladesh Limited (CDBL). Therefore, all transfers/transmissions, splitting or conversions will take place in the CDBL system.

8.1 ISSUE OF UNITS

Subscribers	No of units	Face Value (Tk.)	Amount (Tk.)	Remarks
Sponsor	2,50,00,000	10.00	25,00,00,000.00	Subscribed
Pre-IPO Placement	2,50,00,000	10.00	25,00,00,000.00	Subscribed
Resident Bangladeshis	4,00,00,000	10.00	40,00,00,000.00	Yet to be subscribed
Non-Resident Bangladeshis (NRB's)	50,00,000	10.00	5,00,00,000.00	Yet to be subscribed
Reserved for Mutual Funds	50,00,000	10.00	5,00,00,000.00	Yet to be subscribed
Total	10,00,00,000	10.00	100,00,00,000.00	

8.2 MINIMUM SUBSCRIPTION FOR THE ISSUE

The target amount to be raised in respect of the Fund is Tk. 100,00,00,000.00 (Taka one hundred crore) only including Sponsor's portion and Pre-IPO Placement. As per the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১, the minimum subscription will be 60% (sixty per cent) of the Fund's target amount i.e. Tk. 60,00,00,000.00 (Taka sixty crore) only including Sponsor's contribution and Pre-IPO placement. The Trustee & the Asset Management Company shall be liable to refund the entire amount collected if public subscription stands below the balance amount of Tk. 60,00,00,000.00 (Taka Sixty crore) only.

8.3 CONDITIONS OF ALLOTMENT AND PUBLIC OFFER DISTRIBUTION SYSTEM

1. 5,00,00,000 units of Tk. 10/- each will be allotted among the Resident and Non-Resident Bangladeshis (NRBs), Mutual Funds and Collective Investment Schemes.
2. In case of oversubscription, VIPB Asset Management Company Limited will conduct an open lottery of all the applications received.
3. **PUBLIC OFFER Distribution System:**
 - a. **Units of Tk. 5,00,00,000.00 (Taka five crore) only** of total public offering shall be reserved for Non-Resident Bangladeshi (NRB) and **units of Tk. 5,00,00,000.00 (Taka five crore) only** for Mutual Funds and Collective Investment Schemes registered with the Commission, and the remaining units of **Tk. 40,00,00,000.00 (Taka forty crore) only** shall be open for subscription by the general public/Resident Bangladeshis.
 - 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 **oversubscription 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 **undersubscription under any of the 2 (two) categories i.e. units of Tk. 5,00,00,000.00 (Taka five crore) only for NRB, and units of Tk. 5,00,00,000.00 (Taka five crore) only for mutual funds** mentioned in para (a), the unsubscribed portion shall be added to the **general public category**, units of **Tk. 40,00,00,000.00 (Taka forty crore) only**, and, if after such addition, there is oversubscription 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 the authorized representatives of the SEC, Stock Exchange(s) concerned, Sponsor, Asset Management Company, Trustee and the applicants.



4. Lottery, if needed, shall be conducted in the presence of representatives from the Stock Exchanges, SEC & the applicants, if present.
5. In case of any difficulty in respect to implementation of the conditions of offer and allotment of units, the allotment of units will be made in such a manner as determined by the SEC.
6. The Fund reserves the right to accept or reject any application in whole or in part.
7. The Asset Management Company shall issue units allotment advices to all successful applicants within **5 (five) weeks** from the date of the subscription closing date. Within the same time, the unsuccessful applicants shall be refunded with the application money within **5 (five) weeks** from the closing of the subscription date. In case of non-allotment of shares, the application money of the unsuccessful applicants shall be 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.
8. In case of joint application all correspondence will be made with the person whose name appears first.
9. Successful applicants will be notified by the dispatch of an allotment advice by registered post/courier. Advice of Allotment and Refund Warrants will be issued within **5 (five) weeks** from the closing of the subscription period. After allotment the Asset Management Company will have to transfer the units to the allottees' BO account, which has been mentioned in the application form.
10. Where allotment is made in whole or in part in respect of joint application, the allotment advices will be dispatched to the person whose name appears first in the application form, notwithstanding that the units have been allotted to the joint applicants. Where joint application is accepted in part, the balance of amount paid on application will be refunded without interest to the person named first in the application form.
11. The Securities and Exchange Commission has decided that the primary shares allotted to an applicant through public offer may be forfeited by SEC, if the BO account of the said applicant is found closed at the time of allotment of units. So, all Public Offer applicants are required to keep their BO accounts operational till allotment of Public Offer units.

8.4 APPLICATION FOR SUBSCRIPTION

1. Application for units may be made for a minimum lot of 500 (five hundred) units to the value of Tk. 5,000.00 (Taka Five thousand) only and should be made on the Asset Management Company's Printed Application forms. Application forms and the Prospectus may be obtained from the registered office of the Asset Management Company, members of the Dhaka Stock Exchange Ltd., the Chittagong Stock Exchange Ltd. or from the Bankers to the Issue. In case adequate forms are not available, applicants may use photocopied, cyclostyled, typed/handwritten copies of the forms.
2. Application must not be for less than 500 (five hundred) units and must be for multiples of 500 (five hundred) units. Any Application not meeting the above criteria will not be considered for allotment purpose.
3. Joint Application form for more than 2 (two) persons will not be accepted. In the case of a joint Application each party must sign the Application form.
4. Application must be in full name of individuals or limited companies or trusts or societies and not in the name of firms, minors or persons of unsound mind. Applications from insurance, financial and market intermediary companies must be accompanied by Memorandum and Articles of Association and Certificate of Incorporation.
5. An applicant cannot submit more than 2 (two) applications, one in his/her own name and another jointly with another person. In case an applicant makes more than 2 (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.
6. Bangladeshi Nationals (including Non-Resident Bangladeshis residing/working abroad) shall be entitled to apply for Units.
7. Payment for subscription by investors other than Non-Resident Bangladeshi may be made to the said Branch/Office mentioned below in Cash/Cheque/Pay Order/bank Draft. The Cheque or Pay Order or Bank Draft shall be made payable to the Bank to which it is sent and be marked "**Southeast Bank 1st Mutual Fund**" and shall bear the crossing "**Account Payee Only**" and must be drawn on a Bank in the same town of the Bank to which Application form is deposited.
 - a. All completed application forms, together with remittance for the full amount payable on application, shall be lodged by investors other than Non-Resident Bangladeshis with any of the branches of the Banker to the Issue.
 - b. A Non-Resident Bangladeshi (NRB) shall apply against the Public Offer either directly by enclosing a foreign 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.

8. The value of Securities applied for may be paid in Taka, US Dollar, UK Pound Sterling or Euro at the Spot Buying (TT Clean) rate of exchange prevailing on the date of opening of subscription. Refund against over subscription of Units shall be made in the currency in which the value of Units applied for was paid by the applicant. Unit Application Form against the NRB shall be sent by the applicant directly along with a draft or cheque to the Asset Management Company at its Registered Office.
9. Copies of Application Form and Prospectus shall be available with Bangladesh Embassy/High Commission in USA, UK, Saudi Arabia, UAE, Qatar, Kuwait, Oman, Bahrain, Malaysia and South Korea and the web site of the Asset Management Company, Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited and the Securities and Exchange Commission.
10. A Resident Bangladeshi (RB) applicant cannot submit more than 2 (two) applications, one in his/her own name and another jointly with other person by one cheque/DD/PO. More than 2 (two) applications by one cheque/DD/PO will not be allowed.
11. A Non-Resident Bangladeshi (NRB) applicant cannot submit more than 2 (two) applications, one in his/her own name and another jointly with other person by one cheque/DD/PO by US\$/UK Pound sterling/Euro/Taka (supported by foreign currency encashment certificate). More than 2 (two) applications by one cheque/DD/PO/Taka (supported by foreign currency encashment certificate) will not be allowed.
 - a) The Public Offer subscription money collected from investors (other than Non-Resident Bangladeshis) by the Banker to the Issue will be remitted to the "Southeast Bank 1st Mutual Fund" STD A/C no. **00311310000745** with Southeast Bank Limited, Corporate Branch, Eunoos centre, 52-55 Dilkusha C/A (Ground floor), Dhaka - 1000.
 - b) The Subscription money collected from Non-Resident Bangladeshis in US Dollar, UK Pound Sterling, Euro shall be deposited to "FC Account(s) for Public Offer".
 - c) In case of oversubscription, refund shall be made by the Asset Management Company out of the "FC Account(s) for Public Offer".
 - d) The Asset Management Company has opened required "FC Account(s) for Public Offer" in US Dollar, UK Pound Sterling, Euro with Southeast Bank Limited, Corporate Branch.
 - e) These accounts will be closed after refund of oversubscription, if any.

Currency	Account No.	Bank	Branch
Bangladeshi Taka	0031-131-0000745	Southeast Bank Limited	Corporate Branch
US Dollar	0031-151-00001842	Southeast Bank Limited	Corporate Branch
UK Pound Sterling	0031-162-00001715	Southeast Bank Limited	Corporate Branch
Euro	0031-163-00001722	Southeast Bank Limited	Corporate Branch

APPLICATIONS NOT IN CONFORMITY WITH THE ABOVE REQUIREMENTS AND THE INSTRUCTIONS PRINTED ON THE APPLICATION FORM ARE LIABLE TO BE REJECTED.

8.5 REFUND OF THE SUBSCRIPTION MONEY

In the case of non-allotment of units, if applicants' bank accounts as mentioned in their Public Offer Application Forms are maintained with any of the Bankers to the Issuer and other banks as mentioned below, refund amount of those applicants will be directly credited to the respective bank account as mentioned in their Public Offer Application Forms.

Southeast Bank Limited	National Credit and Commerce Bank Limited
Bangladesh Development Bank Limited (BDBL)	Dhaka Bank Limited
Investment Corporation of Bangladesh (ICB)	BRAC Bank Limited
The City Bank Limited	Social Islami Bank Limited
Mercantile Bank Limited	National Bank Limited
Shahjalal Islami Bank Limited	Mutual Trust Bank Limited
Eastern Bank Limited	Dutch Bangla Bank Limited
Bank Asia Limited	

Otherwise refund will be made only in the same currency in which the value of units was paid for by the applicants' without any interest, through "Account Payee" cheque(s)/refund warrant(s) with bank account number and name of bank branch as mentioned in the application payable at Dhaka/Chittagong/Khulna/ Rajshahi/Barisal/Sylhet/Bogra as the case may be. For this purpose, the number of the bank account along with full name of bank and branch shall be clearly indicated in the units application forms.



8.6 SUBSCRIPTION BY AND REFUND TO NON RESIDENT BANGLADESHI (NRB)

1. A Non-Resident Bangladeshi shall apply either directly by enclosing a foreign demand draft drawn on a bank payable in 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 units applied for through crossed bank cheque marking "Account Payee Only".
2. The value of units applied for by such person may be paid in Taka or US Dollar or UK Pound Sterling or Euro at the Spot Buying (TT Clean) rate of exchange prevailing on the date of opening of subscription.
3. Refund against oversubscription shall be made in the currency in which the value of units was paid for by the applicant through Account Payee bank cheque(s)/refund warrant(s) payable at Dhaka with bank account number, Bank's name and Branch as indicated in the units application form. If the applicant's bank accounts as mentioned in their Public Offer Application Forms are maintained with the Bankers to the Issue and other banks as mentioned above under "REFUND OF SUBSCRIPTION MONEY", refund amount of those applicants will be directly credited into the respective bank accounts as mentioned in their Public Offer Application Forms.

SOUTHEAST BANK 1ST MUTUAL FUND
INSTRUCTIONS

1. As per provision of the ডিপজিটরি আইন, ১৯৯৯ and Regulations made there under Mutual Fund units will only be issued in dematerialized condition. Please mention your Depository (BO) Account number on the application form. If you do not mention your valid Beneficiary Owners (BO) Account number, your application will be treated invalid.
2. All information must be written or typed in Block Letters in English or in Bangla and must NOT be abbreviated.
3. Application must be made on the Fund's printed form/photocopy or typed copy/hand written form thereof.
4. Application must not be for less than 500 (Five hundred) Units and must be for a multiple of 500 (Five hundred) Units. Any Application not meeting this criterion will not be considered for allotment purpose.
5. Remittance for the full amount of units must accompany each application and must be forwarded to any of the Bankers to the Issue. Remittance should be in the form of cash/cheque/bank draft/pay order payable to one of the Bankers to the Issue A/C "SOUTHEAST BANK 1ST MUTUAL FUND" and crossed "A/C PAYEE ONLY" and must be drawn on a bank in the same town as the bank to which the application form has been sent.
6. In the case of a Joint Application form, the Allotment Letter will be dispatched to the person whose name appears first on the Application Form and where any amount is refundable in whole or in part the same will be refunded by Account Payee cheque by post/courier service to the person named first on this Application Form in the manner prescribed in the Prospectus.
7. Joint Application Form for more than 2 (two) persons will not be accepted. In case of Joint Application each party must sign the application form.
8. Application must be in full name of individuals or limited companies or trusts or societies and not in the name of firms, minors or persons of unsound mind. Applications from insurance, financial and market intermediary companies must be accompanied by Memorandum and Articles of Association and Certificate of Incorporation.
9. **An applicant can NOT submit more than 2 (two) applications, one in his/her own name and another jointly with another person. In case an applicant makes more than 2 (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.**
10. No receipt will be issued for the payment made with the application, but the bankers will issue a provisional acknowledgement to the issue for application lodged with them.
11. In the case of non-allotment of securities, the application money of the unsuccessful applicant shall be refunded to the respective banks for onward deposit of the refund money into the applicant's bank account as provided in the respective application form for subscription.
12. Allotment shall be made solely in accordance with the instructions of the SEC.
13. Making of any false statement in the application or supplying of incorrect information therein or suppressing any relevant information shall make the Application liable to rejection and subject to forfeiture of Application money and/or forfeiture of the unit before or after issuance of the same by the Asset Management Company. The said forfeited Application money or unit will be deposited in account specified by SEC. This may be in addition to any other penalties as may be provided for by law.
14. Applications, which do not meet the above requirements, or Applications, which are incomplete, shall NOT be considered for allotment purpose.
15. **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.**

**BANKERS TO THE ISSUE**

Southeast Bank Ltd. <ol style="list-style-type: none"> Principal Branch, Dhaka Corporate Branch, Dhaka Imamganj Branch, Dhaka Dhanmondi Branch, Dhaka Uttara Branch, Dhaka New Elephant Road Branch, Dhaka Mouchak Branch, Dhaka Kakrail Branch, Dhaka Banani Branch, Dhaka Progati Sarani Branch, Dhaka New Eskaton Branch, Dhaka Agargaon Branch, Dhaka Satmasjid Road Branch, Dhaka Shaymoli Branch, Dhaka Aganagar Branch, Dhaka Mohammadpur Branch, Dhaka Madhabdi Branch (Rural), Narshingdi Ashulia Branch (Rural), Dhaka Narayanganj Branch, Narayanganj Bashundhara Branch, Dhaka Savar Branch, Dhaka Konabari Branch (Rural), Gazipur Tongi Branch, Gazipur Bandar Bazar Branch, Sylhet Moulvibazar Branch, Moulvibazar Khatungonj Branch, Chittagong Chouhatta Branch, Sylhet Laldighirparr Branch, Sylhet Halishahar Branch, Chittagong Kulaura Branch (Rural), Moulvi Bazar Pathantula Branch, Sylhet CDA Avenue Branch, Chittagong Cox's Bazar Branch, Cox's Bazar Chhagalnaiya Branch, Feni Feni Branch, Feni Pahartali Branch, Chittagong Bashurhat Branch (Rural), Noakhali Momin Road Branch, Chittagong Rangpur Branch, Rangpur Bogra Branch, Bogra Khulna Branch, Khulna Barisal Branch, Barisal Rajshahi Branch, Rajshahi Naogaon Branch, Naogaon Madam Bibir Haat Branch, Sylhet Comilla Branch, Comilla Investment Corporation of Bangladesh <ol style="list-style-type: none"> Head Office, NSC Tower, Dhaka Local Office, Naya Paltan, Dhaka Chittagong Branch, Chittagong Rajshahi Branch, Rajshahi Khulna Branch, Khulna Barisal Branch, Barisal Sylhet Branch, Sylhet Bogra Branch, Bogra Bangladesh Development Bank Limited <ol style="list-style-type: none"> Kawran Bazar Branch, Dhaka Motijheel Branch, Dhaka Principal Branch, Dhaka Eastern Bank Limited <ol style="list-style-type: none"> Principal Branch, Dhaka Motijheel Branch, Dhaka Mirpur Branch, Dhaka Bashundhara Branch, Dhaka Shyamoli Branch, Dhaka Narayanganj Branch, Narayanganj Jessore Branch, Jessore Chowmuhani Branch, Noakhali Agrabad Branch, Chittagong Khatungonj Branch, Chittagong Bogra Branch, Bogra Khulna Branch, Khulna Rajshahi Branch, Rajshahi Savar Branch, Savar Moulvi Bazar Branch, Moulvi Bazar 	National Credit and Commerce Bank Ltd. <ol style="list-style-type: none"> Motijheel Branch, Dhaka Dilkusha Branch, Dhaka Kawranbazar Branch, Dhaka Mirpur Branch, Dhaka Dhanmondi Branch, Dhaka Mitford Branch, Dhaka Nawabpur Road Branch, Dhaka Foreign Exchange Branch, Dhaka Malibagh Branch, Dhaka Uttara Branch, Dhaka Moghbazhar Branch, Dhaka Babubazar Branch, Dhaka Bangshal Branch, Dhaka Elephant Road Branch, Dhaka Pragati Sarani Branch, Dhaka Jatrabari Branch, Dhaka Gulshan Branch, Dhaka Shyamoli Branch, Dhaka Banani Branch, Dhaka Bijoyagar Branch, Dhaka Savar Branch, Dhaka Islampur Branch, Dhaka Joydevpur Branch, Gazipur Madaripur Branch, Madaripur Tangail Branch, Dhaka Agrabad Branch, Chittagong Khatungonj Branch, Chittagong O.R Nizam Road Branch, Chittagong Jubilee Road Branch, Chittagong Cox's Bazar Branch, Cox's Bazar CEPZ Branch, Chittagong Andarkilla Branch, Chittagong Narayanganj Branch, Narayanganj Halishahar Branch, Chittagong Kadamtali Branch, Chittagong Majhirght Branch, Chittagong Feni Branch, Feni Laxmipur Branch, Laxmipur Chowmuhani Branch, Noakhali Comilla Branch, Comilla Laldighirpar Branch, Sylhet Mymensingh Branch, Mymensingh Chowhatta Branch, Sylhet Moulvi Bazar Branch, Moulvi Bazar Rangpur Branch, Rangpur Rajshahi Branch, Rajshahi Bogra Branch, Bogra Naogaon Branch, Naogaon Khulna Branch, Khulna Jessore Branch, Jessore Madunaghat Branch, Chittagong BRAC Bank Limited <ol style="list-style-type: none"> Asad Gate Branch, Dhaka Bashundhara Branch, Dhaka Donia Branch, Dhaka Eskaton Branch, Dhaka Graphics Building Branch, Dhaka Manda Branch, Dhaka Mirpur Branch, Dhaka Narayanganj Branch, Narayanganj Nawabpur Branch, Dhaka Rampura Branch, Dhaka Shyamoli Branch, Dhaka Uttara Branch, Dhaka Agrabad Branch, Chittagong CDA Avenue Branch, Chittagong Halishahar Branch, Chittagong Kazirdeuri Branch, Chittagong Momin Road Branch, Chittagong Bogra Branch, Bogra Rajshahi Branch, Rajshahi Jessore Branch, Jessore Khulna Branch, Khulna Barisal Branch, Barisal Zindabazar Branch, Sylhet 	The City Bank Limited <ol style="list-style-type: none"> BB Avenue Branch, Dhaka Dhaka Chamber Branch, Dhaka Dhanmondi Branch, Dhaka Shyamoli Branch, Dhaka Imamganj Branch, Dhaka Johnson Road Branch, Dhaka Kawran Bazar Branch, Dhaka New Market Branch, Dhaka VIP Road Branch, Dhaka Islampur Branch, Dhaka Nawabgonj Branch, Dhaka Nawabpur Branch, Dhaka Pragati Sarani Branch, Dhaka Tanbazar Branch,, Narayanganj Zinzira Branch, Dhaka Tongi Branch, Gazipur Agrabad Branch, Chittagong Jubilee Road Branch, Chittagong Khatungonj Branch, Chittagong Andarkilla Branch, Chittagong Cox's Bazar Branch, Chittagong Chawk Bazar Branch, Chittagong Pahartoli Branch, Chittagong Comilla Branch, Comilla Narsingdi Branch, Narsingdi Zinda Bazar Branch, Sylhet Bandar Bazar Branch, Sylhet Amborkhana Branch, Sylhet Moulvi Bazar Branch, Sylhet Rajshahi Branch, Rajshahi Bogra Branch, Bogra Rangpur Branch, Rangpur Sirajgonj Branch, Sirajgonj Khulna Branch, Khulna Jessore Branch, Jessore Barisal Branch, Barisal Mutual Trust Bank Limited <ol style="list-style-type: none"> Babu Bazar Branch, Dhaka Banani Branch, Dhaka Dhanmondi Branch, Dhaka Dholaikhal Branch, Dhaka Dilkusha Branch, Dhaka Elephant Road Branch, Dhaka Fulbaria Branch, Dhaka Gulshan Branch, Dhaka Mohammadpur Branch, Dhaka MTB Corporate Center Branch, Dhaka Pallabi Branch, Dhaka Panthaphat Branch, Dhaka Principal Branch, Dhaka Progati Sarani Branch, Dhaka Savar Branch, Dhaka Shanir Akhra Branch, Dhaka Tongi Branch, Dhaka Uttara Model Town Branch, Dhaka Narayanganj Branch, Narayanganj Sonargaon Branch, Narayanganj Agrabad Branch, Chittagong Alankar Mour Branch, Chittagong C D A Avenue Branch, Chittagong Jubilee Road Branch, Chittagong Khatungonj Branch, Chittagong Feni Branch, Feni Rajshahi Branch, Rajshahi Rangpur Branch, Rangpur Bogra Branch, Bogra Pabna Branch, Pabna Kushtia Branch, Kushtia Sylhet Branch, Sylhet Moulvi Bazar Branch, Moulvi Bazar Gournadi Branch, Barisal Jessore Branch, Jessore
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<p>Bank Asia Limited</p> <ol style="list-style-type: none"> 1. MCB Dilkusha Branch, Dhaka 2. Corporate Branch, Dhaka 3. Scotia Branch, Dhaka 4. Gulshan Branch, Dhaka 5. MCB Banani Branch, Dhaka 6. Uttara Branch, Dhaka 7. Mitford Branch, Dhaka 8. North South Road Branch, Dhaka 9. Dhanmondi Branch, Dhaka 10. Bashundhara Branch, Dhaka 11. Sylhet Main Branch, Sylhet 12. Sylhet Uposhahar Branch, Sylhet 13. Agrabad Branch, Chittagong 14. Khatungonj Branch, Chittagong 15. MCB Sk. Mujib Road Branch, Chittagong 16. Bahadderhat Branch, Chittagong 17. Moghbazar Branch, Dhaka 18. CDA Avenue Branch, Chittagong 19. Station Road Branch, Chittagong 20. Rajshahi Branch, Rajshahi 21. Khulna Branch, Khulna 22. Mohakhali Branch, Dhaka 23. Mirpur Branch, Dhaka 24. Bogra Branch, Bogra 25. Jessore Branch, Jessore 26. Anderkilla Branch, Chittagong 27. Shantinagar Branch, Dhaka 28. Progati Sarani Branch, Dhaka 29. Kamal Bazar Branch, Chittagong 30. Ishwardi Branch, Pabna <p>Dhaka Bank Limited</p> <ol style="list-style-type: none"> 1. Bhulta Branch, Narayanganj 2. CDA Avenue Branch, Chittagong 3. Cox's Bazar Branch, Cox's Bazar 4. Comilla Branch, Comilla 5. Goran Business Center, Dhaka 6. Khilgaon Branch, Dhaka 7. KDA Avenue Branch, Khulna 8. Mirpur Branch, Dhaka 9. Savar Bazar Branch, Dhaka 10. Uposhahar Branch, Sylhet <p>Shahjalal Islami Bank Limited</p> <ol style="list-style-type: none"> 1. Dhaka Main Branch, Dhaka 2. Mitford Branch, Dhaka 3. Dhanmondi Branch, Dhaka 4. Savar Branch, Dhaka 5. Agrabad Branch, Chittagong 6. Sylhet branch, sylhet 7. Khatungonj Branch, Chittagong 8. Gulshan Branch, Dhaka 9. Foreign Exchange Branch, Dhaka 10. Kawran Bazar, Branch, Dhaka 11. Dargah Gate Branch, Sylhet 12. Satmasjid Road Branch, Dhaka 13. Banani Branch, Dhaka 14. Jubilee Road Branch, Chittagong 15. Motijheel Branch, Dhaka 16. Mirpur Branch, Dhaka 17. Bangshal Branch, Dhaka 18. Bijoyagar Branch, Dhaka 19. Muradpur Branch, Dhaka 20. Narayanganj Branch, Narayanganj 21. Uttara Branch, Dhaka 22. Gulshan South Avenue Branch, Dhaka <p>Social Islami Bank Limited</p> <ol style="list-style-type: none"> 1. Principal Branch, Dhaka 2. Agrabad Branch, Chittagong 3. Khulna Branch, Khulna 4. Sylhet Branch, Sylhet 5. Gulshan Branch, Dhaka 6. Babubazar Branch, Dhaka 7. Moulavi Bazar Branch, Dhaka 8. Begum Rokeya Sarani Branch, Dhaka 9. Sonargaon Branch, Sonargaon 10. Foreign Exchange Branch, Dhaka 11. Dhanmondi Branch, Dhaka 12. Jubilee Road Branch, Chittagong 13. Uttara Branch, Dhaka 	<ol style="list-style-type: none"> 14. Mirpur Branch, Dhaka 15. Banani Branch, Dhaka 16. Savar Branch, Savar 17. Mohammadpur Kaderia Tayebia Madrasha Branch, Dhaka 18. Rasulpur Branch, Dhaka 19. Comilla Branch, Comilla 20. Rampura Branch, Dhaka <p>Dutch Bangla Bank Limited</p> <ol style="list-style-type: none"> 1. Kawran Bazar Branch, Dhaka 2. Baburhat Branch, Narshingdi 3. Narayanganj Branch, Narayanganj 4. B.B. Road Branch, Narayanganj 5. Patherhat Branch, Chittagong 6. Hathazari Branch, Chittagong 7. Dania Branch, Dhaka 8. Khulna Branch, Khulna 9. Sylhet Branch, Sylhet 10. Dhaka EPZ Branch, Savar, Dhaka 11. Board Bazar Branch, Gazipur 12. Netaiganj Branch, Narayanganj 13. Bogra Branch, Bogra 14. Elephant Road Branch, Dhaka 15. Barisal Branch, Barisal 16. Simrail Branch, Narayanganj 17. CDA Avenue Branch, Chittagong 18. Joypara Branch, Dhaka 19. Bishwanath Branch, Sylhet 20. Moulvi Bazar Branch, Moulvi Bazar 21. Muradpur Branch, Chittagong 22. Golapganj Branch, Sylhet 23. Rajshahi Branch, Rajshahi 24. Savar Bazar Branch, Dhaka 25. Gazipur Chowrasta Branch, Gazipur 26. Feni Branch, Feni 27. Comilla Branch, Comilla 28. Jubilee Road Branch, Chittagong 29. Kadamtali Branch, Chittagong 30. Mirzapur Branch, Tangail 31. Cox's Bazar Branch, Cox's Bazar 32. Lohagara Branch, Chittagong 33. Bashundhara Branch, Dhaka 34. Ring Road Branch, Dhaka 35. Manikganj Branch, Manikganj 36. Farikchhari Branch, Chittagong 37. Konabary Branch, Gazipur 38. Chowmuhani Branch, Feni 39. Sonagazi Branch, Feni 40. Goala Bazar Branch, Sylhet 41. Khatungonj Branch, Chittagong 42. Mymensingh Branch, Mymensingh 43. Shahzadpur Branch, Sirajganj 44. Beani Bazar Branch, Sylhet 45. Chhatak Branch, Sunamganj 46. Bandura Branch, Nawabganj, Dhaka 47. Saidpur Branch, Nilphamari 48. Rangpur Branch, Rangpur 49. Jessore Branch, Jessore 50. Halishahar Branch, Chittagong 51. Basurhat Branch (Rural), Noakhali 52. Sreemangal Branch, Sreemangal 53. Kushtia Branch, Kushtia 54. Pabna Branch, Pabna 55. Narshingdi Branch, Narshingdi 56. Satmasjid Road Branch, Dhaka 57. Dinajpur Branch, Dinajpur 58. Bhairab Branch, Kishorganj 59. Dagonbhuiyan Branch, Feni 60. Gobindaganj Branch, Gaibandha 61. Bhulta Branch, Narayanganj 62. Narayanganj BSCIC Branch, Narayanganj 63. Rampura Branch, Dhaka 64. Tongi Branch, Gazipur 65. Satkhira Branch, Satkhira 66. Madaripur Branch, Madaripur 67. Munshiganj Branch, Munshiganj 68. Habiganj Branch, Habiganj 69. Chittagong EPZ Branch, Chittagong 	<ol style="list-style-type: none"> 70. Faridpur Branch, Faridpur 71. Shahjalal Uposhahar Branch, Sylhet <p>National Bank Limited</p> <ol style="list-style-type: none"> 1. Bangshal Road Branch, Dhaka 2. Babubazar Branch, Dhaka 3. Banani Branch, Dhaka 4. Dhanmondi Branch, Dhaka 5. Mirpur Branch, Dhaka 6. Elephant Road Branch, Dhaka 7. Foreign Exchange Branch, Dhaka 8. Gulshan Branch, Dhaka 9. Imamganj Branch, Dhaka 10. Islampur Branch, Dhaka 11. Jatrabari Branch, Dhaka 12. Kawran bazaar Branch, Dhaka 13. Lake Circus Branch, Dhaka 14. Malibagh Branch, Dhaka 15. Khatungonj Branch, Chittagong 16. Tongi Branch, Gazipur 17. Rokeya Sarani Branch, Dhaka 18. Mohakhali Branch, Dhaka 19. Mohammadpur Branch, Dhaka 20. Motijheel Branch, Dhaka 21. Narayanganj Branch, Narayanganj 22. New Eskaton Branch, Dhaka 23. North Brook Hall Branch, Dhaka 24. Pragati Sarani Branch, Dhaka 25. Savar Bazar Branch, Savar, Dhaka 26. Uttara Branch, Dhaka 27. Z H Sikder M. C. Branch, Dhaka 28. Netaiganj Branch, Narayanganj 29. Agrabad Branch, Chittagong 30. Chawk Bazar Branch, Chittagong 31. Rifles Square Branch, Dhaka 32. Halishahar Branch, Chittagong <p>Mercantile Bank Limited</p> <ol style="list-style-type: none"> 1. Main Branch, Dhaka 2. Dhanmondi Branch, Dhaka 3. Kawran Bazaar Branch, Dhaka 4. Agrabad Branch, Chittagong 5. Banani Branch, Dhaka 6. Rajshahi Branch, Rajshahi 7. Naogaon Branch, Naogaon 8. Sylhet Branch, Sylhet 9. Board Bazar Branch, Gazipur 10. Nayabazar Branch, Dhaka 11. Khatungonj Branch, Chittagong 12. Mohakhali Branch, Dhaka 13. Mirpur Branch, Dhaka 14. Uttara Branch, Dhaka 15. Jubilee Road Branch, Chittagong 16. Elephant Road Branch, Dhaka 17. Motijheel Branch, Dhaka 18. Madam Bibir Haat Branch, Chittagong 19. Khulna Branch, Khulna 20. Rangpur Branch, Rangpur 21. Satmasjid Road Branch, Dhaka 22. O.R. Nizam Road Branch, Chittagong 23. Bogra Branch, Bogra 24. Gulshan Branch, Dhaka 25. Feni Branch, Feni 26. Moulvi Bazar Branch, Moulvi Bazar 27. Bijoyagar Branch, Dhaka 28. Moghbazar Branch, Dhaka 29. Beani Bazar Branch, Sylhet 30. Barisal Branch, Barisal 31. Comilla Branch, Comilla 32. Green road Branch, Dhaka 33. Sheikh Mujib Road Branch, Chittagong 34. Engineers Institution Branch, Dhaka 35. Mazar Road Branch, Dhaka 36. Dinajpur Branch, Dinajpur 37. Jessore Branch, Jessore 38. Progati Sarani Branch, Dhaka 39. Chittagong EPZ Branch, Chittagong 40. Narayanganj Branch, Narayanganj
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**SOUTHEAST BANK 1ST MUTUAL FUND
INSTRUCTIONS**

1. As per provision of the ডিপজিটরি আইন, ১৯৯৯ and Regulations made there under Mutual Fund units will only be issued in dematerialized condition. Please mention your Depository (BO) Account number on the Application form. If you do not mention your valid depository (BO) Account, number, your application will be treated invalid.
2. All information must be written or typed in Block Letters in English and must NOT be abbreviated.
3. Application must not be for less than 500 (five hundred) Units and must be for a multiple of 500 (five hundred) Units. Any Application not meeting this criterion will not be considered for allotment purpose.
4. Application must be accompanied by a foreign demand draft drawn on a bank payable at Dhaka or cheque drawn out of foreign currency deposit account maintained in Bangladesh for the full value of units favoring “**SOUTHEAST BANK 1ST MUTUAL FUND**” and crossed “**ACCOUNT PAYEE ONLY**”.
5. Application shall be sent by the Applicant directly to the VIPB Asset Management Company Limited within **March 10, 2011** so as to reach the Asset Management Company within **March 19, 2011**. No application sent after **March 10, 2011** or received by the VIPB Asset Management Company Limited after **March 19, 2011** will be considered for allotment purposes.
6. Refund against oversubscription shall be made in the currency in which the value of units was paid for by the applicant through Account Payee Cheque payable at Dhaka with Bank account number, Bank’s name and Branch.
7. **PUBLIC OFFER Distribution System:**
 - a. **Units of Tk. 5,00,00,000.00 (Taka five crore) only** of total public offering shall be reserved for non-resident Bangladeshi (NRB) and **units of Tk. 5,00,00,000.00 (Taka five crore) only** for mutual funds and collective investment schemes registered with the Commission, and the remaining units of **Tk. 40,00,00,000.00 (Taka forty crore) only** shall be open for subscription by the general public/Resident Bangladeshis.
 - 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 **oversubscription 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 **undersubscription** under either of the 2 (two) categories [**i.e. units of Tk. 5,00,00,000.00 (Taka five crore) only for NRB and units of Tk. Tk. 5,00,00,000.00 (Taka five crore) only for mutual funds**] mentioned in para (a), the unsubscribed portion shall be added to the **general public category** [units of Tk. 40,00,00,000.00 (Taka forty crore) only] and, if after such addition, there is oversubscription 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 the authorized representatives of the SEC, Stock Exchange(s) concerned, the Sponsor, the Asset Management Company, the Trustee and the applicants.
8. Money receipt of clearance of draft or cheque, as the case may be, shall be sent by post to the applicant by the Asset Management Company.
9. Joint application by 2 (two) persons will be acceptable. In such a case, allotment or refund shall be made by post to the first applicant.
10. Application must be made by an individual, a corporation or company, a trust or a society and not by a firm, minor or persons of unsound mind.
11. Making of any false statement in the application or supplying of incorrect information therein or suppressing any relevant information shall make the Application liable to rejection and subject to forfeiture of Application money and/or forfeiture of the unit before or after issuance of the same by the Asset

- Management Company. The said forfeited Application money or unit will be deposited in account specified by SEC. This may be in addition to any other penalties as may be provided for by law.
12. The intending NRB applicants shall deposit unit money by US\$/UK Pound sterling/Euro draft drawn on and payable in Dhaka, Bangladesh, or through a nominee by paying out of foreign currency deposit account or in Taka, supported by foreign currency encashment certificate issued by the concerned bank, so that the Asset Management Company collecting bank can clear the proceeds and deposit the same into Asset Management Company's bank account in time.
 13. Spot buying rate (TT Clean) in US Dollar, UK Pound Sterling and Euro of Sonali Bank as prevalent on the date of opening of subscription will be applicable for the Non-Resident Bangladeshi (NRB) applicants.
 14. **The applicant shall furnish photocopies of relevant pages of valid passport(s) in support of his being a NRB, dual citizenship or of the foreign passport bearing an endorsement from the concerned Bangladeshi Embassy to the effect that "no visa is required to travel to Bangladesh".**
 15. In case of joint NRB application, joint applicant shall also submit supporting papers/documents in support of their being an NRB as mentioned in para-14 above.
 16. In the case of non-allotment of securities, the application money of unsuccessful applicant shall be 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.
 17. **An applicant cannot submit more than 2 (two) applications, one in his/her own name and another jointly with another person. In case an applicant makes more than 2 (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.**
 19. All the applicants shall first be treated as applied for one minimum market lot of 500 (five hundred) units worth Tk. 5,000/- (Taka five thousand) only. If, on the basis, there is oversubscription, the lottery shall be held amongst the applicants allocating one identification number for each application, irrespective of the application money. In case of oversubscription under any of the categories mentioned hereinabove, the issuer and the Asset Manager shall jointly conduct an open lottery of all applications received under each category separately in presence of representatives from SEC, the Stock Exchange(s), Sponsor, Trustee, Asset Manager, and applicants, if there be any.

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.



VIPB ASSET MANAGEMENT COMPANY LIMITED

REGISTERED OFFICE:

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