

# PROSPECTUS

If you have any queries about this document, you may consult your bank manager, lawyer, professional accountant or other relevant professional advisers

## VIPB BALANCED FUND

### AN OPEN-ENDED MUTUAL FUND SCHEME

Initial size of issue : BDT 10,00,00,000 (Taka Ten Crore); Initial number of units : 1,00,00,000 units (One Crore units)

Initial offer price : BDT 10.00 (Taka Ten per unit); Sponsor's contribution : BDT 1,00,00,000 (Taka One Crore)

Initial public offering : BDT 9,00,00,000 (Taka Nine Crore); Initial subscription period: 10 November, 2020 to 24 December, 2020

**VIPB Asset Management**  
Your Trusted Investment Manager

**Sponsor and Asset Manager:**  
VIPB Asset Management Company Ltd

**Registered Office:**  
Suite 11(H), Police Plaza Concord, Tower 1, Level 11, Road 144, Gulshan 1, Dhaka 1212

**Trustee:**  
**Sandhani Life Insurance Co. Ltd.**

**Registered Office:**  
Sandhani Life Tower, Rajuk Plot No-34, Bangla Motor, Dhaka-1000.

**Custodian:**  
**BRAC Bank Limited**

**Registered Office:**  
Anik Tower, 220/B, Tejgaon Gulshan Link Road, Tejgaon I/A, Dhaka-1208.

PROSPECTUS PUBLICATION DATE: 01.11.2020

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 VIPB Balanced Fund (hereinafter the Fund) bears certain risks that investors should carefully consider before investing in the Fund. Investment in the capital market and in the Fund bears certain risks that are normally associated with making investments in securities including loss of principal amount invested. There can be no assurance that the Fund will achieve its investment objectives. The Fund values are 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, Asset Management Company or the Fund is not guaranteeing any returns.**

The particulars of the Fund have been prepared in accordance with সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন) বিধিমালা, ২০০২, as amended till date and filed with Bangladesh Securities and Exchange Commission. The investors are advised, in their own interest, to carefully read the contents of the Prospectus, in particular the risk factors, before making any investment decision.

FUND HIGHLIGHTS	
<b>Name</b>	VIPB Balanced Fund
<b>Nature</b>	Open-ended Mutual Fund
<b>Life and Size of the Fund</b>	Perpetual life and unlimited size
<b>Sponsor</b>	VIPB Asset Management Company Limited
<b>Asset Manager</b>	VIPB Asset Management Company Limited
<b>Trustee</b>	Sandhani Life Insurance Company Limited
<b>Custodian</b>	BRAC Bank Limited
<b>Initial Size of the Fund</b>	BDT 10,00,00,000 (Taka ten crore) divided into 1,00,00,000 (one crore) units of Tk. 10 (Taka ten) each
<b>Face Value</b>	Tk. 10 (Taka ten) per Unit
<b>Objective</b>	The objective of the Fund is to provide attractive risk adjusted return to the unit holders by investing the proceeds in the capital market and money market.
<b>Minimum Application Amount</b>	Tk. 20,000.00/- per application (2,000 Units) for individuals Tk. 50,000.00/- per application (5,000 Units) for institutions
<b>Prospective investors</b>	Individuals, institutions, Non-Resident Bangladeshis (NBR), mutual funds and collective investment schemes are eligible to invest in this Fund.
<b>Sale/ Surrender / Transfer of Units</b>	Over the Counter (OTC) of the Asset Manager and designated Selling Agents
<b>Transparency</b>	NAV will be calculated on a weekly basis and shall be published on the website of the Fund manager www.vipbmc.com and as prescribed in the Rule
<b>Target Group</b>	Individuals – both resident and non-resident, institutions – both local and foreign, mutual funds and collective investment schemes are eligible to subscribe the Units of the Fund.
<b>Dividend Policy</b>	Minimum 70% (seventy percent) of realized profit of the Fund will be distributed as dividend in Bangladeshi Taka or CIP (if requested by the investor) only in each accounting year.
<b>Dividend Distribution</b>	The dividend warrant will be distributed within 45 (Forty Five) days from the date of declaration.
<b>Transferability</b>	The Units of the Fund are transferable by way of inheritance/ gift and/or by specific operation of the law.
<b>Encashment</b>	The Unit holder can encash and encash their Units to the Asset Manager and through the authorized selling agents appointed by the Asset Manager. The Asset Manager or selling agent shall be liable to re-purchase the units on behalf of Fund.
<b>Tax benefit</b>	Income shall be tax free up to certain level, which is permitted as per Finance Act. Investment in the Fund would qualify for investment tax credit under section 44(2) of the Income Tax Ordinance 1984.
<b>Reports and Accounts</b>	The income of the Fund will also be exempted from Tax. Every Unit holder is entitled to receive annual report along with the yearly and half-yearly statements of accounts and when published from the website (www.vipbmc.com) of the Asset Manager.

#### CHAPTER 1: PRELIMINARY

**1.1 Publication of Prospectus for Public Offering**

VIPB Asset Management Company Limited has received registration certificate from the Bangladesh Securities & Exchange Commission under Securities & Exchange Commission Act, 1993 and সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন) বিধিমালা, ২০০২ made thereunder and also received consent for issuing prospectus for public offering. A complete copy of the prospectus is available for public inspection at Suite 11(H), Police Plaza Concord, Tower 1, Level 11, Road 144, Gulshan 1, Dhaka 1212, the corporate office of VIPB Asset Management Company Limited – the asset manager of VIPB Balanced Fund, hereinafter referred to as the "Fund".

**1.2 Consent of the Securities and Exchange Commission**

"APPROVAL OF BANGLADESH SECURITIES AND EXCHANGE COMMISSION HAS BEEN OBTAINED TO THE ISSUE/OFFER OF THE FUND UNDER THE SECURITIES AND EXCHANGE ORDINANCE, 1969 AND THE সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন) বিধিমালা, ২০০২. 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**

The Fund, being an open-ended one, will not be listed with any stock exchanges of the country; hence the Units of the Fund will not be traded in the stock exchanges unless otherwise BSEC and stock exchange houses make arrangement in future. In that case public communication will be made as per BSEC's approval.

The securities will be kept in dematerialize form in Central Depository Bangladesh Limited (CDBL) to facilitate the holding and transfer of the units of the Fund. Units of the Fund will always be available for sale and surrender/repurchase except on the last working day of every week and during book closure period of the Fund at the corporate office of the VIPB Asset Management and the offices of authorized selling agents. The Asset Manager shall disclose selling price and surrender/repurchase price of Units at the beginning of business operation on the first working day of every week as per the বিধিমালা.

The unit holders may surrender their unit certificates during the business hour as specified by the Asset Management Company. The Asset Management Company shall be liable to repurchase the units on behalf of the fund. The redemption will be made on first come first serve basis.

#### 1.4 Availability of Documents for Inspection

- A copy of this prospectus is available at the registered office of the Asset Manager and offices of the authorized selling agents of the Fund. This prospectus will also be available for viewing and downloading from the website of Bangladesh Securities and Exchange Commission website (www.bsecbd.org) and the website of the Asset Manager (www.vipbmc.com).
- Copy of the trust deed will be available for public inspection during business hours at the office of the Asset Manager of the Fund. One will be able to purchase a copy of the trust deed by paying the price as determined by the Asset Manager.

#### 1.5 Conditions under Section 2CC of the Securities and Exchange Ordinance, 1969

- The Fund shall not account for any upward revaluation of its assets creating reserve without clearance from the Bangladesh Securities and Exchange Commission;
- The Fund shall not be involved in option trading, short selling or carry forward transactions;
- A confirmation of Unit Allocation shall be issued at the cost of the Fund at par value of Tk. 10.00 (Taka ten) each within 90 (ninety) days from the date of sale of such Units;
- Money receipt/acknowledgment slip issued at the time of sale of Units will be treated as allotment, which shall not be redeemable/transferable;
- The annual report of the Fund or its abridged version will be published within 45 (forty five) days of the closure of each accounting year of the Fund;
- An annual report and details of investment and savings of the Fund shall be submitted to the Commission, Trustee and Custodian within 90 (ninety) days from the closure of the accounts;
- Half-yearly accounts as per the বিধিমালা, ২০০২, shall be published in at least one English and one Bengali national daily newspaper within 30 (thirty) days from the end of the period;
- Dividend shall be paid within 45 (forty five) days of its declaration, and a report shall be submitted to BSEC, Trustee and Custodian within 7 (seven) days of its declaration;
- Net Asset Value (NAV) of the Fund shall be calculated and disclosed publicly at least once a week;
- Details statements of quarterly status of portfolio and other assets shall be published in asset manager website within one month of the end of the quarter;
- After initial public subscription sale and repurchase/surrender price of Units will be determined by the Asset Manager Company as per the Rule. NAV calculated on a date shall form the repurchase price of Units by rounding up the amount and shall be effective up to next calculation of NAV of the Fund. The difference between sales price and surrender value shall not be over Tk. 0.30 (Thirty paise) per unit and may increase up to 5% of the sale price at the decision of the Board of Directors of the Asset Management Company;
- BSEC may appoint auditors for special audit/investigation on the affairs of the Fund, if it so desires;
- The Fund shall maintain separate bank account(s) to keep the sale proceeds of Units and to meet up day-to-day transactions including payment against repurchase of Units. All transactions of the account shall be made through banking channel and shall be properly documented;
- The prospectus/abridged version of the prospectus shall be published in one of the widely circulated Bengali national daily newspapers. Provided that information relating to publication of prospectus in the form of advertisement be published in two national daily newspapers (Bengali and English);
- If approved, abridged version of the prospectus will be published in the newspaper and complete prospectus shall be made available to the applicants through website of AMC;
- The approved prospectus shall be available at the head office of AMC, Custodian and Trustee of the Fund and the sales offices of the Fund;
- The size of the Fund will be increased from time to time by the Asset Manager subject to approval of the Trustee and with intimation to the Commission;
- All the publications related to the prospectus and all other published documents/notices regarding the Unit Fund shall be submitted to the Commission within 24 hours of the publication thereof;
- The Asset Management Company shall submit 40 (forty) copies of printed prospectus to the Commission for official record within 7 (seven) days of its prospectus approval;
- The Asset Management Company shall ensure in writing to the Commission that the prospectus is published correctly and is a verbatim copy of the prospectus vetted by the Commission;
- The AMC shall submit to the Commission a diskette containing the vetted prospectus;
- If the Fund manager fails to collect the minimum 40% of the initial target amount under section 48 of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন) বিধিমালা, ২০০২, it will refund the subscription money within 30 days from the closure of subscription without any deduction. In case of failure, the Fund manager will refund the same with an interest at 18% per annum from the date of closure of subscription;
- On achievement of 40% of the initial target amount, the Fund is allowed to commence investment activities of the Fund with permission of the Trustee;
- Confirmation of Unit Allocation of the sponsor's contribution amounted to Tk 1,00,00,000/- (Taka one crore) only shall be subject to a lock-in for a period of minimum three years from the date of formation of the Fund and after that period, 90% holding may be transferred, with approval of the BSEC, to any institution eligible to be a sponsor of a mutual fund.
- A Confirmation of Unit Allocation amounting to Tk. 1,00,00,000/- (10% of the Fund) will be issued in favor of the sponsor. The said unit allocation confirmation letter shall be in the custody of the Trustee. No splitting of the Confirmation of Unit Allocation letter shall be made without prior approval of the Commission.
- After approval by the Trustee regarding issue and redemption of the AMC shall submit in details to the Commission regarding issue and redemption expenses within 15 (fifteen) days of fund operation;
- Annual fee of the fund shall be submitted to the Commission on the Fund size i.e. year-end NAV at market price of the fund on advance basis as per the বিধিমালা, ২০০২, and shall be paid in advance;
- All conditions imposed under section 2CC of the Securities and Exchange Ordinance, 1969 must be complied with and be incorporated in the body of the prospectus.

#### 1.6 General Information

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 there are no other material facts, the commission of which would make any statement herein misleading.

No person is authorized to give any information to make any representation not contained in this prospectus and if so given or made, such information or representation must not be relied upon as having been authorized by VIPB Asset Management Company Limited.

The issue as contemplated in this document is made in Bangladesh is subject to the exclusive jurisdiction of the court of Bangladesh. Forwarding this prospectus to any person residing outside Bangladesh in no way implies that the issue is made in accordance with the laws of that country or is subject to the jurisdiction of the laws of that country.

#### 1.7 Sale and Repurchase of Units

Sale and repurchase of Units of VIPB Balanced Fund will commence at the corner of VIPB Asset Management Company Limited, Suite 11(H), Police Plaza Concord, Tower 1, Level 11, Road 144, Gulshan 1, Dhaka 1212 and designated Selling Agent(s) Branch Offices at the opening of banking business hours on 10/11/2020 and continue until winding up of the Fund except book closure period as per Rules.

VIPB AMCL will maintain BO accounts with BRAC Bank Limited, the Custodian of VIPB Balanced Fund for creation and redemption of units of VIPB Balanced Fund. In this case sale/purchase of the units will be made by the Trustee and be referred to the unit holders BO accounts as per instruction of VIPB AMCL after the acceptance of demat slip by the custodian.

In this case of redemption/repurchase of units by the Asset Manager, units will be taken out from the Central Depository system after setting up remat request by the custodian and acceptance of remat request by the Asset Manager.

#### 1.8 Declarations:

##### Declarations about the Responsibility of the Sponsor

The Sponsor, VIPB Asset Management Co. Limited, accepts full responsibility for his institution's contribution / portion the authenticity and accuracy of the information contained in this prospectus and other documents regarding VIPB Balanced Fund. To the best of the knowledge and belief of the Sponsor, who has taken all reasonable care to ensure that all the conditions and requirements concerning this public offer and all information contained in this document, drawn up by virtue of the Trust Deed of the Fund by the entrusted Asset Management Company have been met and there is no other information or document, the omission of which may make any information or statements therein misleading.

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

Sd/-  
**Shahidul Islam, CFA**  
Chief Executive Officer  
VIPB Asset Management Company Limited

##### Declarations about the Responsibility of the Custodian

We, as Custodian of the VIPB Balanced Fund, accept the responsibility and confirm that we shall:

- Keep all the securities in safe custody and shall provide the highest security for the assets of the Fund; and
- Preserve necessary documents and record so as to ascertain movement of assets of the Fund as per সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন) বিধিমালা, ২০০২.

Sd/-  
**Tareq Refat Ullah Khan**  
Head of Corporate Banking  
BRAC Bank Limited

##### Declarations about the Responsibility of the Trustee

We, as Trustee of the VIPB Balanced Fund, accept the responsibility and confirm that we shall,

- be the guardian of the Fund, held in trust for the benefit of the unit holders in accordance with the Rules and the Trust Deed;
- always act in the interest of the Unit holders;
- take all reasonable care to ensure that the Fund floated and managed by the Asset Management Company are in accordance with the Trust Deed and the Rules;

iv. make such disclosures by the Asset Management Company to the investors as are essential in order to keep them informed about any information, which may have any bearing on their investments; and

v. We warrant that we shall comply with the বিধিমালা, ২০০২, and other related agreements and examination of other documents as relevant for business of the Fund is not in conformity with relevant rules.

Sd/-  
**Md. Mizanur Rahman**  
Company Secretary  
Sandhani Life Insurance Company Limited

**Declarations about the Responsibility of the Asset Manager**

This Prospectus has been prepared by us based on the Trust Deed, the Investment Management Agreement, the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন) বিধিমালা, ২০০২, and other related agreements and examination of other documents as relevant for adequate disclosure of the Fund's objectives and investment strategies to the investors. We also confirm that,

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

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

Sd/-  
**Shahidul Islam, CFA**  
Chief Executive Officer  
VIPB Asset Management Company Limited

#### 1.9 Due Diligence Certificate:

Due diligence certificate by sponsor

স্বাক্ষর করছেন: (১) এর (৮) তারিখ: ০৮ (৯) তারিখ:

The Chairman  
**Bangladesh Securities and Exchange Commission**  
Securities Commission Bhaban  
E-6/C, Agargaon  
Sher-e-Bangla Nagar Administrative Area  
Dhaka-1207, Bangladesh

#### Subject: VIPB Balanced Fund

We, the sponsor of the above-mentioned forthcoming mutual fund, state as follows:

- We, as the sponsor to the above-mentioned fund, have examined the draft prospectus and other documents and materials as relevant to our decision; and
- We warrant that we shall comply with the বিধিমালা, ২০০২, and other related agreements and examination of other documents as relevant for adequate disclosure of the Fund's objectives and investment strategies to the investors. We also confirm that, the prospectus is in conformity with the documents, materials and papers related to the issue; and

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

#### WE CONFIRM THAT:

- All information in the draft prospectus forwarded to the Commission is authentic and accurate;
- We, as sponsor custodian of the fund as mentioned above will act as per clause of the trust deed executed with the trustee and shall assume the duties and responsibilities as described in the trust deed and other constitutive documents;
- We shall also abide by the বিধিমালা, ২০০২, and conditions imposed by the Commission as regards of the fund; and
- We shall act to our best for the benefit and interests of the unit holders of the Fund;

#### For sponsor

Sd/-  
**Shahidul Islam, CFA**  
Chief Executive Officer  
VIPB Asset Management Company Limited

#### Due diligence certificate by Trustee

স্বাক্ষর করছেন: (১) এর (৮) তারিখ: ০৮ (৯) তারিখ:

The Chairman  
**Bangladesh Securities and Exchange Commission**  
Securities Commission Bhaban  
E-6/C, Agargaon  
Sher-e-Bangla Nagar Administrative Area  
Dhaka-1207, Bangladesh

#### Subject: VIPB Balanced Fund

We, the under-noted trustee to the above-mentioned forthcoming mutual fund, state as follows:

- We, while act as trustee to the above-mentioned fund on behalf of the investors, have examined the draft prospectus and other documents and materials as relevant to our decision; and
- We, as sponsor custodian of the fund as mentioned above will act as per clause of the trust deed executed with the trustee and shall assume the duties and responsibilities as described in the Trust Deed and other constitutive documents;

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

#### WE CONFIRM THAT:

- All information and documents as are relevant to the issue have been received and examined by us and the draft prospectus forwarded to the Commission have been approved by us;
- We have also collected and examined all other documents relating to the Fund;
- While examining the above documents, we find that all the requirements of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন) বিধিমালা, ২০০২, have been complied with;

We shall act as trustee of the fund as mentioned above as per provisions of the trust deed executed with the sponsor and shall assume the duties and responsibilities as described in the Trust Deed and other constitutive documents;

We shall also abide by the বিধিমালা, ২০০২, and conditions imposed by the Commission as regards of the Fund; and

f) We shall act to our best for the benefit and sole interests of the unit holders of the Fund;

#### For Trustee

Sd/-  
**Md. Mizanur Rahman**  
Company Secretary  
Sandhani Life Insurance Company Limited

#### Due diligence certificate by Custodian

স্বাক্ষর করছেন: (১) এর (৮) তারিখ: ০৮ (৯) তারিখ:

To  
The Honorable Chairman  
**Bangladesh Securities and Exchange Commission**  
Securities Commission Bhaban  
E-6/C, Agargaon  
Sher-e-Bangla Nagar Administrative Area  
Dhaka-1207, Bangladesh

#### Subject: VIPB Balanced Fund

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

We, while act as custodian to the above-mentioned fund on behalf of the investors of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন) বিধিমালা, ২০০২, and provide highest security for the assets of the Fund;

We, as sponsor custodian of the fund as mentioned above as per provisions of the custodian agreement executed with the asset management company and shall assume the duties and responsibilities as described in the trust deed of the mentioned fund and other constitutive documents;

We shall also abide by the বিধিমালা, ২০০২, and conditions imposed by the Commission as regards of the fund; and

d) We shall act to our best for the benefit and sole interests of the unit holders of the fund;

#### For Custodian

Sd/-  
**Tareq Refat Ullah Khan**  
Head of Corporate Banking  
BRAC Bank Limited

#### Due diligence certificate by Asset Manager

স্বাক্ষর করছেন: (১) এর (৮) তারিখ: ০৮ (৯) তারিখ:

The Chairman  
**Bangladesh Securities and Exchange Commission**  
Securities Commission Bhaban  
E-6/C, Agargaon  
Sher-e-Bangla Nagar Administrative Area  
Dhaka-1207, Bangladesh

#### Subject: VIPB Balanced Fund

We, the under-noted Asset Manager to the above-mentioned forthcoming mutual fund, state as follows:

- We, while act as asset manager to the above-mentioned mutual fund, declare and certify that the information provided in this prospectus, is authentic and accurate;
- We further certify that we shall inform the Bangladesh Securities and Exchange Commission immediately of any change in the information of the fund; and
- We warrant that we shall comply with the Securities and Exchange Ordinance, 1969, the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন) বিধিমালা, ২০০২, Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015, Dhaka Stock Exchange (Listing) Regulations, 2015, Chittagong Stock Exchange (Listing) Regulations, 2015, Trust Deed of the Fund and the Rules, guidelines, circulars, orders and directions that may be issued by the Bangladesh Securities and Exchange Commission from time to time in this respect.

#### WE CONFIRM THAT

- All the legal requirements connected with the said fund have been duly complied with; and
- The disclosures made in the draft prospectus are true, fair and adequate to enable the investors to make a well-informed decision for investment in the proposed fund.

#### For the Asset Manager

Sd/-  
**Shahidul Islam, CFA**  
Chief Executive Officer  
VIPB Asset Management Company Limited

## CHAPTER 2: BACKGROUND

**2.1 Preamble to Formation of VIPB Balanced Fund**

Open-ended mutual fund is widely popular throughout the world among all kinds of investors. It is highly accepted and praised investment vehicle offering a lot more flexibilities to the investors. Globally at present, most of the mutual funds are open-ended ones. The scenario in Bangladesh has changed a lot over the last couple of years as a good number of open-ended funds were launched. At present there are 54 open-ended mutual funds (as of December, 2019) operational in the market. More funds are in the pipeline waiting to get the approval from the regulators.

VIPB Asset Management, one of the leading asset management firm in the country, launched its first open-ended fund named VIPB Accelerated Income Unit Fund in 2016. The fund got tremendous response from both individual and institutional investors. The fund was the best performer in 17 among all mutual funds operational in Bangladesh. This sort of performance record isn't new for VIPB Asset Management. Even when the market went through a critical time since the market crash of 2010-11, the company continued to show robust performance in managing its two closed-end mutual funds. That successful track record inspired the company to launch an open-ended mutual fund and eventually the fund carried the success story further. VIPB Asset Management Company Limited also launched its second open-ended mutual fund name VIPB Growth Fund on April 2018. VIPB Asset Management Company Limited believes that it would be able to perform similarly in case of the proposed VIPB Balanced Fund as well.

The parties to the fund are: VIPB Asset Management Company Limited as the Sponsor & the Asset Manager, Sandhani Life Insurance Company Limited as the Trustee and BRAC Bank Limited as the Custodian of the Fund.

#### 2.2 Advantages of Investing in VIPB Balanced 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 VIPB Balanced Fund:

- 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 its risk-return tradeoff.
- Mutual funds through its diversified pool of investments will provide small investors access to returns of the wider market, which will be very costly for retail investors to achieve individually.
- Greater participation of mutual funds will add to enhanced liquidity to the overall market and, since most mutual funds are long term investment vehicles, this will create price stability and better price discovery and reduce short term volatility in the market.
- 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 in the investment and research process dedicated to research the stock market, its scripts and the impact of the broader macro-economic factors that impact the market.
- 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 the fund's performance.
- 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.
- Income will be tax free up to Taka 25,000 as permitted under the Finance Act.
- Investment in the Fund will qualify for investment tax credit under section 44(2) of the Income Tax Ordinance 1984.
- Management and operations of mutual funds are subject to strict regulations from the BSEC and the Sponsor appointed Trustee, both of whom closely monitor the performance of the fund. The laws governing mutual funds require exhaustive disclosure to the regulator and general public.
- VIPB Balanced Fund offers the investors the advantage of receiving cash dividends and cumulative investment plan (CIP). The latter allows the fund manager to reinvest the dividend in the market.
- Price of the Units of the fund won't be determined by demand and supply, rather by Net Asset Value (NAV).

## CHAPTER 3: THE FUND

### 3.1 Formation of the Fund

The Trust Deed of the Fund was registered on December 4, 2019 under the Trust Act, 1882 and Registration Act, 1908. The Fund was registered by the BSEC on January 13, 2020 under the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন) বিধিমালা, ২০০২.

### 3.2 Life of the Fund

The Fund will be an open-ended mutual fund with a perpetual life. Institutional, local & foreign individual, resident & non-resident investors are eligible to invest in this Fund. The initial target size of the fund will be Tk 10,00,00,000 (Taka Ten Crore) only divided into 1,00,00,000 (One Crore) Units of Tk 10 (Taka Ten) each. Size of the Fund will be increased from time to time by the Asset Manager subject to approval of the Trustee and with due intimation to the BSEC.

