

If you have any queries about this document, you may consult the Asset Management Company.

PROSPECTUS (Abridged Version)

PHP First Mutual Fund

Standard Chartered Bank

"First-Ever Corporate Sponsored Mutual Fund"

Registered Office: Akram Tower, 7th Floor, Suite 03, Shaheed Syed Nazrul Islam Sarani (15/5 Bijoy Nagar), Dhaka-1000, Bangladesh, Phone: +88 02 9360024, 9346005, Fax: 88 02 9338757, Email: ipo_information@racebd.com, Web: www.racebd.com

SIZE OF THE FUND:Tk. 200 crore divided into 200,000,000 units at par value of Tk. 10 each SPONSOR'S CONTRIBUTION: 20,000,000 Units of Tk. 10 each at par for Tk. 200,000,000 PRE IPO PLACEMENT: 80,000,000 Units of Tk. 10 each at par for Tk. 800,000,000 PUBLIC OFFER: 100,000,000 Units of Tk. 10 each at par for Tk. 1,000,000,000 RESERVED FOR MUTUAL FUNDS: 10,000,000 Units of Tk. 10 each at par for Tk. 100,000,000 NON RESIDENT BANGLADESHIS: 10,000,000 Units of Tk. 10 each at par for Tk. 100,000,000 RESIDENT BANGLADESHIS: 80,000,000 Units of Tk. 10 each at par for Tk. 800,000,000

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 সিকিউরিটিজ ও এক্সচেঞ্চ কমিশন (মিউচ্যুয়াল ফান্ড), বিধিমালা, 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.

Tk. 200 crore divided into 200,000,000 units at par value of Tk. 10.00 each. In future the fund

The objective of the Fund is to provide attractive dividend to the unit holders by investing the

Individuals, institutions, non-resident Bangladeshis (NRB), mutual funds and collective

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

Units are transferable. The transfer will be made by the CDBL under electronic settlement

proceeds in the various instruments in the Bangladeshi Capital Market and Money Market.

ASSET MANAGER RACE Management PCL

SPONSOR PHP Power Generation Plant Limited

Bangladesh General Insurance Company Ltd.

Subscription opens: 3 October, 2010

Declaration about the responsibility of the Custodian
We, as Custodian of the PHP FIRST MUTUAL FUND accept the responsibility and confirm that we shall:

Chartered S

Subscription closes: 7 October, 2010

Standard CUSTODIAN

Date of publication of prospectus: 07 September, 2010 in "The Daily Star" and "কালের কণ্ঠ"। Highlights

investment schemes are eligible to apply for investment in the Fund.

The dividend will be distributed within 30 days from the date of declaration.

PHP FIRST MUTUAL FUND

ensure consistency in dividend.

Closed-end Mutual Fund with tenure of ten years.

size will not be changed.

1. Name: 2. Size of the Fund: 3. Face Value: 4. Nature:

5. Objective:

6. Target Group: 7. Dividend:

8. Mode of Distribution: 9. Transferability: 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 12. Report & Accounts: Every unit holder is entitled to receive annual report together with the yearly and half-yearly

statements of accounts as and when published. Risk Factors

Investing in the PHP FIRST 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:

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. 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 the market as a whole. The Fund may lose its value or experience a substantial loss on its investments due to such market volatility. 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 the Fund's units will fully reflect the underlying asset

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

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

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. 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 Dividend Risk: If the companies wherein the Fund will be invested fail to pay expected dividend, it may affect the

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. 10. 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 নিকিউরিটিজ ও এরডেজ কমিশন আইন, ১৯৯৩, and the নিকিউরিটিজ ও এরডেজ কমিশন (মিউছায়াল কাড) বিবিয়ালা, 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):

APPROV AL OF THE SECURITIES AND EXCHANGE COMMISSION HAS BEEN OBTAINED TO THE ISSUE/OFFER OF THE FUND UNDER THE SECURITIES AND EXCHANGE ORDINANCE, 1969 AND THE MARKING THE STATEMENTS MADE OR OPINION EXPRESSED WITH REGARD TO THEM. SUCH RESPONSIBILITY LIES WITH THE ASSET MANAGER, TRUSTEE, SPONSOR AND/OR CUSTODIAN.

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

None of the Stock Exchange(s), if for any reason, grants listing within 75 (seventy five) days from the closure of subscription, any allotment in terms of this prospectus shall be void and the Asset Management Company shall refund the subscription money within 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 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."

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). 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):

1) The Fund shall make Public Offer (PO) for 100,000,000 units of Taka 10/- each at par worth Taka 100.00 (hundred) crore following the পিকিলিটিজ ত এক্সডেজ কমিশন (পিউড়ায়াল কাড) বিধিমালা, ২০০১, the Securities and Exchange Commission (Public Issue) Rules, 2006, the কিপনিটার আইন, 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 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 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 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

10) The Asset Management Company shall apply the spot buying rate (TT clean) in US \$, UK Pound Sterling and Euro of Sonali Bank Ltd. as prevailed on the date of opening of the subscription for the purpose of application of the NRBs. 11) A non-resident Bangladeshi shall apply either directly by enclosing a foreign demand draft drawn on a bank payable at Dhaka, or through a nominee by paying out of foreign currency deposit account maintained in Bangladesh or in Taka, supported by foreign currency encashment certificate issued by the concerned bank, for the value of securities applied for through crossed bank cheque marking Account Payee only. Application shall be sent by the NRB applicants to the Asset Management Company within the closing date of the subscription so as to reach the same to the company by the closing date plus 9 (nine) days. Applications received by the company after the above time period will not be considered for allotment purpose.

12) The Asset Management Company shall ensure prompt collection/clearance of the foreign remittances of NRBs for

allotment of units without any difficulty/complaint. 13) The Asset Management Company shall provide SEC with the preliminary status of the subscription within 5 (five) working days from closure of the subscription date, and also the list of valid and invalid applicants (i.e. final status of subscription) in electronic form in 2 (two) CDs to the Commission within 3 (three) weeks after the closure of the subscription date including bank statement (original) 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 inimum requirement as specified in the listing regulations of the Stock Exchange(s) concerned; or b) At least 60% (i.e. Tk. 120.00 crore) of the targeted amount (i.e. Tk. 200.00 crore) under AR SV of the AFRICA e अञ्चरकक्ष कविश्वन (विषेक्षामान काक) विविधाना, २००३ is not subscribed.

a) Units of Tk. 10.00 (Ten) crore of total public offering shall be reserved for non-resident Bangladeshi (NRB) and units of Tk. 10.00 (Ten) crore for mutual funds and collective investment schemes registered with the Commission, and the remaining units of Tk. 80.00 (Eighty) erore 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

14) Public Offer distribution system:

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. 10.00 (Ten) crore for NRB and units of Tk. 10.00 (Ten) crore for mutual funds] mentioned in para (a), the unsubscribed portion shall be added to the general public category [units of Tk. 80.00 (Eighty) crore] 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

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's without any interest and 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 Asset Manager shall disclose the information in the newspapers where the abridged version of the prospectus has been published. In this regard a compliance report shall be submitted to the Commission within 7 (seven) days from the date of completion of the allotment of units and refund warrants (if applicable). 17) The applicant shall provide the same bank account number in the application form as it is in the Beneficiary Owners

Account of the applicant. Otherwise the application will be considered invalid and the subscription money may be

18) All 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 Asset 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. 20,00,00,000.00 (twenty crore) shall

be subject to a lock-in period for 1 (one) year from the date of listing in the Stock Exchange(s). 1/10th of the Sponsor's contribution amounting to Tk. 2,00,00,000.00 (two crore) shall be subject to a lock-in period of full time 23) All Pre-IPO placement will be in 1 (one) year 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 falls so of the falls for the ত এক্সচেজ কৰিবন (বিউচ্চয়াল কান্ত) বিধিনালা, ২০০১, it will refund the subscription money within 5 (five) weeks from the closure of subscription without any deduction. In case of failure, the Asset Management Company shall refund the same with interest @ 18 (eighteen) 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 percent 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 15 (fifteen) days from the date of refusal for listing by the Stock Exchange(s), or from the date of expiry of the said 75 (seventy five) days, as the case may be. In case of non-refund of the subscription money within the aforesaid 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 @ of 2% (two percent) per month above the bank rate to the subscribers concerned. The Asset Management Company, in addition to the Sponsor and Trustee shall ensure due compliance of the abovementioned conditions and shall submit compliance report thereon to the Commission within seven days of expiry of the aforesaid 15 (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 or its abridged version of the Scheme shall be published within 45 (forty-five) days of the closure of each accounting year of the Scheme 33) An annual report and details of investment and savings of the Scheme shall be submitted to the Commission, Trustee and Custodian of the Scheme within 90 (ninety) days from the closure of the accounts.

34) Half-yearly accounts/financial results of the Scheme 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 Scheme shall be calculated and disclosed publicly as per the Are so of the Areas कमिशन (मिडेहाबान कांड) विश्विमाना, २००১. 37) SEC may appoint auditors for special audit/investigation on the affairs of the Fund, if it so desires.

 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.

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. 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.

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.

1. As per provision of the ক্রিপাইন 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). The Asset Management Company shall also ensure due compliance of all abovementioned conditions.

PART-E General Information:

 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 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 PHP FIRST MUTUAL FUND will commence at the opening of banking business on 3 October, 2010 and will be closed at the end of the banking business on 7 October, 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 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

Mohammed Ali Hossain Chowdhury Managing Director PHP Power Generation Plant 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 বিকিইবিটিছ ও এক্সডেছ কৰিশন (বিউচ্চায়াল কান্ত) বিধিয়ালা, ২০০১, ডিপজিটার আইন, ১৯৯৯, 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: This Prospectus is in conformity with the documents, materials and papers related to the offer; All the legal requirements of the issue have been duly fulfilled; and

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

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

Mashrib Zahid

Chief Financial Officer

RACE Management PCL Declaration about the responsibility of the Trustee
We, as Trustee of the PHP FIRST MUTUAL FUND, accept the responsibility and confirm that we shall:
a) be the guardian of the Fund, held in trust for the benefit of the unit holders in accordance with the Rules & Trust Deed; b) always act in the interest of the unit holders;

c) take all 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; Take such remedial steps as are necessary to rectify the situation where they have reason to believe that the conduct of

Mr. A. K. A. H Chaudhuri **Managing Director** Bangladesh General Insurance Company Limited

business of the Fund is not in conformity with the relevant Rules.

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.

Head of Securities Services Standard Chartered Bank

2. BACKGROUND 2.1. Formation of PHP First Mutual Fund:

Subscription

For Non-Resident Bangladeshis Subscription closes on 16 October, 2010

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. One of the most effective solutions to these structural issues is by increasing increased participation of mutual funds in our capital markets 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 bring retail investors' funs under an institutional umbrella and thereby protecting these small investors from excessive volatility and

Realizing the vital role that mutual funds can play in improving the capital market efficiency, PHP Power Generation Plant Limited, has come forward and decided to sponsor PHP First Mutual Fund. The PHP Group of Industries is one of the largest corporate groups in the country with consolidated annual turnover of more than Tk. 5,000 crores. The Group provides employment for over 10,000 families directly and another 20,000 through its various subsidiaries and holding companies. It should be noted that our Group's products, such as CI sheet and glass are used by over 5 crore Bangladeshis in every corner of the country. PHP Group is also involved in improving the roads and highways and other infrastructure of the country. As a responsible and ethical corporate citizen, PHP Group of Industries is also one of the highest corporate tax and VAT-payer PHP Power Generation Plant Limited has chosen three trusted partners with successful track record in the Bangladeshi

capital market: RACE Management PCL as the Fund Manager and the Bangladesh General Insurance Company (BGIC) as the Trustee and Standard Chartered Bank as the Custodian of the Fund. 2.2. Formation of the Proposed Mutual Fund in the 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 10x growth in average daily trading volume in the stock market during the last 3 years from Tk. 200 crores in 2006-07 to its current Tk. 1,600 crores. Despite this significant growth in investor participation in the Bangladeshi stock market, and the demand for professionally

managed investment vehicles, the domestic mutual fund industry has not responded with adequate supply. With only 26 individual funds to choose and about Tk. 2,900 crores in funds under management, 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. To meet this large unsatisfied demand for mutual fund investments in Bangladesh, PHP Power Generation Limited is floating the PHP FIRST MUTUAL FUND. In this endeavor, PHP Power Generation Plant Limited has appointed RACE Management PCL to be the Fund Manager; RACE Management has a successful track record in the Bangladesh stock market having achieved the largest private Asset Management Company in terms of funds under management in Bangladesh landmark within a little more than year.

2.3. Advantages in investing in PHP First 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.

 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

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. RACE's research department consistently produces insightful research products on the Bangladeshi stock market which have been highly commended by both local stock market participants and foreign investors. 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. 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 PHP FIRST MUTUAL FUND.

6) 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. 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 9) In Bangladesh, the mutual funds enjoy a 10% (ten percent) reserved quota in all Initial Public Offerings (IPOs). Given the lack of supply of high-quality scripts in the Bangladeshi stock market, IPOs have historically outperformed the general Bangladeshi market index significantly and, therefore, have been a major source of outperformance for the

mutual fund industry in Bangladesh. 2.4. The constitution of the Fund: PHP First Mutual Fund has been constituted through a Trust Deed entered into between PHP Power Generation Plant Limited and Bangladesh General Insurance Company on May 20, 2010 under the Trust Act, 1882 and Registration Act,

The Fund was registered by the SEC on June 17, 2010 under the পিকিউনিটিৰ ও এক্সডের কমিশন (মিউচুয়াল কান্ত) বিধিয়ালা, ২০০১.

2.5. Life of the Fund: The Fund will be a closed-end mutual fund of 10 (Ten) years tenure, established with a view to broaden the base of investment and develop the capital market. 2.6. Size, Face Value and Market Lot of the Fund: Total Fund is fixed at 200,000,000 (twenty crore) units of Tk. 10 each totaling Tk. 2,000,000,000 (Taka two hundred crore).

 The Sponsor's portion of the Fund is 20,000,000 (two crore) units of Tk. 10 each totaling Tk. 200,000,000 (Taka twenty) Size of the Pre-IPO Private Placement is 80,000,000 (eight crore) units of Tk. 10 each totaling Tk. 800,000,000 (Taka

 Size of the Initial Public Offering (IPO) is 100,000,000 (ten crore) units, each worth Tk. 10, totaling Tk. 1,000,000,000 (Taka Hundred crore) available as public offering to general public, NRBs, Mutual Funds and collective investment The market lot will be constituted of 500 (five hundred) units. In future the fund size will not be changed

The objective of PHP FIRST MUTUAL FUND is to provide attractive dividends to its unit-holders by earning superior risk

3.2. Investment Policies: The Fund shall invest subject to the निविधान and only in securities, deposits and investments approved by the Securities and Investmen 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 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 Investme The Fund shall not invest more than 25% of its total assets in shares, debentures or other securities in any one industry Exposure 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 Liquidity 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 Only the Asset Management Company will make the investment decisions and place orders for securities to be purchased or sold 3.3. Investment Restrictions: In making investment decisions, the following restrictions should be taken into due consideration:

 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 পিকিউরিটিজ ও এক্সচের কমিশন (মিউচ্যুরাল কান্ড) বিবিদ্যালা, ২০০১.

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 The Fund shall not involve in option trading or short selling or carry forward transaction. 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 পিকিউনিটিজ ও এক্সজের কমিশন (মিউছ্যমান কাত) বিধিমানা, ২০০১ by the total number of units outstanding. As per section 58 of the পিকিউরিটিক ও এক্সক্তের কমিশন (মিউছুয়াল কাড) বিধিয়ালা, 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. 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 = $V_A - L_T$ Total NAV NAV per unit = No. of units outstanding

V_A = Value of Total Assets of the Fund as on date L_T = Total liabilities of the Fund as on date

V_A = Value of all securities in vault + Value of all securities placed in lien + Cash in hand and at bank + Value of all securities

3. INVESTMENT OBJECTIVES AND POLICIES

adjusted return from a diversified investment portfolio.

3.1. Investment Objective

receivables + Receivables of proceeds of sale of investments + Dividend receivables, net of tax + Interest receivables, net of tax + Issue expenses amortized as on date + Printing, publication and stationery expenses amortized as on date. L_T = Value of all securities payable + Payable against purchase of 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 নিকিইবিটিছ ও এক্সডে কমিশন (মিউছ্যমান কাড) বিধিয়ালা, 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 former, an 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.