IFIC BANK 1ST MUTUAL FUND

PROSPECTUS
FOR
IFIC Bank 1st Mutual Fund

SIZE OF THE FUND: Tk. 1,200,000,000 divided into 120,000,000 units at par value of Tk. 10 each
SPONSOR’S CONTRIBUTION: 25,000,000 Units of Tk. 10 each at par for Tk. 250,000,000
PRE IPO PLACEMENT: 55,000,000 Units of Tk. 10 each at par for Tk. 550,000,000
PUBLIC OFFER: 40,000,000 Units of Tk. 10 each at par for Tk. 400,000,000
RESERVED FOR MUTUAL FUNDS: 4,000,000 Units of Tk. 10 each at par for Tk. 40,000,000
NON RESIDENT BANGLADESHIS: 4,000,000 Units of Tk. 10 each at par for Tk. 40,000,000
RESIDENT BANGLADESHIS: 32,000,000 Units of Tk. 10 each at par for Tk. 320,000,000

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

The particulars of the fund have been prepared in accordance with সিকিউরিটিঃ ও এক্সচেঞ্জ কমিশন (সিউড্রোয়াল কাউন্সিল) বিধিনিষেধ, ২০০১, as amended till date and filed with Securities and Exchange Commission of Bangladesh.

The Issue/Fund shall be placed in "A" category. The Fund shall apply for listing with both the Stock Exchanges.

SPONSOR:
IFIC Bank Limited

TRUSTEE:
Investment Corporation of Bangladesh (ICB)

CUSTODIAN:
Investment Corporation of Bangladesh (ICB)

ASSET MANAGEMENT COMPANY:
RACE Management PCL

Subscription
Subscription opens: February 7, 2010
Subscription closes: February 11, 2010
For Non-Resident Bangladeshis
subscription closes on February 20, 2010

Date of Publication of Prospectus: January 11, 2010
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<td>IFIC Bank Limited</td>
</tr>
<tr>
<td>Akram Tower, Suite 3, 7th Fl.</td>
<td>Shilpa Bank Bhaban</td>
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**IFIC BANK 1ST MUTUAL FUND**

<table>
<thead>
<tr>
<th>Trustee</th>
<th>Custodian</th>
</tr>
</thead>
</table>
| Investment Corporation of Bangladesh (ICB)  
NSC Tower  
62/3, Purana Paltan  
Dhaka-1000 | Investment Corporation of Bangladesh (ICB)  
NSC Tower  
62/3, Purana Paltan  
Dhaka-1000 |

<table>
<thead>
<tr>
<th>Auditor</th>
<th>Banker</th>
</tr>
</thead>
</table>
| Hoda Vasi Chowdhury & Co. Chartered Accountants  
BTMC Bhaban (8th Level),  
7-9 Karwan Bazar,  
Dhaka-1215 | IFIC Bank Limited  
Shilpa Bank Bhaban  
8, Rajuk Avenue  
Dhaka-1000 |

<table>
<thead>
<tr>
<th>Fund Manager</th>
</tr>
</thead>
</table>
| RACE Management PCL  
Akram Tower, Suite 3, 7th Fl.  
199 Shaheed Syed Nazrul Islam Sarani  
(Old: 15/5 Bijoy Nogar)  
Dhaka-1000. |
### Abbreviations and Definitions

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<td>Allotment</td>
<td>Letter of Allotment for units</td>
</tr>
<tr>
<td>Act</td>
<td>Securities and Exchange Commission Act 1993</td>
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<tr>
<td>AMC</td>
<td>The Asset Management Company (AMC) refers to “RACE Management Private Company Limited” registered with the Registrar of Joint Stock Companies and Firms.</td>
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<td>CDBL</td>
<td>Central Depository Bangladesh Limited</td>
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<tr>
<td>Certificate</td>
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<td>Commission</td>
<td>Securities and Exchange Commission</td>
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<tr>
<td>Companies Act</td>
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<td>CSE</td>
<td>Chittagong Stock Exchange</td>
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<td>ICB</td>
<td>Investment Corporation of Bangladesh</td>
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<td>NBFI</td>
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<td>BO A/C</td>
<td>Beneficiary Owner Account or Depository Account</td>
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<tr>
<td>NAV</td>
<td>Net Asset Value of the Fund</td>
</tr>
<tr>
<td>NBR</td>
<td>National Board of Revenue</td>
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<td>NRB</td>
<td>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.</td>
</tr>
<tr>
<td>Offering Price</td>
<td>Price of the Securities of the Fund being offered</td>
</tr>
<tr>
<td>Subscription</td>
<td>Application Money</td>
</tr>
<tr>
<td>SEC</td>
<td>Securities and Exchange Commission</td>
</tr>
<tr>
<td>Sponsor</td>
<td>Sponsor of the Fund i.e. IFIC Bank Ltd. Financial Institution incorporated as a public limited company with the Registrar of Joint Stock Companies and Firms and acts under the license of Bangladesh Bank.</td>
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<tr>
<td>RJSC</td>
<td>Registrar of Joint Stock Companies and Firms</td>
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<td>Units</td>
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### Highlights
1. Name: IFIC Bank 1st Mutual Fund

2. Size of the Fund: Tk. 1,200,000,000 divided into 120,000,000 units at par value of Tk. 10.00 each. In future the fund size will not be changed.

3. Face Value: Tk. 10.00 per unit.


5. Objective:— The objective of the Fund is to provide attractive dividend to the unit holders by investing the proceeds in the various instruments in the Bangladeshi Capital Market and Money Market.

6. Target Group: Individuals, institutions, non-resident Bangladeshis (NRB), mutual funds and collective investment schemes are eligible to apply for investment in the Fund.

7. Dividend: Minimum 70% income of the Fund will be distributed as dividend in Bangladeshi Taka only at the end of each accounting year. The Fund shall create a dividend equalization reserve fund to ensure consistency in dividend.

8. Mode of Distribution: The dividend will be distributed within 30 days from the date of declaration.

9. Transferability: Units are transferable. The transfer will be made by the CDBL under electronic settlement process.

10. Encashment: The Fund will be listed with DSE and CSE. So investment in this Fund will easily be encashable.

11. Tax Benefit: Income will be tax free up to certain level, which is permitted as per Finance Act. Investment in the Fund would qualify for investment tax credit under section 44(2) of the Income Tax Ordinance 1984.

12. Report & Accounts: Every unit holder is entitled to receive annual report together with the yearly and half-yearly statements of accounts as and when published.
In General: There is no assurance that the Fund will meet its investment objective; investors could lose money by investing in the Fund. As with all mutual funds, an investment in the Fund is not insured or guaranteed by the Government of Bangladesh or any other government agency.

2. Market Price Risk: Stock prices and Mutual Fund prices generally fluctuate because of the interplay of the various market forces that may affect a single issuer, industry, or market as a whole. The Fund may lose its value or experience a substantial loss on its investments due to such market volatility.

3. NAV Risk: Stock market trends show that prices of many listed securities move in unpredictable directions, which may affect the value of the Fund’s portfolio of listed securities. Depending on its exposure to such securities, the net asset value of units issued under this Fund can go up or down depending on various factors and forces affecting the capital markets. Moreover, there is no guarantee that the market price of unit of the Fund will fully reflect their underlying net asset values.

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

5. Legal Risk: The Honorable High Court, in its verdict on November 8th allowed mutual funds to expand their capital base by issuing bonus and rights shares or pay dividends through cash or bonus shares, without curbing the regulator's absolute power to determine which funds would be eligible to do so. However, although the case has been resolved by the High Court, the Securities and Exchange Commission still has the provision to appeal against the verdict with the appellate division of the Supreme Court and by exercising that option, the issue of dividends in any form may remain pending once again.

6. Asset Allocation Risk: Due to a very thin secondary debt market in Bangladesh, it would be difficult for the Fund Manager to swap between asset classes, if and when required. In addition, limited availability of money market instruments in the market implies that there are only few opportunities for short term or temporary investments for the Fund.

7. Lack of Diversification Risk: Due to small number of listed securities in both the stock exchanges, it may be difficult to invest the Fund’s assets in a widely diversified portfolio.

8. Liquidation Risk: Market conditions and investment allocation may impact on the ability to sell securities during periods of market volatility. The Fund may not be able to sell securities or instruments at the appropriate price and/or time.
9. Dividend Risk: If the companies wherein the Fund will be invested fail to pay expected dividend, it may affect the overall returns of the Fund.

10. Investment Strategy Risk: The Fund is subject to management strategy risk because it is an actively managed investment portfolio. The AMC will apply investment techniques and risk analyses in making investment decisions for the Fund, but there can be no guarantee that these techniques and analyses will produce the desired results.

11. Socio-Political & Natural Disaster Risk: Uncertainties resulting from political and social instability may affect the value of the Fund’s Assets. In addition, adverse natural climatic condition may hamper the performance of the Fund.
1. PRELIMINARY

1.1. PUBLICATION OF PROSPECTUS FOR PUBLIC OFFERING:

RACE Management PCL has received Registration Certificate from the Securities and Exchange Commission (SEC) under the সিকিউরিটিজ ও এজেন্সেস কমিশন আইন, ১৯৬৭, and the সিকিউরিটিজ ও এজেন্সেস কমিশন (সিকিউরিটিজ ও এজেন্সেস কমিশন) বিধিমালা, ২০০১ made thereunder and also received approval for issuing prospectus for public offering. A complete copy of the prospectus of the public offering is available for public inspection at the registered office of the Fund.

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


1.3. LISTING OF FUND:

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

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

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

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

1.4. DOCUMENTS AVAILABLE FOR INSPECTION:

1. Copy of this prospectus will be available at the Members of the Stock Exchanges, Bankers to the Issue and the registered office of the RACE Management PCL and also available at the website of Securities and Exchange Commission (www.secbd.org) and RACE Management PCL (www.racebd.com).

2. Copy of Trust Deed, Investment Management Agreement and the Prospectus will be available for public inspection during business hours at the head office of the Asset Management Company of the Fund during the period 10 (ten) days from the publication date of this prospectus.
1.5. CONDITIONS OF THE PUBLIC OFFER (PO):

**PART-A**

1) The Fund shall make Public Offer (PO) for 40,000,000 units of Taka 10/- each at par worth Taka 40.00 (forty) crores following the Securities and Exchange Commission (Public Issue) Rules, 2006, and regulations issued thereunder.

2) The prospectus/abridged version of the prospectus as vetted by SEC, shall be published in two widely circulated national daily newspapers (Bangla and English) within 10 (ten) days of receipt of the approval letter. Provided that information relating to publication of prospectus in the form of advertisement be published in two national daily newspapers (Bangla and English).

3) Sufficient copies of prospectus shall be made available by the Asset Management Company so that any person requesting a copy may receive one. A notice shall be placed on the front of the application form distributed in connection with the offering, informing that interested persons are entitled to a prospectus, if they so desire, and that copies of prospectus may be obtained from the Asset Management Company. The subscription application shall indicate in bold type that no sale of securities shall be made, nor shall any money be taken from any person, in connection with such sale until 25 (twenty five) days after the prospectus has been published.

4) The Asset Management Company shall ensure transmission of the prospectus and relevant application forms for NRBs through e-mail, simultaneously of publication of the prospectus, to the Bangladesh Embassies and Missions abroad, as mentioned in the prospectus, and shall also ensure sending of the printed prospectus and application forms to the said Embassies and Missions within 5 (five) working days of the publication date by express mail service (EMS) of the postal department. A compliance report shall be submitted in this respect to the SEC by the Asset Management Company within 3 (three) working days from the date of said despatch 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/CD prepared in “MS WORD” containing the prospectus and its abridged version, as vetted by SEC, to the Securities and Exchange Commission for official record within 5 (five) working days from the date of publication of the prospectus in the newspaper.

7) The Asset Management Company shall maintain a separate bank account for collecting proceeds of the Public Offering and shall also open FC account(s) to deposit the application money of the Non-Resident Bangladeshis (NRBs) for Public Offer purpose, and shall incorporate full particulars of said FC account(s) in the prospectus. The company shall open the abovementioned accounts for Public Offer purpose; and close these accounts after refund of over-subscription. “NRB means Bangladeshi citizens staying abroad including all those who have dual citizenship (provided they have a valid Bangladeshi passport) or those, whose foreign passport bear a stamp from the concerned Bangladesh Embassy/High Commission to the effect that no visa is required to travel to Bangladesh.”

8) Subscription shall start after 25 (twenty five) days from the date of publication of the prospectus for both NRBs and resident Bangladeshis. Subscription will remain open for 5 (five) consecutive banking days.

9) Application shall be sent by the NRB applicants directly to the Asset Management Company within the closing date of the subscription so as to reach the same to the Asset Management Company by the closing date plus 9 (nine) days. Applications received by the Asset Management Company after the abovementioned time period will not be considered for allotment purpose.
10) The Asset Management Company shall apply the spot buying rate (TT clean) in US 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”.

12) The Asset Management Company shall ensure prompt collection/clearance of the foreign remittances of NRBs for allotment of units without any difficulty/complaint.

13) The Asset Management Company shall provide SEC with the preliminary status of the subscription within 5 (five) working days from closure of the subscription date, and also the list of valid and invalid applicants (i.e. final status of subscription) in 2 (two) CDs to the Commission within 3 (three) weeks after the closure of the subscription date including bank statement (original) and branch-wise subscription statement. The final list of valid and invalid applicants shall be finalized after examining with the CDBL in respect to BO accounts and particulars thereof. The public offering shall stand cancelled and the application money shall be refunded immediately {but not later than 5 (five) weeks from the date of the subscription closure} if any of the following events occur:
   a) Upon closing of the subscription list it is found that the total number of valid applications is less than the minimum requirement as specified in the listing regulations of the Stock Exchange(s) concerned; or
   b) At least 60% (i.e. Tk. 72.00 crores) of the targeted amount (i.e. Tk. 120.00 crores) under বিষি ৪৮ of the সিকিউরিটিজ ও এমএমএ কার্যালয়, ২০০১ is not subscribed.

14) Public Offer distribution system:
   a) Units of Tk. 4.00 (four) crores of total public offering shall be reserved for non-resident Bangladeshi (NRB) and units of Tk. 4.00 (four) crores for mutual funds and collective investment schemes registered with the Commission, and the remaining units of Tk. 32.00 (thirty-two) crores shall be open for subscription by the general public.
   b) All securities/units stated in para (a) shall be offered for subscription and subsequent allotment by the Asset Management Company subject to any restriction which may be imposed from time to time by the Securities and Exchange Commission.
   c) In case of over-subscription under any of the 3 (three) categories mentioned in para (a), the Asset Management Company shall conduct an open lottery of all the applications received under each category separately in accordance with the SEC’s instructions.
   d) In case of under-subscription under any of the 2 (two) categories [i.e. units of Tk. 4.00 (four) crores for NRB and units of Tk. 4.00 (four) crores for mutual funds] mentioned in para (a), the unsubscribed portion shall be added to the general public category [units of Tk. 32.00 (thirty two) crores] and, if after such addition, there is over subscription in the general public category, the Asset Management Company shall conduct an open lottery of all the applicants added together.
   e) The lottery as stated in para (c) and (d) shall be conducted in presence of authorized representatives from the SEC, Stock Exchange(s) concerned, Sponsor, Asset Management Company, Trustee and the applicants.

15) Upon completion of the period of subscription for securities the Asset Management Company shall 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 deduction.

In case of non-allotment of shares, 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.

After completion of remittance of the fund to the respective applicant’s bank account, the issuer shall disclose the information in the newspapers where the abridged version of the prospectus has been published. A compliance report in this regard shall be submitted to the Commission within 7 (seven) days from the date of completion of the allotment of units and refund warrants (if applicable).

17) The applicant must mention the bank account in the application form the same bank account as available in the database of Beneficiary Owners Account in the Central Depository for the purpose of refund of application money.

18) All the applicants shall first be treated as applied for one minimum market lot of 500 (five hundred) units worth Tk. 5,000 (five thousand). If, on this basis, there is over subscription, then lottery shall be held amongst the applicants allocating one identification number for each application, irrespective of the application money. In case of over-subscription under any of the categories mentioned hereinabove, the issuer and the issue manager shall jointly conduct an open lottery of all the applications received under each category separately in presence of representatives from the SEC, Stock Exchange(s), Sponsor, Asset Management Company, Trustee and the applicants, if there be any.

19) An applicant cannot submit more than two applications, one in his/her own name and another jointly with another person. In case, an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, whole or part of application money may be forfeited by the Commission.

20) Lottery (if applicable) will be held within 4 (four) weeks from closure of the subscription date.

21) The Asset Management Company shall furnish the List of Allotees to the Commission and the Stock Exchange(s) simultaneously in which the units will be listed, within 24 (twenty four) hours of allotment.

22) Unit Certificates for 100% of the Sponsor’s contribution amounting to Tk. 25 (twenty-five) crores shall be subject to a lock-in period for 1 (one) year from the date of listing in the Stock Exchange(s). 10% of the Sponsor’s contribution amounting to Tk. 2.5 (two-and-a-half) crores shall be subject to lock-in for the subsequent 9 years.

23) Institutional Investors of Pre-IPO placement will be in 6 months lock-in period from the date of listing of the fund.

24) If the Asset Management Company fails to collect the minimum 60% of the targeted amount under বিধি ৪৮ of the সিকিউরিটিস ও এজামেশন কমিশন (সিকিউরিটিস ফাড) 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 at 18% (eighteen percent) per annum from its own account within the next month.
25) In case of oversubscription, the excess amount shall be refunded within **5 (five) weeks** from the closure of subscription period, failing which the Asset Management Company will refund the same with an interest @ 18% per annum from its own account within the next month.

26) The Asset Management Company shall publish a notice through the newspaper to all successful applicants within **5 (five) weeks** from the closing of subscription for collection of allotment letters.

27) The Asset Management Company shall apply for listing of the Fund with Stock Exchange(s) within **7 (seven) working days** of first publication of the prospectus.

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

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

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

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

29) **Letter informing allotment shall be issued within 5 (five) weeks from the closure of subscription.**

30) The Scheme shall maintain *escrow bank account* for the proceeds of the public offering. The Fund collected through public offering shall not be utilized prior to the allotment and shall be affected through banking channel i.e., through account payee cheque, pay order, bank draft etc.

31) The Scheme shall not be involved in *option trading*, short selling or carry forward transactions.

32) The annual report of the Fund/or its abridged version shall be published within **45 (forty five) days** of the closure of each accounting year of the Fund.

33) An 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.

34) 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.

35) Dividend shall be paid within **45 (forty five) days** of its declaration, and a report shall be submitted to SEC, Trustee and Custodian within **7 (seven) days** of dividend distribution.

36) Net Asset Value (NAV) of the Fund shall be calculated and disclosed publicly as per the বিধি ৬০ of the সিকিউরিটিদ্বারা এম্প্লাস কর্মক্ষর (মিউচুয়াল ফান্ড) বিধিবদ্ধ, ২০০১.

37) SEC may appoint auditors for special audit/investigation on the affairs of the Fund, if it so desires.

**PART –B**

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

2) The Asset Management Company shall carefully examine and compare the published prospectus /abridged version of the prospectus on the date of publication with the
prospectus, as vetted by SEC. If any discrepancy/inconsistency is found, both the Sponsor and the Asset Management Company shall jointly publish a corrigendum immediately in the same newspapers concerned, simultaneously endorsing copies thereof to SEC and the Stock Exchange(s) concerned, correcting the discrepancy/inconsistency as required under ‘Declaration’ provided with SEC.

3) The Sponsor and the Asset Management Company shall, immediately after publication of the prospectus, jointly inform the Commission in writing that the published prospectus/abridged version of the prospectus is a verbatim copy of the prospectus vetted by the Commission.

4) The Sponsor and the Asset Management Company shall simultaneously submit to the Commission an attested copy of the application filed with the Stock Exchange(s) for listing of the securities.

5) The Fund collected through public offering shall not be utilized prior to allotment and/or issuance of unit, as and when applicable, and that utilization of the said Fund shall be effected through banking channel, i.e. account payee cheque, pay order or bank draft etc.
PART-C

1) All the above-imposed conditions shall be incorporated in the prospectus/abridged version immediately after the page of the table of contents where applicable, with a reference in the table of contents, prior to its publication.

2) The Commission may impose further conditions/restrictions etc. from time to time as and when considered necessary which shall also be binding upon the Sponsor, Asset Management Company, Trustee and Custodian.

PART-D

1. As per provision of the ডিপজিটারি আইন,১৯৯৯ and regulations made thereunder, units shall only be issued in dematerialized condition. All transfer/transmission/splitting will take place in the Central Depository Bangladesh Ltd. (CDBL) system and any further issuance of units will be issued in dematerialized form only.
   An applicant (including NRB) shall not be able to apply for allotment of units without Beneficiary Owner account (BO account).

2. The Asset Management Company shall also ensure due compliance of all abovementioned conditions.

PART-E

General Information:

1) This prospectus has been prepared by RACE Management PCL based on the Trust Deed executed between the Trustee and the Sponsor of the Fund, which is approved by the Commission and available publicly. The information contained herein is true and correct in all material aspects and that there are no other material facts, the omission of which would make any statement herein misleading.

2) No person is authorized to give any information to make any representation not contained in this prospectus and if given or made, any such information or representation must not be relied upon as having been authorized by the RACE Management PCL.

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

Subscription to the IFIC Bank 1st Mutual Fund will commence at the opening of banking business on February 7, 2010 and will be closed at the end of the banking business on February 10, 2010.

1.7. **Declarations:**

**Declarations about the responsibility of the Sponsor**

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

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

Sd/-

(Mosharraf Hossain)

Managing Director

IFIC Bank Limited

**Declaration about the responsibility of the Asset Management Company**

This prospectus has been prepared by us based on the Trust Deed, Investment Management Agreement, the Securities and Exchange Commission (Public Issue) Rules, 2006, the Securities and Exchange Commission (Public Issue) Rules, 2001, the Rating Agency Act, 1999, and other related agreement & examination of other documents as relevant for adequate disclosure of the Fund’s objectives and investment strategies to the investors. We also confirm that:

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/-

(Mashrib Zahid)

Chief Financial Officer

RACE Management PCL.

**Declaration about the responsibility of the Trustee**

We, as Trustee of the IFIC Bank 1st Mutual Fund, accept the responsibility and confirm that we shall:
IFIC BANK 1ST MUTUAL FUND

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 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;
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;
e) take such remedial steps as are necessary to rectify the situation where they have reason to believe that the conduct of business of the Fund is not in conformity with the relevant Rules.

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

Declaration about the responsibility of the Custodian

We, as Custodian of the IFIC 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/-
(Kamrul Islam Asad)
Deputy General Manager
Investment Corporation of Bangladesh
2. BACKGROUND

2.1. FORMATION OF IFIC BANK 1ST MUTUAL FUND:

Over the last decade, the Bangladesh capital market has grown rapidly in size and volume through the efforts of regulators, local exchanges, brokerages, merchant banks and other institutions. Yet the nature and composition of this growth has given rise to some structural problems, such as excessive volatility, speculation based investing, and unusual churn. The Mutual Fund sector offers a long-term solution to some of these structural issues and can play a key role to elevating the Bangladeshi capital market to the next level of growth. Firstly, mutual funds by virtue of being managed by professionals with the right expertise, usually invest on the basis of fundamental research and protect such investments from catastrophic loss through proper risk-management. Thus, mutual funds “invest” rather than “speculate” and can play a vital role in institutionalizing the market and act as a counterweight to excessive market volatility and manipulation. Secondly, mutual funds pool investment capital from thousands of retail investors and institutions that are not market specialists; by doing so mutual funds can help institutionalize the Bangladeshi stock market. With these benefits in mind, the regulatory authorities of our country are encouraging the growth of mutual funds.

Realizing the vital role that mutual funds can play in improving the capital market efficiency, IFIC Bank Limited, a leading first-generation commercial bank in Bangladesh has come forward and sponsored the IFIC Bank 1st Mutual Fund. With an extensive network of corporate clients spanning all different sectors of the economy, and with a track record of involvement in the Bangladeshi capital markets, IFIC Bank has unique insights into the country's financial sector. The Bank strongly believes that the Bangladeshi stock market is entering a new growth phase, with healthy dynamics in both the demand and supply sides, and that mutual fund sponsorship offers the bank a responsible and profitable way of participating in this growth; the IFIC Bank 1st Mutual Fund is the result.

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

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

Since 2006, a number of factors have increased the popularity of stock market investing among Bangladeshi retail investors, including: rising income, low interest rates in traditional bank savings accounts, large stock investment gains, and increased media coverage. This exponential increase in demand is reflected in the 5x growth in average daily trading volume in the stock market during the last 2 years – from Tk. 200 crores in 2006-07 to its current Tk. 700 crores.

Despite this significant growth in investor participation in the Bangladeshi stock market, and the rise in demand for professionally managed investment vehicles, the domestic mutual fund industry has not responded with adequate supply. With only 20 individual funds to choose from over the last twenty years, with about Tk. 2,000 crores in assets, the mutual fund industry has been slow to respond to current capital market realities and comprises only a small percentage of the total stock market investments. As a result, existing mutual funds in the market have been trading at significant premium to their NAVs while most of the recent launches have been significantly oversubscribed. To fulfill this large unsatisfied demand for mutual fund investments in Bangladesh, IFIC Bank is floating IFIC Bank 1st Mutual Fund.
2.3. **ADVANTAGES IN INVESTING IN IFIC BANK 1ST MUTUAL FUND:**

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

1) The Fund will maintain a diversified portfolio which will lower the investment risk for investors.

2) The diversified portfolio will allow investors gain a broad exposure to the overall stock market which may not be possible at the individual level.

3) This Fund provides access to extensive local research and investment experience. The Fund Manager, RACE Management PCL has developed deep insight into the dynamics of the local capital markets. Furthermore, RACE has a successful track record in the Bangladeshi stock market and is the fund manager of the first-ever commercial bank sponsored mutual fund in Bangladesh.

4) As the management of the investments in the Fund is outsourced to a professional Asset Management Company, investors will be relieved from any emotional stress associated with day-to-day management of individual investment portfolio. In fact, investment management usually requires a significant amount of time-consuming research and analyses to identify the highest-quality securities which may not be doable for the general investor and is, therefore, best left to professional investment managers.

5) The investors will be able to save in transaction cost as he/she has access to a larger number of securities by purchasing a single unit of IFIC Bank 1st Mutual Fund.

6) Income will be tax free up to certain level, which is permitted as per Finance Act.

7) Investment in the Fund would qualify for investment tax credit under section 44(2) of the Income Tax Ordinance 1984.

8) Management and operation of Mutual Funds are subject to strict regulations from Bangladesh Bank, SEC and the Trustee. SEC regularly monitors the performance of such funds. The laws governing mutual funds require exhaustive disclosures to the regulator and general public and, as such mutual funds are one of the most transparent investment vehicles in Bangladesh.

9) In Bangladesh, the mutual funds enjoy a 10% (ten percent) reserved quota in all Initial Public Offerings (IPOs) giving unit holders access to the significantly high returns of IPOs in Bangladesh.

2.4. **THE CONSTITUTION OF THE FUND:**

IFIC Bank 1st Mutual Fund has been constituted through a Trust Deed entered into between IFIC Bank Limited and Investment Corporation of Bangladesh on September 1, 2009 under the Trust Act, 1882 and Registration Act, 1908.

The Fund was registered by the SEC on September 6, 2009 under the সিকিউরিটিঃ ও এক্সচেঞ্জ কমিশন (সিউচায়াল ম্যাট্রিক্যাল বিক্রিয়া) বিধিবিধান, ২০০১.

2.5. **LIFE OF THE FUND:**
The Fund will be a closed-end mutual fund with a tenure of 10 (Ten) years so that the Fund can play its role to broaden the base of investment and develop the capital market.

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

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

- Total Fund is fixed at 120,000,000 (twelve crores) units of Tk. 10 each totaling Tk. 1,200,000,000 (Taka one hundred and twenty crores).
- The Sponsor’s portion of the Fund is 25,000,000 (two and half crores) units of Tk. 10 each totaling Tk. 250,000,000 (Taka twenty five crores).
- Size of the Pre-IPO Private Placement is 55,000,000 (five and half crores) units of Tk. 10 each totaling Tk. 550,000,000 (Taka fifty five crores).
- Size of the Initial Public Offering (IPO) is 40,000,000 (four crores) units, each worth Tk. 10, totaling Tk. 400,000,000 (Taka forty crores) available as public offering to general public, NRBs, Mutual Funds and collective investment schemes.
- The market lot will be constituted of 500 (five hundred) units. In future the fund size will not be changed.
3. INVESTMENT OBJECTIVES AND POLICIES

3.1. INVESTMENT OBJECTIVE:

The objective of IFIC Bank 1st Mutual Fund is to pay attractive dividends to its unit holders by earning superior risk adjusted return from a diversified investment portfolio.

3.2. INVESTMENT POLICIES:

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

3.3. INVESTMENT RESTRICTIONS:

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

1) The Fund shall not invest in or lend to another Scheme under the same Asset Management Company.
2) The Fund shall not acquire any asset out of the Trust property, which involves the assumption of any liability that is unlimited or shall result in encumbrance of the Trust property in any way.
3) The Fund or the Asset Management Company on behalf of the Fund shall not give or guarantee term loans for any purpose or take up any activity in contravention of the Securities and Exchange Commission (Securities and Exchange) Act, 2001.
4) All money collected under the Fund shall be invested only in encashable/transferable instruments, securities whether in money market or capital market or privately placed pre-IPO equity, preference shares, and debentures or securitised debts.
5) The Fund shall not involve in option trading or short selling or carry forward transaction.
6) The Fund shall not buy its own unit.

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

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

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

Total NAV = VA - LT

NAV per unit = \[
\frac{Total NAV}{No. of units outstanding}\]

VA = Value of Total Assets of the Fund as on date
LT = Total liabilities of the Fund as on date

VA = 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.

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

3.5. INVESTMENT MANAGEMENT:

RACE Management PCL will have discretionary authority over the Fund’s portfolio about investment decision. RACE Management PCL shall conduct the day-to-day management of the Fund's portfolio as the Asset Management Company subject to the provisions laid down in the সিকিউরিটিজ ও এজাঞ্চে কার্যক্রম (সিমুজিয়াল ফাংড) বিধিমালা, ২০০১ and Trust Deed or any general directions given by the Trustee and/or by the Commission.
3.6. **DIVIDEND POLICY:**

1) The accounting year of the Fund shall end on June 30 of every calendar year or as determined by the Commission.

2) The Fund shall, as soon as may be, after the closing of the annual accounts, distribute by way of dividend to the holders of the units in accordance with the amount, which shall not be less than the 70% of the net profits earned during the year, or as determined by the commission from time to time.

3) Before declaration of dividend, the Asset Management Company shall make a provision with agreement of the auditors for revaluation of investments caused from loss if market value of investments goes beyond the acquisition cost, and the method of calculation of this provision must be incorporated in the notes of accounts.

4) The Fund shall create a dividend equalization reserve by suitable appropriation from the income of the Fund to ensure consistency in dividend.

5) The Asset Management Company shall dispatch the dividend warrants at the expense of the Fund, within 30 days of the declaration of the dividend and shall submit a statement within next 7 (seven) days to the Commission, the Trustee and the Custodian.

6) Before record of ownership by the CDBL, a transferee shall not possess the right to any dividend declared by the Fund.
4. RISK CONSIDERATIONS

4.1. RISK FACTORS:

Investing in the IFIC Bank 1st Mutual Fund (hereinafter the Fund) involves certain considerations in addition to the risks normally associated with making investments in securities. There can be no assurance that the Fund will achieve its investment objectives. The value of the Fund may go down as well as up and there can be no assurance that on redemption, or otherwise, investors will receive the amount originally invested. Accordingly, the Fund is only suitable for investment by investors who understand the risks involved and who are willing and able to withstand the loss of their investments. In particular, prospective investors should consider the following risks:

1. **In General:** There is no assurance that the Fund will meet its investment objective; investors could lose money by investing in the Fund. As with all mutual funds, an investment in the Fund is not insured or guaranteed by the Government of Bangladesh or any other government agency.

2. **Market Price Risk:** Stock prices and Mutual Fund prices generally fluctuate because of the interplay of the various market forces that may affect a single issuer, industry, or market as a whole. The Fund may lose its value or experience a substantial loss on its investments due to such market volatility.

3. **NAV Risk:** Stock market trends show that prices of many listed securities move in unpredictable directions, which may affect the value of the Fund’s securities of listed securities. Depending on its exposure to such securities, the net asset value of units issued under this Fund can go up or down depending on various factors and forces affecting the capital markets. Moreover, there is no guarantee that the market price of unit of the Fund will fully reflect their underlying net asset values.

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

5. **Legal Risk:** The Honorable High Court, in its verdict on November 8th allowed mutual funds to expand their capital base by issuing bonus and rights shares or pay dividends through cash or bonus shares, without curbing the regulator's absolute power to determine which funds would be eligible to do so. However, although the case has been resolved by the High Court, the Securities and Exchange Commission still has the provision to appeal against the verdict with the appellate division of the Supreme Court and by exercising that option, the issue of dividends in any form may remain pending once again.

6. **Asset Allocation Risk:** Due to a very thin secondary debt market in Bangladesh, it would be difficult for the Fund Manager to swap between asset classes, if and when required. In addition, limited availability of money market instruments in the market implies that there are only few opportunities for short term or temporary investments for the Fund.

7. **Lack of Diversification Risk:** Due to small number of listed securities in both the stock exchanges, it may be difficult to invest the Fund’s assets in a widely diversified portfolio.

8. **Liquidation Risk:** Market conditions and investment allocation may impact on the ability to sell securities during periods of market volatility. The Fund may not be able to sell securities or instruments at the appropriate price and/or time.
9. **Dividend Risk:** If the companies wherein the Fund will be invested fail to pay expected dividend, it may affect the overall returns of the Fund.

10. **Investment Strategy Risk:** The Fund is subject to management strategy risk because it is an actively managed investment portfolio. The AMC will apply investment techniques and risk analyses in making investment decisions for the Fund, but there can be no guarantee that these techniques and analyses will produce the desired results.

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

### 4.2. Expected Market Performance of the Fund:

1) It is expected that demand for the IFIC Bank 1st Mutual Fund units will always rule over supply.

2) Brand name of IFIC Bank Limited and Trustee, ICB’s track record in the successful marketing of several mutual funds in the past may motivate investors to invest in this Fund.

3) World class investment management team of the RACE Management PCL as a new-generation Asset Management Company (AMC) would attract investors to invest in this Fund.

### 4.3. Who Should Invest and How Much to Invest:

1) Individuals who do not have tolerance of bearing risk and know nothing about the functioning of the capital market need not apply for the units of the Fund.

2) Individuals who are looking for long-term capital growth and consistent dividend payment and are comfortable with the risks associated with equity investments should consider investing in the Fund.

3) An individual should also consider investing in the Fund if he/she can accept some variability of returns, have a moderate tolerance for risk and are planning to invest in the Fund over the medium to long-term.

4) Considering other factors like the investment opportunities available in the market, return expectation, income level and consumption pattern, one may put only a portion of his/her total portfolio into the Fund.
5. FORMATION, MANAGEMENT AND ADMINISTRATION

5.1. SPONSOR OF THE FUND:

IFIC Bank Limited is a first-generation private commercial bank with 82 (eighty two) branches across various regions in Bangladesh. With its stock listed on both Dhaka and Chittagong Stock Exchanges, IFIC Bank Ltd. offers a full range of commercial banking products and services to corporate, middle-market and retail segments. Being one of the oldest private commercial banks, IFIC Bank has unique insights into the dynamics in the corporate and financial sector. The Bank strongly believes that the stock market in Bangladesh is entering a secular growth phase and is becoming an attractive destination for both savings and investment capital in Bangladesh. As a result, IFIC is increasing its presence in the Bangladeshi stock market and has recently started stock trading and brokerage services for its clients.

IFIC Bank is the first first-generation bank to sponsor a mutual fund, believing that IFIC Bank 1st Mutual Fund will play a positive role in developing the Bangladeshi Mutual Fund industry. With that in mind, IFIC Bank has appointed RACE Management PCL as the Fund Manager. RACE Management is a next-generation asset management company which has successfully launched the EBL First Mutual Fund, the first-ever bank sponsored mutual fund in Bangladesh.

5.2. TRUSTEE & CUSTODIAN OF THE FUND:

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

The Investment Corporation of Bangladesh (ICB) was established on 01 October 1976, under “The Investment Corporation of Bangladesh” Ordinance, 1976 (No. XL of 1976) to encourage and broaden the base of investment, develop the capital market, mobilize savings, promote and establish subsidiaries for business development and provide for matters ancillary thereto. Over the years, the activities of ICB have grown manifold, particularly in Merchant Banking, Mutual Funds operations and stock brokerage activities. ICB is the biggest investment bank and the harbinger of mutual fund industry in the country. Out of country’s 17 (seventeen) closed-end mutual funds, ICB and its subsidiary manage 13 (thirteen) mutual funds.

As of August 2009, ICB has acted as Trustee to the 11 debenture issuances involving Tk. 155.95 crores, issues of 8 bond issuances involving Tk. 817 crores. ICB also performed the responsibilities of trustee and custodian to 9 closed-end mutual funds of Tk. 475 crores and 2 open-end mutual funds with initial capital of Tk. 40 crores.

5.3. ASSET MANAGER OF THE FUND:

RACE Management PCL (hereinafter RACE) will act as the Asset Manager of the Fund. RACE is a second-generation asset management company, receiving its Asset Management license in September 2008 after fulfilling rigorous due diligence requirements of the SEC. RACE Management has already established a successful track record by launching the first-ever commercial bank sponsored mutual fund, EBL First Mutual Fund and is the only second generation asset management company to have a mutual fund under management in Bangladesh.
The RACE Team: With about 30 professionals, RACE has one of the largest asset management teams in Bangladesh which includes (1) senior Bangladeshi investment professionals with world-class training and over a decade of experience in investment management and research in some of the worlds’ most developed capital markets; (2) Senior Bangladeshi professionals from the local banking and financial services industry with strong operational experience and an extensive contact base among the local business community; (3) a cadre of young professionals who have gained unique insights into the local capital markets through the application of sophisticated investment techniques and on-the-ground research.

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

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

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

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

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

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

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

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

**Step 6: Risk Management.** This step applies the pre-determined position limits to the portfolio, limiting sector exposure and individual stock exposure. Maintaining lower volatility is also an important concern; to this end, beta adjustment and other sophisticated risk analysis is used.
Step 7: Trade Execution: RACE uses a combination of quantitative strategies and market information to maximize its trade executions. To this end, RACE has selected a panel of brokers to execute its trades in an efficient and confidential manner.

5.4. Auditors:

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

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

5.5. Limitation of Expenses:

1) The initial issue expenses in respect of the Fund shall not exceed 5% of the Fund to be raised, the details of which are provided in this Prospectus.

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

5.6. Fees and Expenses:

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

RACE has estimated the normal annual operating expenses of the Fund will not exceed 4% of the average NAV of the Fund. However, there may be variation in the actual operating expenses of the Fund. Major expenses of the Fund are detailed as follows:

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Banker to the issue fee/Collection Charge</td>
<td>0.60 percent</td>
</tr>
<tr>
<td>2. Formation Fee Payable to AMC</td>
<td>1.00 percent</td>
</tr>
<tr>
<td>3. Printing &amp; Publication</td>
<td>0.60 percent</td>
</tr>
<tr>
<td>3. Legal Expenses (Listing Fees, registration Fees etc.)</td>
<td>1.20 percent</td>
</tr>
<tr>
<td>4. Other expenses</td>
<td>0.80 percent</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4.20 percent</strong></td>
</tr>
</tbody>
</table>

2) Management Fee: As per সিকিউরিটিজ ও এজেন্সি কমিশন (সিউটজাল ফান্ড) বিধিমালা, ২০০১, the Asset Management Company shall be paid annual management fee @ 2.50% per annum of the
weekly average NAV up to Tk. 50,000,000 (Taka fifty million) and @ 2.00% per annum for additional amount of the weekly average NAV above Tk. 50,000,000 (Taka fifty million) up to Tk. 250,000,000 (Taka two hundred and fifty million) and @ 1.50% per annum for additional amount of the weekly average NAV above Tk. 250,000,000 (Taka two hundred and fifty million) up to Tk. 500,000,000 (Taka five hundred million) and @ 1.00% per annum for additional amount of the weekly average NAV over Tk. 500,000,000 (Taka five hundred million) accrued and payable half yearly.

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

4) **Custodian Fee:** The Fund shall pay to the custodian i.e. ICB for safekeeping of securities @ 0.10 per cent of balance securities held by the Fund 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. 500,000 (Taka five lac) as security deposit shall be kept with the CDBL without interest during the whole life of the Fund, while an IPO fee of Tk. 300,000 (Taka three lac) will be paid during the public subscription. Depository connection fee is Tk. 6,000 (Taka six thousand) per annum. Annual fee on Face Value of Issued Eligible Security is Tk. 100,000 (Taka one lac). Documentation Fee is Tk. 2,500 (Taka twenty-five hundred).

6) **Fund Registration and Annual Fee:** The Fund has paid Tk. 2,400,000 (twenty four lac, 0.20%) to the Securities and Exchange Commission (SEC) as registration fee. In addition to that the Fund will have to pay Tk. 1,200,000.00 (twelve lac) (at the rate of Tk 0.10% of the fund size) only per annum as annual fee in terms of the সিকিউরিটিঃ ও এএন্ডএসের কমিশন (সিউডেজাল মাট্ট) বিশিষ্টাবলী,

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 (thirty thousand) only for the first year and Trustee will fix fees for subsequent years.
6. CAPITAL STRUCTURE, TAX STATUS AND RIGHTS OF UNIT HOLDERS

6.1. ISSUE OF UNITS:

The paid-up capital of the Fund shall be Tk. 1,200,000,000.00 (one hundred and twenty crores) divided into 120,000,000 units of Tk. 10.00 each. The total distribution of units shall be as follows:

<table>
<thead>
<tr>
<th>Subscribers</th>
<th>No. of units</th>
<th>Face Value (Tk.)</th>
<th>Amount (Tk.)</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sponsor*</td>
<td>25,000,000</td>
<td>10.00</td>
<td>250,000,000</td>
<td>Subscribed</td>
</tr>
<tr>
<td>Pre-IPO Placement**</td>
<td>55,000,000</td>
<td>10.00</td>
<td>550,000,000</td>
<td>Subscribed</td>
</tr>
<tr>
<td>Resident Bangladeshis</td>
<td>32,000,000</td>
<td>10.00</td>
<td>320,000,000</td>
<td>Yet to be subscribed</td>
</tr>
<tr>
<td>Non-Resident Bangladeshis</td>
<td>4,000,000</td>
<td>10.00</td>
<td>40,000,000</td>
<td>Yet to be subscribed</td>
</tr>
<tr>
<td>Reserved for Mutual Funds</td>
<td>4,000,000</td>
<td>10.00</td>
<td>30,000,000</td>
<td>Yet to be subscribed</td>
</tr>
<tr>
<td>Total</td>
<td>120,000,000</td>
<td>10.00</td>
<td>1,200,000,000</td>
<td></td>
</tr>
</tbody>
</table>

* 100% of the Sponsor’s contribution amounting to Tk. 25 (twenty-five) crores is subject to a lock-in for 1 (one) year from the date of listing in the Stock Exchange(s). 10% of the Sponsor’s contribution amounting to Tk. 2.5 (two-and-a-half) crores will be locked-in for the subsequent 9 years.

** Institutional Investors in the Pre-IPO Placement round are subject to a 6-month lock-in effective from date of listing of IFIC Bank 1st Mutual Fund units on the Stock Exchanges.

The complete list of all institutional investors in the Pre-IPO Placement who are subject to lock-in are:

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Pre-IPO Institutional Investor</th>
<th>No. of units</th>
<th>Amount (Tk.)</th>
<th>Lock-in Tenure</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>IFIC Bank Limited</td>
<td>22,500,000</td>
<td>225,000,000</td>
<td>1 year</td>
</tr>
<tr>
<td>2</td>
<td>IFIC Bank Limited</td>
<td>2,500,000</td>
<td>25,000,000</td>
<td>10 years</td>
</tr>
<tr>
<td>3</td>
<td>DataSoft Systems Bangladesh Limited</td>
<td>100,000</td>
<td>1,000,000</td>
<td>6 months</td>
</tr>
<tr>
<td>4</td>
<td>Janata Bank Ltd.</td>
<td>150,000</td>
<td>1,500,000</td>
<td>6 months</td>
</tr>
<tr>
<td>5</td>
<td>Madina Jute Industries Ltd.</td>
<td>97,500</td>
<td>975,000</td>
<td>6 months</td>
</tr>
<tr>
<td>6</td>
<td>Adarsha Samabya Bank</td>
<td>190,000</td>
<td>1,900,000</td>
<td>6 months</td>
</tr>
</tbody>
</table>
6.2 Pre-IPO Placement:

1) Subscription from sponsor:
IFIC Bank Limited, the Sponsor, has already subscribed Tk. 25,00,00,000.00 for 2,50,00,000 units of Tk. 10.00 each at par as per Rule 9 of the ২০০১.

2) The following institutions have subscribed Tk. 550,000,000/- (fifty five crores) for 55,000,000 (five crores and fifty lac) units with each unit worth Tk. 10.00 (Taka ten) at par:

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Pre-IPO Investor</th>
<th>No. of units</th>
<th>Amount (Tk.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>AB Bank Ltd. (Portfolio)</td>
<td>5,250,000</td>
<td>52,50,000</td>
</tr>
<tr>
<td>2</td>
<td>Bangladesh Mutual Securities Ltd. (Portfolio)</td>
<td>6,000,000</td>
<td>60,000,000</td>
</tr>
<tr>
<td>3</td>
<td>DataSoft Systems Bangladesh Limited</td>
<td>100,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td>4</td>
<td>Equity Partners Ltd. (Portfolio)</td>
<td>10,000,000</td>
<td>1,000,000,000</td>
</tr>
<tr>
<td>5</td>
<td>Janata Bank Ltd.</td>
<td>150,000</td>
<td>1,500,000</td>
</tr>
<tr>
<td>6</td>
<td>Lanka Bangla Finance Ltd. (Portfolio)</td>
<td>7,000,000</td>
<td>70,000,000</td>
</tr>
<tr>
<td>7</td>
<td>Prime Finance and Investment Ltd. (Portfolio)</td>
<td>9,000,000</td>
<td>90,000,000</td>
</tr>
<tr>
<td>8</td>
<td>Southeast Bank Ltd. (Portfolio)</td>
<td>9,500,000</td>
<td>95,000,000</td>
</tr>
<tr>
<td>9</td>
<td>Standard Bank Ltd. (Portfolio)</td>
<td>8,000,000</td>
<td>80,000,000</td>
</tr>
<tr>
<td></td>
<td><strong>Total:</strong></td>
<td><strong>55,000,000</strong></td>
<td><strong>550,000,000</strong></td>
</tr>
</tbody>
</table>

3) Public Offer:
10% of the Public Offer i.e. 4,000,000 units of Tk. 10 each totaling Tk. 40,000,000 are being offered to the non-resident Bangladeshis (NRBs), 10% i.e. 4,000,000 units of Tk. 10 each totaling Tk. 40,000,000 are being reserved for Mutual Funds and the remaining 32,000,000 units of Tk. 10 each amounting to Tk. 320,000,000 are being offered to the Resident Bangladeshis for subscription in cash in full on application.

6.3 Tax Exemption:

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

6.4 Rights of the Unit Holders:

1) Unit holders of the Fund have a proportionate right in the beneficial ownership of the assets of the Fund.

2) Dividend: All the unit holders have equal but proportionate right with respect to dividend. Dividend will be paid in Bangladeshi Taka only.

3) Transfer of units: Units are transferable. The transfer will be made by CDBL under electronic settlement process.

4) 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 ২০০১. In case of show of hands, every unit holder present in person or by proxy shall have 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.
5) **Encashment:** The units will be listed with DSE and CSE. So investment in this Fund will easily be encashable.

### 6.5 Beneficial Interest:

1) **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. Moreover, NAV of the Fund will be informed to the unit holders on a quarterly basis through DSE/CSE and newspaper(s).

3) **Accounts and Information:** The Fund’s financial year will be closed on June 30 every year. Annual report or major head of Income & Expenditure A/C and Balance Sheet in line with schedule VI of the মিকিউটিটিও এড়ানো কাজিরা (মিউচ্যুযাল ফান্ড) বিডিমালা, ২০০১ will be published within 45 (forty five) days from the closure of each accounting year.

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

7.1. PROCEDURE OF REDEMPTION / WINDING UP:

1) The Fund shall wind up on expiry of the ten-year tenure of the Fund from the date of first listing. However, unit holders at a general meeting arranged by the Trustee and the RACE Management PCL may decide to extend the life of the Fund with 3/4th (three-fourth) majority votes of the unit holders present in the meeting arranged for this purpose.

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% of the unit holders 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.

3. 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 the 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 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 3/4th (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, 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 Fund as on the date when the decision for winding up was taken.

3) Within 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
1) Cease to carry on any business activities of the Fund.
2) Cease to create and cancel units of the Fund.
3) Cease to issue and redeem units of the Fund.
8. CONDITION FOR PUBLIC OFFER, ALLOTMENT AND APPLICATION OF UNITS

Disclosure in respect of issuance of security demat form

As per provisions of the ইনডিপেন্ডেন্ট আইন, ১৯৯২, and regulations made there under, unit of the Fund will be issued in dematerialized form, only and, for this purpose, IFIC 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.

Condition for Public Offer, Allotment and Application of units:

8.1. ISSUE OF UNITS:

<table>
<thead>
<tr>
<th>Subscribers</th>
<th>No. of units</th>
<th>Face Value (Tk.)</th>
<th>Amount (Tk.)</th>
<th>Remarks</th>
</tr>
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<tbody>
<tr>
<td>Sponsor</td>
<td>25,000,000</td>
<td>10.00</td>
<td>250,000,000</td>
<td>Subscribed</td>
</tr>
<tr>
<td>Pre-IPO Placement</td>
<td>55,000,000</td>
<td>10.00</td>
<td>550,000,000</td>
<td>Subscribed</td>
</tr>
<tr>
<td>Resident Bangladeshis</td>
<td>32,000,000</td>
<td>10.00</td>
<td>320,000,000</td>
<td>Yet to be subscribed</td>
</tr>
<tr>
<td>Non-Resident Bangladeshis (NRBs)</td>
<td>4,000,000</td>
<td>10.00</td>
<td>40,000,000</td>
<td>Yet to be subscribed</td>
</tr>
<tr>
<td>Reserved for Mutual Funds</td>
<td>4,000,000</td>
<td>10.00</td>
<td>40,000,000</td>
<td>Yet to be subscribed</td>
</tr>
<tr>
<td>Total</td>
<td>120,000,000</td>
<td>10.00</td>
<td>1,200,000,000</td>
<td></td>
</tr>
</tbody>
</table>

8.2. MINIMUM SUBSCRIPTION FOR THE ISSUE:

The target amount to be raised in respect of the Fund is Tk. 1,200,000,000.00 (one hundred and twenty crores) including Sponsors portion and Pre-IPO Placement. As per the সিকিউটিরিটিজ ও এজেন্সি কমিশন (সিউটরুয়েল হাস্ত) বিধিমালা, ২০০১ the minimum subscription will be 60 per cent of the Fund's target amount i.e. Tk. 720,000,000.00 (Seventy two crores) only including Sponsor's contribution and pre-IPO Placement. The Trustee and Asset Management Company shall be liable to refund to the entire amount collected if public subscription stands below Tk 720,000,000.00.

8.3. CONDITIONS OF ALLOTMENT:

1) 4,000,000 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, RACE Management PCL shall conduct an open lottery of all the applications received.
3) PUBLIC OFFER Distribution System :
   a) Units of Tk. 4.00 (four) crores of total public offering shall be reserved for Non-Resident Bangladeshi (NRB) and units of Tk. 4.00 (four) crores for mutual funds and collective investment schemes registered with the Commission, and the remaining units of Tk. 32.00 (thirty-two) crores shall be open for subscription by the general public.

   b) All securities/units stated in para (a) shall be offered for subscription and subsequent allotment by the Asset Management Company subject to any restriction which may be imposed from time to time by the Securities and Exchange Commission.

   c) In case of 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. 4.00 (four) crores for NRB and units of Tk. 4.00 (four) crores for mutual funds] mentioned in para (a), the unsubscribed portion shall be added to the general public category [units of Tk.32.00 (thirty-two) crores] 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) All the applicants shall first be treated as applied for one minimum lot. If, on this basis, there is over subscription, then lottery shall be held amongst the applicants allocating one identification number for each application, irrespective of the application money. On the other hand, if there is under subscription, then all the applicants shall first be distributed with a single lot and thereafter, for the balance amount, lottery, shall be held for the applicants who have applied for multiple lots on the basis of dividing the application money by amount of a market lot separately for both NRB and General Public.

6) 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.

7) The Fund reserves the right to accept or reject any application in whole or in part.

8) The Asset Management Company shall issue units allotment advices to all successful applicants within 30 (thirty) days 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 deduction.
In case of non-allotment of shares, 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.

The applicant must mention the bank account in the application form the same bank account as available in the database of Beneficiary Owners Account in the Central Depository for the purpose of refund of application money.

After completion of remittance of the fund to the respective applicant’s bank account, the issuer shall disclose the information in the newspapers where the abridged version of the prospectus has been published. A compliance report in this regard 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).

9) In case of joint application, all correspondence will be made with the person whose name appears first.

10) Successful applicants will be notified by the dispatch of an allotment advice by registered post/courier. Advice of Allotment to successful candidates and Bank Advice Letters for the Refund to Unsuccessful applicants will be issued within 30 (thirty) days 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. After completion of remittance of the fund to the respective applicant’s bank account, the issuer shall disclose the information in the newspapers where the abridged version of the prospectus was published.

11) Where allotment is made in whole or in part with respect to 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.

12) 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/- (five thousand) 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 Limited, the Chittagong Stock Exchange Limited 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 units and must be for multiples of 500 units. Any Application not meeting the above criteria will not be considered for allotment purpose.

3) Joint Application form for more than 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.

5) 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 the SEC. This may be in addition to any other penalties as may be provided for by law.

6) An applicant cannot submit more than two applications, one in his/her own name and another jointly with another person. In case, an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, whole or part of application money may be forfeited by the Commission.

7) Bangladeshi Nationals (including Non-Resident Bangladeshis residing/working abroad) shall be entitled to apply for Units.

8) Application will not be treated as valid if anyone uses a non-scheduled bank for refund his/her subscription money. To avoid this complication investors are requested not to use the name of any non-scheduled bank for refund his/her subscription money and also requested to write the correct and full name of bank and branch in application form.

9) Payment for subscription by investors other than Non-Resident Bangladeshis 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 "IFIC 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 from a Bank payable in 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.
10) 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 oversubscription 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.

11) 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.

12) A Resident Bangladeshi (RB) applicant cannot submit more than two applications, one in his/her own name and another jointly with other person by one cheque / DD / PO. More than two applications by one cheque / DD / PO will not be allowed.

13) A Non-Resident Bangladeshi (NRB) applicant cannot submit more than 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 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 “IFIC BANK 1ST MUTUAL FUND” STD A/C no. 01011320000069 with Eastern Bank Ltd., Principal Branch, Dilkusha, Dhaka.

   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 Eastern Bank Ltd., Principal Branch, Dilkusha, Dhaka.

   e) These accounts will be closed after refund of oversubscription, if any.

<table>
<thead>
<tr>
<th>Currency</th>
<th>Account Number</th>
<th>Bank</th>
<th>Branch</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangladeshi Taka</td>
<td>BDT# 01011320000069</td>
<td>Eastern Bank Limited</td>
<td>Principal Branch, Dilkusha</td>
</tr>
<tr>
<td>US Dollar</td>
<td>USD# 01013050004771</td>
<td>Eastern Bank Limited</td>
<td>Principal Branch, Dilkusha</td>
</tr>
<tr>
<td>UK Pound Sterling</td>
<td>GBP# 01013060000261</td>
<td>Eastern Bank Limited</td>
<td>Principal Branch, Dilkusha</td>
</tr>
<tr>
<td>EURO</td>
<td>EURO# 01013070000153</td>
<td>Eastern Bank Limited</td>
<td>Principal Branch, Dilkusha</td>
</tr>
</tbody>
</table>

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 SUBSCRIPTION MONEY:

In case of non-allotment of shares, 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.

The applicant must mention the bank account in the application form the same bank account as available in the database of Beneficiary Owners Account in the Central Depository for the purpose of refund of application money.

After completion of remittance of the fund to the respective applicant’s bank account, the issuer shall disclose the information in the newspapers where the abridged version of the prospectus has been published.
8.6. Subscription by and Refund to Non Resident Bangladeshi:

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$ or UK Pound Sterling or Euro at the rate of exchange mentioned in the units application form.

3) Refund against oversubscription shall be made in the currency in which the value of units was paid for by the applicant. The application money of unsuccessful applicants shall be refunded to the respective bank for onwards deposit of the refund money into the applicant’s bank account as specified in the respective Public Offer Application Forms.
IFIC BANK 1ST MUTUAL FUND

INTERESTED PERSONS ARE ENTITLED TO A PROSPECTUS, IF THEY SO DESIRE, AND THAT COPIES OF PROSPECTUS MAY BE OBTAINED FROM THE ASSET MANAGEMENT COMPANY

Application Form
IFIC BANK 1ST MUTUAL FUND
APPLICATION FOR UNITS BY INVESTORS OTHER THAN NON RESIDENT BANGLADESHI(S)

Warning: Please read the instructions on the back of the form. Incorrectly filled applications may be rejected

RACE Management PCL
Corporate Office
Akram Tower, Suite 03,
199 Shaheed Syed Nazrul Islam Sarani
(Old : 15/5 Bijoy Nagar), Dhaka-1000

Dear Sir,

I/We apply for and request you to allot me/us the ................. number of Units and I/we agree to accept the same or any smaller number that may be allotted to me/us upon terms of the Fund's approved Prospectus and subject to the Fund's Deed of Trust. Further, I/we authorize you to place my/our name(s) on the Register of Member(s) of the Fund and deposit the said units to my/our Depository (BO) Account and/or a crossed (A/C Payee Only) cheque in respect of any Application money refundable by post/courier at my/our risk to the first applicant's address stated below:

1. Number of Units of Tk 10/- each at par.
2. Amount of Tk (in figure) _______________ Taka (in words) __________________________ only deposited via Cash/Cheque/Draft/Pay Order No. ______________________________ date ___________ 2010 drawn on Bank, ______________________________ Branch.
3. Depository (BO) Account No. ____________________________________________

(If you do not mention your valid BO Account number, your application will be treated as invalid)

4. I/we fully agree to fully abide by the instructions given therein.

5. Particulars of Applicant(s):

   Sole/First Applicant: Mr. /Mrs/Ms.
   Father's/Husband's Name:
   Mother's Name:
   Postal Address:
   Occupation : Nationality:
   Telephone (if any):

   For refund warrant (Application will not be treated as valid if anyone uses a non-scheduled bank. To avoid this complication investors are requested not to use the name of any non-scheduled bank) Please write the correct and full name of bank and branch:

   For refund warrant: Applicant’s Bank A/C. No.:
   Name of the Bank: Branch:

   Second Applicant: Mr. /Mrs/Ms.
   Father's/Husband's Name:
   Mother's Name:
   Postal Address:
   Occupation : Nationality:
   Telephone (if any):

6. I/we hereby declare that I/we have read the Prospectus of IFIC Bank 1st Mutual Fund, and have willingly subscribed for ......................... number of Units of Tk.10 each on this form.

7. Specimen Signature(s)

   NAME IN BLOCK LETTERS SIGNATURE
   1. Sole/First Applicant
   2. Second Applicant

   ……………………………………………………………………………………………………………………………………………………

BANKER’S ACKNOWLEDGEMENT

Certified that this Bank has received Tk. ____________________ (in word ____________________ ) only from Mr./Mrs./Ms. ____________________ being the application money for ____________________ number of ordinary units of IFIC BANK 1ST MUTUAL FUND.

Seal and Date
Banker's Sl. No.
Authorized Signature

(Name & Designation)
IFIC BANK 1ST MUTUAL FUND

Instructions

1. As per provision of রিপোর্টের 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 typed or written in full (in block letters) in English or in Bengali 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 units and must be for a multiple of 500 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 “IFIC 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 this 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 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 companies or societies or trusts and not in the name of firms, minors or persons of unsound mind. Application from financial and market intermediary companies and Private Company must be accompanied by Memorandum and Articles of Association and Certificate of Incorporation.

9. An applicant can NOT submit more than two applications, one in his/her own name and another jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, whole or part of application money may be forfeited by the Commission.

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 units, 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 of subscription. The applicant must mention the bank account in the application form the same bank account number as available in the database of Beneficiary Owners Account in Central Depository for the purpose of refund of application money.

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 the 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. The bankers to the issue shall be obliged to receive the A/C payee cheque(s) on the closing day of the subscription of the PUBLIC OFFER.

16. 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.
IFIC BANK 1ST MUTUAL FUND

INTERESTED PERSONS ARE ENTITLED TO A PROSPECTUS, IF THEY SO DESIRE, AND THAT COPIES OF PROSPECTUS MAY BE OBTAINED FROM THE ASSET MANAGEMENT COMPANY

Application Form
IFIC BANK 1ST MUTUAL FUND
APPLICATION FOR UNITS BY NON RESIDENT BANGLADESHI(S)

To be sent directly to the Asset Management Company's Head Office

Warning: Please read the instructions on the back of the form. Incorrectly filled applications may be rejected

RACE Management PCL - Corporate Office
Akram Tower, Suite 3, 199 Shaheed Syed Nazrul Islam Sarani, (Old: 15/5 Bijoy Nagar), Dhaka-1000
(Please fill in CAPITAL letters)

Dear Sir,
I/We apply for and request you to allot me/us the ................. number of Units and I/we agree to accept the same or any smaller number that may be allotted to me/us upon terms of the Fund's approved Prospectus and subject to the Fund's Deed of Trust. Further, I/we authorize you to place my/our name(s) on the Register of Member(s) of the Fund and deposit the said units to my/our Depository (BO) Account and/or a crossed (A/C Payee Only) cheque in respect of any Application money refundable by post/courier at my/our risk to the first applicant's address stated below:

1. Number of Units ________________ of Tk 10/- each at par.
2. Amount of Tk (in figure) _______________ only convertible into US Dollar 1.00 = Tk. ...................... and UK Pound Sterling 1.00 = Tk. .......................... and Euro 1.00 = Tk. ..........................
3. Payment by Cheque/Draft/Pay Order No. ___________________________ date ____________________ for US Dollar/ UK Pound Sterling/Euro/ Tk. ................................... drawn on _____________________________________ Bank ______________________________ Branch

4. Depository (BO) Account No: ________________

(If you do not mention your valid BO Account number, your application will be treated as invalid)

5. I/we fully agree to fully abide by the instructions given therein.

6. Particulars of Applicant(s):

<table>
<thead>
<tr>
<th>Sole/First Applicant: Mr. /Mrs./Ms.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Father’s/Husband’s Name:</td>
</tr>
<tr>
<td>Mother’s Name:</td>
</tr>
<tr>
<td>Postal Address:</td>
</tr>
<tr>
<td>Nationality:</td>
</tr>
<tr>
<td>Passport No.:</td>
</tr>
<tr>
<td>Passport Validity:</td>
</tr>
<tr>
<td>Occupation:</td>
</tr>
<tr>
<td>Date of Birth:</td>
</tr>
<tr>
<td>Telephone (if any):</td>
</tr>
</tbody>
</table>

For refund warrant (Application will not be treated as valid if anyone uses a non-scheduled bank. To avoid this complication investors are requested not to use the name of any non-scheduled bank) Please write the correct and full name of bank and branch:

For refund warrant: Applicant’s Bank A/C. No.:

| Name of the Bank:                  |
| Branch:                           |

<table>
<thead>
<tr>
<th>Second Applicant: Mr. /Mrs./Ms.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Father’s/Husband’s Name:</td>
</tr>
<tr>
<td>Mother’s Name:</td>
</tr>
<tr>
<td>Postal Address:</td>
</tr>
<tr>
<td>Nationality:</td>
</tr>
<tr>
<td>Passport No.:</td>
</tr>
<tr>
<td>Passport Validity:</td>
</tr>
<tr>
<td>Date of Birth:</td>
</tr>
</tbody>
</table>

Nominee

| Name:                           |
| Mailing Address:                |
| Telephone (if any):             |

7. I/we hereby declare that I/we have read the Prospectus of IFIC Bank 1st Mutual Fund, and have willingly subscribed for _______________________________ number of Units of Tk.10 each on this form.

8. Specimen Signature(s)

<table>
<thead>
<tr>
<th>NAME IN BLOCK LETTERS</th>
<th>SIGNATURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sole/First Applicant</td>
<td></td>
</tr>
<tr>
<td>Second Applicant</td>
<td></td>
</tr>
<tr>
<td>Nominee</td>
<td></td>
</tr>
</tbody>
</table>

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IFIC BANK 1ST MUTUAL FUND
Instructions for NRBs

1. As per provision of the ইউপিজিতিরি আইন, ১৯৯৯ and regulations made there under Mutual Fund units will only be issued in dematerialized condition. Please mention your BO (Beneficiary Owner) Account number in the Application form. If you do not mention your valid BO (Beneficiary Owner) Account, 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 Units and must be for a multiple of 500 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 favouring “IFIC Bank 1st Mutual Fund” and crossed“ACCOUNT PAYEE ONLY”.

5. Application shall be sent by the applicant directly to the RACE Management PCL within February 11, 2010, so as to reach the Asset Management Company within February 20, 2010. No Application sent after February 11, 2010 or received by the RACE Management PCL after February 20, 2010 will be considered for allotment purpose.

6. Refund against over-subscription 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. 4.00 (four) crores of total public offering shall be reserved for non-resident Bangladeshi (NRB) and units of Tk. 4.00 (four) crores for mutual funds and collective investment schemes registered with the Commission, and the remaining units of Tk. 32.00 (thirty-two) crores shall be open for subscription by the general public.
   b. All securities/units stated in para (a) shall be offered for subscription and subsequent allotment by the Asset Management Company subject to any restriction which may be imposed from time to time by the Securities and Exchange Commission.
   c. In case of over-subscription under any of the 3 (three) categories mentioned in para (a), the Asset Management Company shall conduct an open lottery of all the applications received under each category separately in accordance with the SEC’s instructions.
   d. In case of under-subscription under any of the 2 (two) categories [i.e. units of Tk. 4.00 (four) crores for NRB and units of Tk. 4.00 (four) crores for mutual funds] mentioned in para (a), the unsubscribed portion shall be added to the general public category [units of Tk. 32.00 (thirty-two) crores] and, if after such addition, there is over subscription in the general public category, the Asset Management Company shall conduct an open lottery of all the applicants added together.
   e. The lottery as stated in para (c) and (d) shall be conducted in presence of the authorized representatives of the SEC, Stock Exchange(s) concerned, Sponsor, Asset Management Company, 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 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.
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 Ltd. 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 for him 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 units, 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 of subscription. The applicant must mention the bank account in the application form the same bank account number as available in the database of Beneficiary Owners Account in Central Depository for the purpose of refund of application money.

17. An applicant cannot submit more than two applications, one in his/her own name and another jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, whole or part of application money may be forfeited by the Commission.

18. No sale of securities shall be made, nor shall any money be taken from any person, in connection with such sale until 25 (twenty five) days after the prospectus has been published.

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