

LOGAN ROCKEFELLER

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

PROSPECTUS (Abridged version)

MBL 1st Mutual Fund



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

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

LR GLOBAL BANGLADESH ASSET MANAGEMENT COMPANY LTD.

SPONSOR মার্কেন্টাইল ব্যাংক লিমিটেড Mercantile Bank Limited

BANGLADESH GENERAL INSURANCE COMPANY LTD.

TRUSTEE

Standard < Chartered S

CUSTODIAN

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 সিকিউরিটিজ ও এক্সচেঞ্চ কমিশন (মিউচ্যুয়াল ফান্ড) বিধিয়ালা, 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.

2. Size of the Fund: Tk. 100,00,00,000 divided into 10,00,00,000 units at par value of Tk. 10.00 each Tk. 10.00 per unit, 500 units per lot. Closed-end mutual fund of 10 (ten) years tenure. 5. Objective: The objective of the Fund is to provide attractive risk adjusted returns to the unit holders by investing the proceeds in the Capital Market and Money Market. Individuals, Institutions, Non-Resident Bangladeshis (NRB), Mutual Funds and Collective 6. Target Group: Investment Schemes are eligible to apply for investment in the Fund. 7. Dividend: Minimum 70% realized income of the Fund will be distributed as dividend in Bangladeshi Taka only at the end of each accounting year. The Fund shall create a dividend equalization reserve fund to ensure consistency in dividend. The dividend will be distributed within 45 days from the date of declaration. 8. Time of Distribution: Units are transferable. The transfer will be made by the CDBL under electronic settlement process. 9. Transferability: 10. Encashment: The Fund will be listed with DSE and CSE. So investment in this Fund will be easily encashable. 11. Tax Benefit: Income will be tax free up to a certain level, which is permitted as per the Finance Act. Investment in the Fund would qualify for investment tax credit under section 44(2) of the 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 MBL 181 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

General: There is no assurance that the Fund will be able to meet its investment objective and investors could potentially incur losses, including loss of principal when investing in the Fund. Investment in the Fund is not guaranteed by any government agency, the Sponsor or the AMC. Mutual funds and securities investments are subject to market risks and there can be no assurance or guarantee that the Fund's objectives will be achieved. As with any investment in securities, the Net Asset Value of the Fund may go up or down depending on the various factors and forces affecting the capital markets. Past performance of the Sponsors and their affiliates and the AMC do not indicate the future performance of the Fund. Investors should study this Offer Document earefully in

External Risk Factor: Performance of the Fund is substantially dependent on the macroeconomic situation and in the capital market of Bangladesh. Political and social instability may have an adverse effect on the value of the Fund's assets. Adverse natural climatic condition may impact the performance of the Fund.

3. Market Risk: The Bangladesh capital market is highly volatile and mutual fund prices and prices of securities can fluctuate significantly. The Fund may lose its value or incur a sizable loss on its investments due to such market volatility. Stock market trends indicate that prices of majority of all the listed securities move in unpredictable direction which may affect the value of the Fund. Furthermore, there is no guarantee that the market prices of the units of the Fund will fully reflect their underlying Net Asset Values. 4. Concentration Risk: Due to a limited number of listed securities in both the DSE and CSE, it may be difficult to invest the Fund's assets in a widely diversified portfolio as and when required to do so. Due to a very thin secondary fixed income/debt market in Bangladesh, it would be difficult for the Fund Manager to swap between asset classes, if and when required. Limited options in the money market instruments will narrow the opportunity of short term or temporary investments of the Fund which may adversely 5. Dividend Risk: Despite careful investment selection of companies in the Fund, if the companies fail to provide the expected dividend

or fail to disburse the dividends declared in a timely manner, this will impact the income of the Fund and the overall return of the Fund. 6. Underlying Liquidity Risk: For investing in Pre-Public Offer Placement securities i.e. in unlisted equity securities by the Fund,

may involve liquidity risk. In addition, market conditions and investment allocation may have an impact on the ability to sell securities during periods of market volatility. Debt securities, while somewhat less liquid, lack a well-developed secondary market, which may restrict the selling ability of the Fund and may lead to the Fund incurring losses till the security is finally sold. While securities that are listed on the stock exchange carry lower liquidity risk, the ability to sell these investments is limited by the overall trading volume on the stock exchanges and may lead to the Fund incurring losses till the security is finally sold. 7. Investment Strategy Risk: Since the Fund will be an actively managed investment portfolio, the Fund is subject to management strategy risk. Although the AMC will apply its investment process and risk minimization techniques when making investment decisions for the Fund, there can be no guarantee that such process and techniques will produce the desired outcome.

8. Credit Risk: Since the Fund will seek to also invest as per the Mutual Fund Regulations (2001) in both equity and fixed income securities, the credit risk of the fixed income issuers is also associated with the Fund. Investment in fixed income securities are subject to the risk of an issuer's inability to meet interest and principal payments on its obligations and market perception of the

9. Interest Rate Risk: The Net Asset Value (NAV) of the Fund, to the extent invested in Debt and Money Market securities, will be affected by changes in the general level of interest rates. The NAV of the Fund is expected to increase from a fall in interest rates while it would be adversely affected by an increase in the level of interest rates. In addition, zero coupon securities do not provide periodic interest payments to the holder of the security; these securities are more sensitive to changes in interest rates. Therefore, the interest rate risk of zero coupon securities is higher. The AMC may choose to invest in zero coupon securities that offer attractive yields. This may increase the risk of the portfolio.

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

THE MUTUAL FUND IS NOT GUARANTEEING OR ASSURING ANY RETURNS. 1. PRELIMINARY

1.1 PUBLICATION OF PROSPECTUS FOR PUBLIC OFFERING LR Global Bangladesh Asset Management Company Limited has received registration certificate from the Securities and Exchange Commission (SEC) under the পিকিউবিটিছ ও একচেছ কমিশন আইন ১৯৯৩, and the পিকিউবিটিছ ও একচেছ কমিশন (মিউচারাল ফাড) বিবিশানা, ২০০১ made

expiry of the said 75 (seventy five) days, as the case may be.

there under and also received approval for issuing prospectus of the public offering available for public inspection at the registered 1.2 APPROVAL OF THE SECURITIES AND EXCHANGE COMMISSION (SEC) "APPROVAL OF THE SECURITIES AND EXCHANGE COMMISSION HAS BEEN OBTAINED TO THE ISSUE/OFFER OF THE FUND UNDER THE SECURITIES AND EXCHANGE ORDINANCE, 1969 AND THE বিকিটাটোৰ ও একাচৰ কবিশ্বৰ (বিউচুয়াৰ কাচ) বিধিয়াৰ, ২০০৯, IT MUST

BE DISTINCTLY UNDERSTOOD THAT IN GIVING THIS APPROVAL, THE COMMISSION DOES NOT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL SOUNDNESS OF THE FUND, ANY OF ITS SCHEMES OR THE ISSUE OF PRICE OF ITS UNITS OR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINION EXPRESSED WITH REGARD TO THEM. SUCH RESPONSIBILITY LIES WITH THE ASSET MANAGER, TRUSTEE, SPONSOR AND/OR CUSTODIAN."

1.3 LISTING OF FUND Declaration about Listing of Fund with the Stock Exchange(s): "None of the Stock Exchange(s), if for any valid 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

In case of Non-Refund of the subscription money within the aforesaid 15 (fifteen) days, the Asset Management Company, in addition to the Sponsor and Trustee, shall be collectively and severally liable for refund of the subscription money, with profit at the rate of 2% (two percent) per month above the bank rate, to the subscribers concerned. The Asset Management Company, in addition to the Sponsor and Trustee shall ensure due compliance of the abovementioned conditions and shall submit compliance report thereon to the Commission within 7 (seven) days of expiry of the aforesaid 15 (fifteen) days time period allowed for refund of the subscription money." 1.4 DOCUMENTS AVAILABLE FOR INSPECTION

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

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

1.5 CONDITIONS OF THE PUBLIC OFFER (PO)

The Fund shall go for Public Offer (PO) for 5,00,00,000 units of Taka 10 (taka ten) each at par worth Taka 50,00,00,000 (taka fifty erore) following the শিকিটাটিজ ও অলচেন্ত কৰিবন (মিউছালাল কাচ) বিশিষালা, ২০০১, the Securities and Exchange Commission (Public Issue) Rules, 2006, the ভিপজিটাই অহিন, ১৯৯৯ and regulations issued there under.

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). Sufficient copies of the 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 any such sale until 25 (twenty five) days after the Prospectus has been published.

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 Embassics and Missions abroad, as mentioned in the Prospectus, and shall also ensure sending of the printed prospectus and application forms to the said Embassics 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 dispatch of the

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. The Asset Management Company shall submit 40 (forty) copies of the printed Prospectus, along with a Diskette/Compact Disk (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.

The Asset Management Company shall maintain a separate bank account(s) for collecting proceeds of the Public Offering and shall also open FC account(s) to deposit the application money of the Non-Resident Bangladeshis (NRBs) for Public 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 concerned Bangladesh Embassy/High Commission to the effect that "no visa is required to travel to Bangladesh."

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. Application shall be sent by the NRB applicants directly to the registered office of Asset Management Company within the closing date of 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.

 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". Applications 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/complain 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), 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 in the state of the subscription closured if any of the following events occur:

immediately [but no later than 5 (five) weeks from the date of the subscription closure] if any of the following events occur: a) Upon closing of the subscription list it is found that the total number of valid applications is less than the minimum requirement as specified in the listing regulations of the Stock Exchange(s) concerned; or

b) At least 60% (i.e. Tk.60.00 crore) of the targeted amount (i.e. Tk. 100.00 crore) under বিধি ৪৮ of the নিকটারটিছ ও একচেছ কৰিবন (বিউচ্চায়াল কান্ত) বিধিয়ালা, ২০০১ is not subscribed.

14. Public Offer distribution system: a) Units of Tk. 5,00,00,000 (taka five crore) only of total public offering shall be reserved for Non-Resident Bangladeshi (NRB), Tk. 5,00,00,000 (taka five crore) only for Mutual Funds and Collective Investment Schemes registered with the Commission and the remaining units of Tk. 40,00,00,000 (taka forty crore) only shall be opened for subscription by the

 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

d) In case of under-subscription under any of the 2 (two) categories [i.e. units of Tk. 5,00,00,000 (taka five erore) only for NRB and units of Tk. 5,00,00,000 (taka five erore) only for Mutual Funds] mentioned in para (a), the unsubscribed portion shall be added to the general public category [units of Tk. 40,00,00,000 (taka forty erore) only] and if after such addition, there is oversubscription in the general public category, the Asset Management Company shall conduct an open lottery of all the applicants added together; e) The lottery as stated in para (c) and (d) shall be conducted in the presence of authorized representatives of the SEC, Stock Exchange(s) concerned, Sponsor, Asset Management Company, Trustee and the applicants.

15. Upon completion of the period of subscription for securities, the issuer and the Asset Manager shall jointly provide the Commission and the Stock Exchange (s) with the preliminary status of the subscription within 5 (five) working days, in respect of the following

 Total number of securities for which subscription has been received; b) Amount received from the subscription; and

 c) Amount of commission paid to the banker to the issue 16. The Asset Management Company shall issue unit allotment letters to all successful applicants within 5 (five) weeks from the date of the subscription closing date. Within the same time, refund to the unsuccessful applicants shall be made in the currency in which the value of units was paid for by the applicant without any interest and refunded to the respective banks for onward deposit of the

refund money into the applicant's bank accounts provided in respective application form for subscription. After completion of remittance of the Fund to the respective applicant's bank account, the Asset Manager shall disclose the information in the 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 fortested 18. All the applicants shall first be treated as applied for one minimum market lot of 500 (five hundred) units worth TK. 5,000 (taka five thousand) only. If, on this basis, there is oversubscription, then lottery shall be held amongst the applicants allocating one identification number for each application, irrespective of application money. In case of oversubscription under any of the categories mentioned hereinabove, the issuer and the Asset Manager shall jointly conduct an open lottery of all the applications received under each category separately in presence of representatives from the SEC, the Stock Exchange(s), Sponsor, Trustee, Asset Manager and applicants, if there be any.

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

 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. 10,00,00,000 (take ten crore) only shall be subject to a lock-in period of 1 (one) year from the date of listing in the Stock Exchange(s) and 1/10th of the Sponsor's contribution amounting to Tk. 1,00,00,000 (take one crore) only shall be subject to a lock-in period of full time of the Fund.

24. If the Asset Management Company fails to collect the minimum 60% of the targeted amount under বিধি ৪৮ of the বিকিটোৰ ও একডে ক্ষিণ্ড (বিজ্ঞান কাড) বিধিনান, ২০০১, it will refund the subscription money within 5 (five) weeks from the closure of subscription without any deduction. In ease of failure, the Asset Management Company shall refund the same with an interest @ 18% per annum from its own account within the next month.

All Pre-IPO placement will be in 1(one) year lock-in period from the date of listing of the Fund.

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 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. 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)

(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 7 (seven) days of expiry of the aforesaid 15 (fifteen) days time period allowed for the refund of the subscription money." 29. Letter informing allotment shall be issued within 5 (five) weeks from the closure of subscription.

In case of non-refund of the subscription money within the aforesaid 15 (fifteen) days, the Asset Management Company, in addition to the Sponsor and Trustee, shall be collectively and severally liable for refund of the subscription money, with an interest @ 2%

30. The Fund 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 effected through banking channel i.e., through account payer cheque, pay 31. The Fund shall not be involved in option trading, short selling or carry forward transactions. 32. The Annual Report or its abridged version of the Fund shall be published within 45 (forty five) days of the closure of each

33. The Annual Report and details of investment and savings of the Fund shall be submitted to the Commission, Trustee and Custodian of the Fund within 90 (ninety) days from the closure of the accounts.

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. 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 শিকিউরিটিক ও এক্সচেক্স কমিশন (খিউচুয়াল কাড) বিধিনালা, ২০০১.

37. SBC may appoint auditors for special audit/investigation on the affairs of the Fund, if it so desires. The Asset Management Company (i.e. LR Global Bangladesh Asset Management Company Limited) shall ensure that the Prospectus/abridged version of the Prospectus is published correctly and in strict conformity without any error/omission, as vetted

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 The Sponsor and 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 veted

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. 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

 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 ভিশ্বিটাৰ আইব, ১৯৯৯ and regulations made thereunder, units shall only be issued in dematerialized condition.

All transfer/transmission/splitting will take place in 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 The Asset Management Company shall also ensure due compliance of all above mentioned conditions.

General Information: This Prospectus has been prepared by LR Global Bangladesh Asset Management Company Limited (hereinafter the AMC or LR Global Bangladesh Asset Management Company Limited) based on the Trust Deed executed between the Trustee and the Sponsor of the Fund, which is approved by the Commission and available publicly. The information contained herein is true and correct in all material aspects and that there are no other material facts, the omission of which would make any statement herein misleading.

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 LR Global Bangladesh Asset Management Company Limited. 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.

Declarations about the responsibility of the Sponsor The Sponsor, whose 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. To the best of the knowledge and belief of the Sponsor, who has

(A.K.M Shahidul Haque) Managing Director (Current In Charge)

by the Securities and Exchange Commission.

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.

Mercantile 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 শিক্ষাটিক ও একচেক কমিশন (বিউচ্ডয়াল কাড) বিবিধানা, ২০০১, ডিপকিটাই আইন, ১৯৯৯, and 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; All the legal requirements of the issue have been duly fulfilled and 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.

(Reaz Islam) Chief Executive Officer LR Global Bangladesh Asset Management Company Limited Declaration about the responsibility of the Trustee We, as Trustee of the MBL 1st Mutual Fund, accept the responsibility and confirm that we shall:

a) Be the guardian of the Fund, held in trust for the benefit of the unit holders in accordance with the Rules & Trust Deed; Always act in the interest of the unit holders; Take all reasonable care to ensure that the Fund floated and managed by the Asset Management Company are in accordance

d) Make such disclosure by the Asset Management Company to the investors as are essential in order to keep them informed about any information, which may have any bearing on their investments; and e) Take such remedial steps as are necessary to rectify the situation where we have reason to believe that the conduct of business of the Fund is not in conformity with the relevant Rules.

Declaration about the responsibility of the Custodian

We, as Custodian of the MBL 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.

(A.K.A.H. Chaudhuri) Managing Director Bangladesh General Insurance Company Limited

(Arunangshu Dutta) Head, Securities Services, Bangladesh Standard Chartered Bank 2. BACKGROUND

2.1 FORMATION OF MBL 1St Mutual Fund

A typical mutual fund 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 1800's with its humble beginnings generally considered to be in Europe. Today, mutual funds are widely considered to offer investors attractive risk adjusted returns by pooling assets for various investment purposes. The mutual fund industry came into wide public prominence in the mid 1980's and during the 1990's technology boom with fund managers when the likes of Michael Price and Peter Lynch, were considered the new investment gurus with their impressive mutual fund returns. Since then the industry has gone through peaks and through but have largely managed to flourish and grow both in the developing market and developed markets of the world. The mutual fund industry in Bangladesh is at its early or nascent stages, offering room for greater growth and product innovation. Investing in a mutual fund especially for retail investors should be an Professional Management – mutual funds are actively managed by qualified investment professionals with an objective to

limit downside risk and improve the upside potential with active management. Diversification Benefit – mutual funds are generally diversified pooled investment which is expected to reduce the risk per adjusted return for the small and retail investors.

 Efficiency and Economies of Scale – mutual funds by pooling together a large portfolio can negotiate competitive commissions and fees, which results in lower costs to the investors.

Transparency mutual funds are highly regulated investment vehicles and operate under strict rules and regulations by the Securities and Exchange Commission.

Mercantile Bank Limited (MBL), one of the most innovative banks in Bangladesh, has decided to sponsor and launch a mutual fund. The Board of Directors and senior management of Mercantile Bank Limited strongly believe sponsoring a mutual fund is an efficient and effective means of expanding its capital market investment alternatives that will result in an attractive and stable profit source for MBL and lead to greater development of the capital markets in Bangladesh. To further this initiative, LR Global Bangladesh Asset Management Company will be the Asset Manager for MBL 1St Mutual Fund, with Bangladesh General Insurance Company (BGIC) as the Trustee of the Fund and Standard Chartered Bank (SCB) as the Custodian of the Fund.

2.2 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 mostly negative and sluggish growth for most of the world equity indices. As of October 2010 DSE turnover stood at approximately Tk. 46,800 erore which is 122 % increase from October 2009 and 491% 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. By most measures the current mutual funds in the market, which number approximately 29 in total, represent a very small percentage of the total domestic market capitalization; thus there exists greater scope for market growth in the mutual fund sector. As a number of mutual funds are currently in process to come to market, a paradigm shift will take place with institutions and professional money managers representing a more sizable and reasonable proportion of the market versus retail and short term investors. This shift will help to reduce unnecessary market volatility, lead to more rational price discovery and limit the influence of rumor-based trading in the market on a day-to-day basis. This growth and maturity in the market is necessary to attract and inject stable and long-term domestic and foreign institutional capital This growth and maturity in the market is necessary to attract and inject stable and long-term domestic and foreign institutional capital into the markets. Furthermore, the SEC and other market regulators and industry veterans view responsible expansion of mutual fund industry as key driver for further development of capital markets in Bangladesh. With the above framework in mind, Mercantile Bank Limited has joined forces with LR Global Bangladesh to launch this mutual fund.

Generally investment in mutual funds provides certain incremental 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:

2.3 ADVANTAGES OF INVESTING IN MBL 1st Mutual Fund

2.4 THE CONSTITUTION OF THE FUND

1. Mutual funds generally lower investment risk for small and retail investors through diversification into multiple sectors, given level of risk and always conduct a balance in his risk-return tradeoff

Mutual funds through its diversified pool of investments will provide small investors access to returns of the wider market, which will not be very costly for retail investors to achieve. Greater participation of mutual funds will add to enhanced liquidity to the overall market and, since most mutual funds are long term investment vehicles, this will create price stability and better price discovery and reduce short term volatility in

4. The Fund's performance will benefit from the LR Global Bangladesh (AMC) proprietary investment process and research tools for both fundamental and technical analysis; AMC has a highly skilled in-house research team who are experienced investment professionals dedicated to analyzing in depth the Bangladesh stock market, its scripts and the impact of the broader macro factors that impact the markets.

As the Fund will be professionally managed, investors will be relieved from the emotional stress associated with day-to-day management of individual investment portfolio. The investors will be able to save significantly in transaction costs as he/she will have access to a large number of securities by purchasing a single unit of the mutual fund

Income will be tax free up to a certain level, as permitted under the Finance Act.

Investment in the Fund would qualify for investment tax credit under section 44(2) of the Income Tax Ordinance 1984. Management and operations of mutual funds are subject to strict regulations from the SEC and the Sponsor appointed Trustee, both of whom closely monitor the performance of the Fund. The laws governing mutual funds require exhaustive disclosure to the regulator and general public. 10. In Bangladesh, mutual funds enjoy a 10% (ten percent) reserved quota for all Initial Public Offerings (IPOs). IPOs in Bangladesh have historically performed very well relative to the market index and have positively contributed to mutual fund

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. The Fund was registered by the SEC on 4th July, 2010 under the সিকিউরিটিজ ও এজচেঞ্চ কমিশন (মিউচুয়োগ কাড) বিধিমাগা, ২০০১. 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 fixed at 10,00,00,000 (ten erore) units of Tk. 10 each in totaling Tk. 100,00,00,000 (taka one hundred erore) 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 (take ten crore)

 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 (taka forty) 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 (taka fifty crore) available as public offering to NRBs, mutual funds and collective investment schemes.

 The market lot will be constituted of 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 The Fund shall invest subject to the বিশিষাৰা 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 Fund shall not invest more than 10% of its total assets in any one particular company. Investment Exposure & Liquidity 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 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. Only the Asset Management Company will make the investment decisions and place orders for securities to be Decision

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.

The Fund or the Asset Management Company on behalf of the Fund shall not give or guarantee term loans for any purpose or take up any activity in contravention of the সিকিউরিটিজ ও একচেছ কমিশন (বিউচ্চারাল কভি) বিধিয়ালা ২০০১.

 All money collected under the Fund except for the part of fixed income and hedging instruments 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 securities debts. 5. The Fund shall not involve itself in option trading or short selling or carry forward transaction.

The Fund shall not buy its own unit. The Fund shall not take any loan. 3.4 VALUATION POLICY

L_T = Total liabilities of the Fund as on date

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 পিটাবিজ ও একচেয় কৰিবন (মিউচাবাৰ কাড) বিধিয়াৰা, ২০০১), by the total number of units outstanding. As per Rule 58 of the পিটাবিজিও ও একচেয় কৰিবন (মিউচাবাৰ কাড) বিধিয়াৰা, ২০০১, the valuation policy of investment of the Fund need to be approved by the Commission in the Trust Deed as follows: 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. The Fund shall fix the valuation method for each of the schemes subject to prior approval of the Commission.

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. When the securities were not traded in the Stock Exchanges on the particular valuing date, immediate previous average price, which one is nearer, but no longer than 30 (thirty) days to the valuing date will be taken into account. 5. The valuation of Listed Securities not traded within previous 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.

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 $NAV = V_A - L_T$

Total NAV NAV per unit = No. of units outstanding V. = Value of Total Assets of the Fund as on date

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 LR Global Bangladesh Asset Management Company Limited will have discretionary authority over the Fund's portfolio about investment decision. LR Global Bangladesh Asset Management Company Limited shall conduct the day-to-day management of the Fund's portfolio as the Asset Management Company subject to the provisions laid down in the পিটিডিঅ ও অভ্যান্ত কমিণৰ (মিউচুয়াল ভাঙ) বিশিষ্টা, ২০০১ and Trust Deed or any general directions given by the Trustee and/or by the Commission.

= 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

3.6 DIVIDEND POLICY 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 units in accordance with the विकास, an amount, which shall not be less than 70% of the realized income during the year, or as determined by the Commission from time to time.

 Before declaration of dividend, the Asset Management Company shall make provision with agreement of the auditors for revaluation of investments caused from loss if market value of investments goes below the acquisition cost, and the method of calculation of 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 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 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 Mutual Fund industry is still at its infancy in Bangladesh and represents approx 1% of market capitalization and currently a significant demand for the product exists. Therefore it is possible that demand for the MBL 1St Mutual Fund units will be

 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 Bungladesh 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

4.2 WHO TO INVEST AND HOW MUCH TO INVEST 1) Individuals who do not have tolerance of bearing risk and know nothing about the functioning of the capital market need not

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 also consider investing in the Fund if he/she can accept variability of returns, have a moderate to high

tolcrance for risk and is planning to invest in the Fund over the medium to long-term. 4) Considering other factors like the investment opportunities available in the market, return expectation, income level and consumption pattern, one may put only a limited portion of his/her total portfolio into the Fund.

5. FORMATION, MANAGEMENT AND ADMINISTRATION

5.3 ASSET MANAGER 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-conomic 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, 1.5 Times Benefit Deposit Scheme, Consumer Credit Scheme, House Building Loan Scheme and SME Loan are some of the highly "Mercantile Bank Brokerage House", as a part of capital market operations in 2009. Within a year of business, the brokerage house is contributing significantly to the bank's overall financial performance. In response to huge consumer demand, the bank has already opened its second brokerage house branch in Sylhet. In order to fulfill its commitment to the socio-economic development of the country, MBL contributes a certain percent of its operating profit to Mercantile Bank Foundation. The Foundation contributes in the areas of healthcare, education, sports, destitute welfare, cultural 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 of the country having ISO 9001:2000 certification for its Securities Services department since 1997 as a symbol of its superior service quality. Bangladesh General Insurance Company Ltd (BGIC), incorporated on 29 July 1985, 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 fund and Zero Coupon Bonds. Its dynamic team of dedicated professionals with superior underwriting and trustee skill 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

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 of 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 dozens 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 conservative 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 undiscovered 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 LaGuardia was a portfolio manager, Sean Wilson was their former Head of Research, and Bill Asmundson was CEO of Rockefeller