



LOGAN ROCKEFELLER

Registered Office: LR Global Bangladesh Asset Management Company Ltd. 1-K Tower (4th Floor), Plot-2, Block-CEN (A), Gulshan North Avenue, Gulshan-2, Dhaka-1212, Bangladesh Phone: 8826676, 8818409, M.01730450478, 01730450479 Fax: 9895688 Email: info@lrglobalbd.com Website: www.lrglobalbd.com

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

PROSPECTUS (Abridged version)

MBL 1st Mutual Fund



SIZE OF THE FUND: Tk. 100,00,00,000 divided into 10,00,00,000 units at par value of Tk. 10 each

SPONSOR'S CONTRIBUTION: 1,00,00,000 units of Tk. 10 each at par for Tk. 10,00,00,000

PRE-IPO PLACEMENT: 4,00,00,000 units of Tk. 10 each at par for Tk. 40,00,00,000

PUBLIC OFFER: 5,00,00,000 units of Tk. 10 each at par for Tk. 50,00,00,000

RESERVED FOR MUTUAL FUNDS: 50,00,000 units of Tk. 10 each at par for Tk. 5,00,00,000

NON-RESIDENT BANGLADESHIS: 50,00,000 units of Tk. 10 each at par for Tk. 5,00,00,000

RESIDENT BANGLADESHIS: 40,00,00,000 units of Tk. 10 each at par for Tk. 4,00,00,00,000

Subscription

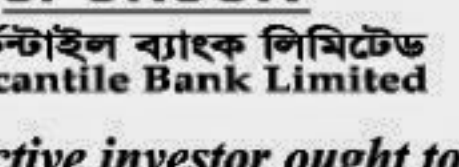
Subscription opens: December 12, 2010

Subscription closes: December 19, 2010

For Non-Resident Bangladeshis, Subscription closes on December 28, 2010

ASSET MANAGER

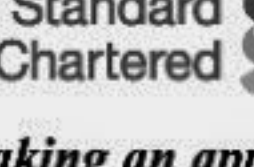
LR GLOBAL BANGLADESH ASSET MANAGEMENT COMPANY LTD.



TRUSTEE



BANGLADESH GENERAL INSURANCE COMPANY LTD.



STANDARD CHARTERED BANK

This Offer Document sets forth concisely the information about the Fund that a prospective investor ought to know before investing. This Offer Document should be read before making an application for the Units and should be retained for future reference. Investing in the MBL 1st Mutual Fund (hereinafter the Fund) bears certain risks that investors should carefully consider before investing in the Fund. Investment in the capital market and in the Fund bears certain risks that are normally associated with making investments in securities including loss of principal amount invested. There can be no assurance that the Fund will achieve its investment objectives. The Fund value can be volatile and no assurance can be given that investors will receive the amount originally invested. When investing in the Fund, investors should carefully consider the risk factors outlined in the document.

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

The particulars of the Fund have been prepared in accordance with নিবন্ধিত বিধি ও প্রকল্পকে কমন (মিডিয়ায়াল 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.

Table with 2 columns: Item and Description. Includes Fund Highlights, Name, Size, Nature, Objective, Target Group, Dividend, Time of Distribution, Transferability, Encashment, Tax Benefit, and Report & Accounts.

RISK FACTORS

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

refund money into the applicant's bank accounts provided in respective application form for subscription. After completion of remittance of the Fund to the respective applicant's bank account, the Asset Manager shall disclose the information in the newspapers where advertisement of the prospectus has been published. The compliance report shall be submitted to the Commission within seven (7) days from the date of completion of the allotment of units and refund warrants (if applicable).

PART - B

1. The Asset Management Company (the "Asset Manager") of the MBL 1st Mutual Fund (the "Fund") is a company incorporated in Bangladesh and is a subsidiary of the Securities and Exchange Commission.

1.6 DECLARATIONS

Declarations about the responsibility of the Sponsor: The Sponsor, as the name appears in this Prospectus, accept full responsibility for the authenticity and accuracy of the information contained in this Prospectus and other documents regarding the Fund.

1.7 INVESTMENT MANAGEMENT

1.7.1 INVESTMENT OBJECTIVES AND POLICIES: The Fund shall invest subject to the নিবন্ধিত বিধি and in all securities, deposits and investments approved by the Securities and Exchange Commission and/or the Bangladesh Bank and/or Insurance Regulatory Authority (IRA) (Bangladesh) and the Fund may invest in Pre-IPO Private Placements or IPO of debt or equity, with limitation to the Commission.

1.7.2 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.

1.7.3 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 নিবন্ধিত বিধি (সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন) বিধিমালা, ২০০১, by the total number of units outstanding. As per Rule 58 of the নিবন্ধিত বিধি (সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন) বিধিমালা, ২০০১, the valuation policy of investment of the Fund shall be as follows:

1.7.4 RISK CONSIDERATIONS

1.7.4.1 EXPECTED MARKET PERFORMANCE OF THE FUND: 1) Mutual Fund industry is still at its infancy in Bangladesh and represents around 1% of market capitalization and currently a nascent industry. It is expected that the industry will continue to grow and mature over the next few years.

1.7.4.2 FORMATION OF MBL 1st Mutual Fund

A mutual fund industry is an investment fund that pools money from unit holders and invests in a diversified portfolio of securities. The mutual fund industry has a long history tracing as far back as the early 1800s with its humble beginnings generally considered to be in Europe. Today, mutual funds are widely considered to have emerged as a result of the success of the 1980s and 1990s technology investment with fund managers who are the likes of Michael Price and Peter Lynch, were considered the new generation of fund managers.

1.7.4.3 RATIONALE FOR LAUNCHING PROPOSED MUTUAL FUND UNDER CURRENT CAPITAL MARKET CONDITIONS

In contrast to the global meltdown in world markets, the capital market in Bangladesh has remained relatively unscathed compared to most major and advanced growth for most of the world equity indices. As of October 2010 DSE turnover stood at approximately Tk. 46,800 crore which is an increase from October 2009 and 49% increase from October 2008 respectively. As the Bangladesh capital markets continue to evolve and reach new heights, the mutual fund industry offers significant growth potential.

2.3 ADVANTAGES OF INVESTING IN MBL 1st Mutual Fund

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

2.4 THE CONSTITUTION OF THE FUND

MBL 1st Mutual Fund has been constituted through a Trust Deed entered into between Mercantile Bank Limited and Bangladesh General Insurance Company Limited on 23rd June 2010 under the Trust Act, 1882 and Registration Act, 1908.

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

2.6.1 Total Fund fixed at 10,00,00,000 (ten crore) units of Tk. 10 each in totaling Tk. 100,00,00,000 (ten hundred crore). 2.6.2 The Sponsor's portion of the Fund is 1,00,00,000 (one crore) units of Tk. 10 each in totaling Tk. 10,00,00,000 (ten crore). 2.6.3 Size of the Pre-IPO Private Placement is 4,00,00,000 (four crore) units of Tk. 10 each in totaling Tk. 40,00,00,000 (ten crore). 2.6.4 Size of the Initial Public Offering (IPO) is 5,00,00,000 (five crore) units of Tk. 10 each in totaling Tk. 50,00,00,000 (ten crore) available as offering to NRBs, mutual funds and collective investment schemes. 2.6.5 The market lot will be constituted 500 (five hundred) units.

3. INVESTMENT OBJECTIVES AND POLICIES

3.1 INVESTMENT OBJECTIVE: The objective of MBL 1st Mutual Fund is to earn superior risk adjusted return by maintaining a diversified investment portfolio and provide attractive dividend payments to the unit-holders.

3.2 INVESTMENT POLICIES

Investment Objective: The Fund shall invest subject to the নিবন্ধিত বিধি and in all securities, deposits and investments approved by the Securities and Exchange Commission and/or the Bangladesh Bank and/or Insurance Regulatory Authority (IRA) (Bangladesh) and the Fund may invest in Pre-IPO Private Placements or IPO of debt or equity, with limitation to the Commission.

Investment Exposure & Liquidity: The Fund shall not invest more than 10% of its total assets in any one particular company. The Fund shall not invest in more than 15% of any company's total paid-up capital. The Fund shall not invest more than 20% 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.

Investment Decision: Only the Asset Management Company will make the investment decisions and place orders for securities to be purchased or sold by the Fund.

3.3 INVESTMENT RESTRICTIONS

In making investment decisions, the following restrictions should be taken into due consideration: 1. The Fund shall not invest in or lend to another Scheme under the same Asset Management Company.

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 নিবন্ধিত বিধি (সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন) বিধিমালা, ২০০১, by the total number of units outstanding. As per Rule 58 of the নিবন্ধিত বিধি (সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন) বিধিমালা, ২০০১, the valuation policy of investment of the Fund shall be as follows:

1. For listed securities, the average quoted closing market price on the stock exchanges on the date of valuation shall form the basis of any calculation of Net Asset Value of such securities in the portfolio of the Fund.

2. The Fund shall fix the valuation method for each of the schemes subject to prior approval of the Commission.

3. The Fund shall follow the method approved by the Commission for valuation of the non-listed investment, if any, and the Asset Manager shall ensure that the Trustee periodically review the value of such investment. The auditors shall comment on such investment in the annual reports of the Fund.

4. When the securities were not traded in the Stock Exchanges on the particular valuing date, immediate previous average price, and the last traded price of the securities on the preceding business day shall be used for valuation.

5. The valuation of Listed Securities 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.

6. For securitized debts, debentures, margin or fixed deposits, the accrued interest on such instruments on the date of valuation shall be taken into account in any calculation of Net Asset Value (NAV) of such securities in the portfolio of the Fund.

Following the valuation criteria as set forth above, the Fund will use following formula to derive NAV per unit Total NAV = V<sub>A</sub> - V<sub>L</sub> / N

NAV per unit = No. of units outstanding / V<sub>A</sub> = Value of Total Assets of the Fund as on date

V<sub>A</sub> = Total liabilities of the Fund as on date

V<sub>L</sub> = Value of all securities in fund + 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 - Issues expenses

Net Asset Value (NAV) = V<sub>A</sub> - V<sub>L</sub> / N

1.7.4.4 INVESTMENT MANAGEMENT: LR Global Bangladesh Asset Management Company Limited will have discretionary authority over the Fund's portfolio and investment decisions. LR Global Bangladesh Asset Management Company Limited shall conduct the day-to-day management of the Fund and shall be responsible for the investment decisions. The Fund will be managed by the Asset Manager and the Trustee and will be subject to the supervision of the Securities and Exchange Commission.

3.6 DIVIDEND POLICY

1) The accounting year of the Fund shall end on 31st March 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 Fund its net assets in accordance with the provisions laid down in the নিবন্ধিত বিধি (সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন) বিধিমালা, ২০০১, as determined by the Commission from time to time.

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

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

5) The Asset Management Company shall dispatch the dividend warrants at the expense of the Fund, within 45 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 CDBL, a transferee shall not possess the right to any dividend declared by the Fund.

4. RISK CONSIDERATIONS

4.1 EXPECTED MARKET PERFORMANCE OF THE FUND

1) Mutual Fund industry is still at its infancy in Bangladesh and represents around 1% of market capitalization and currently a nascent industry. It is expected that the industry will continue to grow and mature over the next few years.

2) Brand name of Mercantile Bank Ltd. as a Sponsor, Bangladesh General Insurance Company Limited as a Trustee and Standard Chartered Bank as a Custodian, and their respective track record in the past may motivate investors to invest in this Fund.

3) LR Global Bangladesh Asset Management Company Limited, the most experienced and highly qualified investment management team in Bangladesh as a new-generation Asset Management Company (AMC) would attract investors to invest in this Fund.

4.2 WHO TO INVEST AND HOW MUCH TO INVEST

1) Individuals who have no 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 dividend payment and are comfortable with the risk associated with equity investments should consider investing in the Fund. 3) An individual should always consider investing in the Fund if he/she can accept variability of returns, have a moderate to high tolerance for risk and is planning to invest in the Fund over the medium to long-term. 4) Considering other factors like the investment opportunities available in the market, return expectations, income level and consumption pattern, one may put only a limited portion of his/her total portfolio into the Fund.

5. FORMATION, MANAGEMENT AND ADMINISTRATION

5.1 SPONSOR OF THE FUND

Mercantile Bank Limited (MBL) commenced operation on June 2, 1999 with a vision to provide efficient banking services and contribute to the socio-economic development of the country. It now provides comprehensive financial services that include consumer loans, SME credit, retail banking, and structured finance for corporate houses through 56 branches spread across the country including 5 SME branches, Monthly Savings Scheme, Family Maintenance Deposit Scheme, Double Benefit Deposit Scheme, Quarterly Benefit Savings Scheme, Advanced Benefit Savings Scheme, Fixed Deposit Scheme, Consumer Credit Scheme, Home Building Loan Scheme and SME Loan are some of the highly successful products of the bank. In order to diversify the bank's business, MBL commenced operations of its brokerage house, namely "Mercantile Bank Brokerage House", as a part of capital market operations in 2009. With a view of business, the brokerage house is contributing to the growth of the bank's business and is expected to play a significant role in the socio-economic development of the country. MBL contributes a certain portion of its operating profit to Mercantile Bank Foundation. The Foundation contributes in the areas of healthcare, education, sport, destitute welfare and social activities and environment protection. With an efficient management team and a board of directors consisting of eminent business professionals of the country, MBL is continuously striving to consolidate its position as one of the leading banks in Bangladesh.

5.2 TRUSTEE & CUSTODIAN OF THE FUND

Standard Chartered Bank (SCB), operating in Bangladesh since 1905, is the largest foreign bank of the country with 25 offices in 6 cities. SCB provides custodial services to foreign and local investors since 1992. SCB is the pioneering custodian bank in the country having ISO 9001:2000 certification by the Securities Services department since 1997 as a symbol of its superior service quality.

Bangladesh General Insurance Company Ltd (BGIC), incorporated on 29 July 1955, is the first general insurance company in Bangladesh in the private sector. The company offers a full range of general insurance services for fire, marine, motor and miscellaneous risks with 26 branches across the country. BGIC has a proven track record of being "Trustee" for existing mutual funds and Zero Coupon Bonds. Its dynamic team of dedicated professionals with superior underwriting and trustee skills can boost growth of the company. The company has authorized capital of Tk. 500 million and paid up capital of Tk. 417.65 million and is listed on both Dhaka Stock Exchange and Chittagong Stock Exchange.

5.3 ASSET MANAGER OF THE FUND

LR Global has a long history of deep and extensive experience in investments in frontier countries including Bangladesh. LR Global was incubated within Rockefeller & Co., the family office started by John D. Rockefeller in 1891. LR Global Partners was founded in June 1997 by our principals, Leon Levy, his partner Jack Nash, and the Rockefeller family. It was intended as an extension of Murray and Don's successful strategy in investing in deeply undervalued securities in developing markets. Leon Levy (1926-2003) was, according to Forbes magazine, a "Wall Street investment genius and prolific philanthropist," who helped create both mutual funds and hedge funds. He co-founded Oppenheimer & Co. in 1959, where he started groups of mutual funds that, at his death, had grown to more than \$120 billion. In 1982 he sold Oppenheimer to UK's Mercantile and co-founded Odyssey Partners, a private investment partnership. Its success helped it grow into a \$3 billion hedge fund before it was dissolved in 1997. LR Global was built upon the Rockefeller tradition, Murray and Don's investment philosophy, and a disciplined investment process that continues to this day. Murray passed away in 2006, but Don continues with a seasoned management team that is vibrant in its outlook and approach. Our competitive advantage continues to be our investment process and our unique ability to leverage long-standing knowledge in frontier markets to source undervalued opportunities. Currently, we have offices or strategic partners in Vietnam, Cambodia, and Bangladesh with investments in over 15 frontier markets. Most of the principals worked at Rockefeller & Co. at some point in their careers. Don Ledwith was portfolio manager, Sean Wilentz was Chief of Research, and Bill Amundson was CEO of Rockefeller & Co.