

P R O S P E C T U S

(Abridge Version)

for

RACE Special Opportunities Unit Fund

**The First Bangladeshi Small & Medium Enterprise Market
Capitalization Fund**



***Promoting Capital Market Efficiency
Through Mutual Funds***



***Unique Financial Institution that Delivers Superior
Growth and Financial Performance***

P R O S P E C T U S

(Abridged Version)

for

RACE Special Opportunities Unit Fund

SIZE OF THE FUND: Tk. 35 crore divided into 35,000,000 units at par value of Tk. 10 each

SPONSORS CONTRIBUTION: 25,000,000 Units of Tk. 10 each at par for Tk. 250,000,000

INITIAL PUBLIC OFFERING: 10,000,000 Units of Tk 10 each at par for TK 100,000,000

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 এক্সচেঞ্জ কমিশন (নিউজ্যুয়াল ফান্ড) বিধিমালা, ২০০৯, as amended till date and filed with Bangladesh Securities and Exchange Commission of Bangladesh.

SPONSOR:

The Premier Bank Limited

TRUSTEE:

SENTINEL Trustee & Custodial Services Limited

CUSTODIAN:

SENTINEL Trustee & Custodial Services Limited

ASSET MANAGEMENT COMPANY:

Bangladesh RACE Management PCL

Subscription

Subscription opens:, 2020

Subscription closes:, 2020

Date of Publication of Prospectus:, 2020

Highlights

1. Name:	RACE Special Opportunities Unit Fund
2. Life and Size of the Fund:	Perpetual life and unlimited Size.
3. Face Value:	Tk. 10.00 per unit.
4. Nature:	Open-End Mutual Fund
5. Objective:	<p>To create a trust to launch an Open-end Special Purpose fund with growth orientation in the Bangladesh capital market with the name and title of “RACE Special Opportunities Unit Fund” (Hereafter the Fund);</p> <p>The “RACE Special Opportunities Unit Fund” is created as a Sectoral Fund with the following special purpose : (1) Supporting Bangladesh Government’s mandate to promote the financial and digital inclusion of Small and Medium Enterprise (SME) sector of the economy; (2) Contribute to Bangladesh’s sustainable development goal (SDG) targets; (3) Develop over the Long-term a pipeline of small and medium capitalization companies for listing on the BSEC mandated Alternative Trading Board (ATB)</p>
6. Initial Size of the Fund:	BDT 350,000,000.00 (Thirty-Five Crore Taka) divided in to 35,000,000 (Three Crore Fifty Lac) Units of BDT10.00 (Ten Taka) each
7. Minimum Application Amount:	500 units equivalent to BDT 5,000 (during public subscription) for individuals 5,000 units equivalent to BDT 50,000 (during public subscription) for institutions (Not applicable for SIP Investors)
8. Target Group:	Individuals, institutions, non-resident Bangladeshis (NRB), mutual funds and collective investment schemes are eligible to apply for investment in the Fund.
9. Dividend:	Minimum 50% (Fifty Percent) of the realized profit 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.
10. Mode of Distribution:	The dividend will be distributed within 45 days from the date of declaration.
11. Transferability:	The Units of the Fund are transferable by way of inheritance/gift and /or by specific operation of the law
12. Encashment:	The Unit holders can surrender and encash their Units to the Asset Manager and through the authorized selling agents appointed by the Asset Manager. The Asset Manager or selling agent shall be liable to re-purchase the units on behalf of Fund.
13. Loads:	Entry Load: NIL (purchase price is NAV at market price), Exit Load: Maximum 5% discount from NAV at Market Price. The Loads may vary as per the decision by the Board of the Asset Management Company.
14. Liquidity:	The Unit holders can surrender and in cash their units to the Asset Manager and through the selling agents appointed by the Asset Manager during the business hours as specified by the Asset Management Company
15. Transparency/NAV Disclosure:	NAV, Purchase Price and Surrender Price will be closed on weekly basis and will be published on website, notice board of the AMC and one national daily newspaper as per prescribed rule
16. Tax Benefit:	Income will be tax free up to certain level, which is permitted as per Finance Act. Investment in the Fund would qualify for investment tax credit under section 44(2) of the Income Tax Ordinance 1984.
17. Systematic Investment Plan (SIP):	Systematic Investment Plan or SIP allows investor to invest a certain pre-determined amount at a regular interval (monthly, quarterly, yearly etc.). A SIP is a planned approach towards investments and helps to inculcate the habit of saving and building wealth for the future. Investor can start SIP with a very small amount.

18. Report & Accounts:	Every Unit holder is entitled to receive upon request annual report along with the quarterly, half-yearly, annual financial statements and portfolio statements as and when published in the official web site of the Asset Manager
19. Allowable /Eligible Investment	Investment in the Mutual Fund will qualify for investment tax credit according to the Section 44(2) under Income Tax Ordinance, 1984

1. PRELIMINARY

1.1. PUBLICATION OF PROSPECTUS FOR PUBLIC OFFERING:

Bangladesh RACE Management PCL has received Registration Certificate from the Bangladesh Securities and Exchange Commission (BSEC) under the *সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন আইন, ১৯৯৩*, and the *সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (নিউচুয়াল ফান্ড) বিধিমালা, ২০০১* made there under 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 BANGLADESH SECURITIES AND EXCHANGE COMMISSION (BSEC)

“APPROVAL OF THE BANGLADESH SECURITIES AND EXCHANGE COMMISSION HAS BEEN OBTAINED TO THE ISSUE/OFFER OF THE FUND UNDER THE SECURITIES AND EXCHANGE ORDINANCE, 1969 AND THE *সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (নিউচুয়াল ফান্ড) বিধিমালা, ২০০১*. IT MUST BE DISTINCTLY UNDERSTOOD THAT IN GIVING THIS APPROVAL THE COMMISSION DOES NOT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL SOUNDNESS OF THE FUND, ANY OF ITS SCHEMES OR THE ISSUE PRICE OF ITS UNITS OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINION EXPRESSED WITH REGARD TO THEM. SUCH RESPONSIBILITY LIES WITH THE ASSET MANAGER, TRUSTEE, SPONSOR AND/OR CUSTODIAN.”

1.3. LISTING OF FUND:

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

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

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

1.4. DOCUMENTS AVAILABLE FOR INSPECTION:

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

1.5. CONDITIONS UNDER SECTION 2CC OF THE BANGLADESH SECURITIES & EXCHANGE ORDINANCE, 1969:

PART-A

- 1) The Fund shall not account for any upward revaluation of its assets creating reserve without clearance from Bangladesh Securities and Exchange Commission;
- 2) The Fund shall not be involved in option trading, short selling or carry forward transaction;
- 3) A Confirmation of Unit allocation shall be issued at the cost of the Fund at par value of BDT 10.00 (Ten Taka) each within 90 (ninety) days from the date of sale of such Units;
- 4) Money receipt/ acknowledgement slip issued at the time of sale of units will be treated as allotment letter, which shall not be redeemable/transferable;
- 5) The annual report of the Fund/or its abridged version will be published within 45 (forty-five) days of the closure each accounting year of the Fund;
- 6) An annual report and details of script-wise 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;
- 7) Half-yearly accounts/financial statements of the Fund will be published in at least one English and another Bangla national daily newspapers within 30 (thirty) days from end of the period;
- 8) Dividend shall be paid within 45 (forty-five) days of its declaration, and a report shall be submitted to the BSEC, Trustee and Custodian within 7 (seven) days of dividend distribution;
- 9) Net Asset Value (NAV) of the Fund shall be calculated and disclosed publicly at least once a week or as prescribed by the Commission from time to time;
- 10) The script-wise detail portfolio statement consisting of capital market and other than capital market holdings of the fund will be disclosed in the website on the Asset Management Company on quarterly basis within 30 (thirty) days of each quarter-end or as prescribed by the Commission from time to time;
- 11) After initial public subscription, sale and repurchase / surrender price of Units will be determined by the Asset Management Company. NAV at market price per unit calculated on a date shall form the highest sale price of Units by rounding up the amount and shall be effective per unit up to next calculation of NAV of the Fund. Difference between purchase and surrender price shall not be over 5% of the purchase price of the unit. The Asset Manager may reduce the above difference for Systematic Investment Plan (SIP) or any other ground with the approval of the trustee;
- 12) BSEC may appoint auditors for special audit / investigation on the affairs of the Fund, if it so desires;
- 13) The Fund shall maintain separate bank account(s) to keep the sale proceeds of Units and to meet up day-to-day transactions including payment against surrender of units. All transactions of the account shall be made through banking channel and shall be properly documented;
- 14) The prospectus / abridged version of the prospectus shall be published in one widely circulated Bengali national daily newspaper provided that information relating to publication of prospectus be published in 2 (two) national daily newspapers (Bengali and English) and one online newspaper;
- 15) If abridged version of the prospectus is published in the newspaper, complete prospectus shall be made available to the applicants publishing it in their own web site;
- 16) If the Fund manager fails to collect the minimum 40% of the initial target amount under বিধি 48 of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (নিউচুয়াল ফান্ড) বিধিমালা, ২০০১, they will refund the subscription money within 30 days without any deduction. In case of failure, the Fund manager will refund the same with an interest @ 18% per annum from its own account within the next month;

- 17) On achievement of 40% of the initial target amount, বিধি 46 of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১, the Fund is allowed to transfer the money from escrow account to operational account and to commence investment activities of the Fund with permission of the Trustee;
- 18) The AMC should ensure compliance of বিধি 46 of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১.
- 19) Initial target size of the fund tk.35 crore (Thirty-Five Crore). The size of the Fund will be increased from time to time by the AMC subject to approval of the Trustee and with intimation to the Commission;
- 20) Confirmation of Unit Allocation of the sponsor's contribution amounting to BDT250,000,000.00(Twenty-Five Crore Taka only) shall be subject to a lock-in for a period of 01 (one year) from the date of formation of the Fund and then 1/10th of the sponsor's contribution only shall be subject to a lock-in period of full tenure of the fund until liquidation.
- 21) A Confirmation of Unit Allocation amounting BDT 250,000,000.00 (71.43% of the Fund) will be issued in favor of the sponsor. The said confirmation letter shall be in the custody of the Trustee. No splitting of the Unit of the Sponsor shall be made without prior approval of the Commission.
- 22) Annual fee of the fund shall be submitted to the Commission on the fund size (i. e. year-end NAV at market price of the fund) on advance basis as per rule and may adjust the fee in next year, if necessary.
- 23) Subscription period of the fund will be 45 (forty five) days which will be started on as per বিধি 46 of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১.

Please ensure that the following are adhered to:

1. As per provisions contained in the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১, regarding limitation of time on closure of subscription, the initial public subscription will remain open for 45 (forty-five) days or for a period up to achievement of the initial target amount, whichever is earlier;
2. The paper cutting of the published prospectus and all other published documents / notices regarding the Unit Fund shall be submitted to the Commission within 24 hours of publication thereof;
3. The Asset Management Company shall submit 10 (ten) copies of printed prospectus to the Commission for official record;
4. The Asset Management Company shall ensure in writing to the Commission that the prospectus / abridged version is published correctly in the newspaper and own website and is a verbatim copy of the prospectus/abridged version vetted by the Commission.
5. The expiry date of the sponsor's locked-in portion shall be specifically mentioned on the body of the jumbo confirmation of unit allocation.
6. The AMC shall apply the spot buying rate (TT clean) of Sonali Bank prevalent on the date of opening of subscription for conversion of foreign currencies;
7. The AMC shall submit to the Commission a diskette containing the vetted prospectus and its abridged version;
8. All conditions imposed under Section 2CC of the Securities and Exchange Ordinance, 1969 must be complied with and be incorporated in the body of the Prospectus and in its abridged version.
9. After due approval by the Trustee regarding issue and formation expenses, the AMC shall submit in details along with supporting documents to the Commission regarding issue and formation expenses within 15 days of fund operation. The Auditor of the fund shall also put opinion about the above expenses in the initial financial statements of the fund;
10. The investment policy and guideline and information on constituents of Investment Committee of the fund approved by the Board shall be submitted to the Commission within 30 (thirty) days from the receipt of the Consent Letter. The investment policy and guide line shall include among other issues, the investment delegation power of Chief Executive Officer and the Committee separately and also the meeting resolution presentation process.
11. After due approval of the trustee, the asset manager shall submit the systematic investment plan (SIP) brochure to the Commission complying the Rules within 30 days of issuing the consent letter.

Part –B

- 1) The Asset Management Company (i.e. RACE Management PCL) shall ensure that the prospectus/abridged version of the prospectus have been published correctly and in strict conformity without any error/omission, as vetted by the Bangladesh 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 BSEC. 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
- 3) endorsing copies thereof to BSEC and the stock exchange(s) concerned, correcting the discrepancy/inconsistency as required under 'Declaration' provided with BSEC.
- 4) 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.
- 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 affected through banking channel, i.e. account payee cheque, pay order or bank draft etc.

PART-C

- 1) All the above-imposed conditions shall be incorporated in the prospectus/abridged version immediately after the page of the table of contents where applicable, with a reference in the table of contents, prior to its publication.
- 2) The Commission may impose further conditions/restrictions etc. from time to time as and when considered necessary which shall also be binding upon the Sponsor, Asset Management Company, Trustee and Custodian.

PART-D

1. As per provision of the ডিপজিটারি আইন, ১৯৯৯ and regulations made there under, units shall only be issued in dematerialized condition. All transfer/transmission/splitting will take place in the Central Depository Bangladesh Ltd. (CDBL) system and any further issuance of units will be issued in dematerialized form only.

An applicant (including NRB) shall not be able to apply for allotment of units without Beneficiary Owner account (BO account).

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

PART-E

General Information:

- 1) This prospectus has been prepared by RACE Management PCL based on the Trust Deed executed between the Trustee and the Sponsor of the Fund, which is approved by the Commission and available publicly. The information contained herein is true and correct in all material aspects and that there are no other material facts, the omission of which would make any statement herein misleading.
- 2) No person is authorized to give any information to make any representation not contained in this prospectus and if given or made, any such information or representation must not be relied upon as having been authorized by the RACE Management PCL.
- 3) The issue as contemplated in this document is made in Bangladesh and is subject to the exclusive jurisdiction of the court of Bangladesh. Forwarding this prospectus to any person residing outside Bangladesh in no way implies that the issue is made in accordance with the laws of that country or is subject to the jurisdiction of the laws of that country.

1.6. PURCHASE AND SURRENDER OF UNITS:

Bangladesh RACE Management PCL will maintain two separate BO Accounts with Sentinel Trustee & Custodial Services Ltd, custodian of RACE Special Opportunities Unit Fund for creation and redemption of units namely “RACE Special Opportunities Unit Fund -Sale of units” and “RACE Special Opportunities Unit Fund –Repurchase of units” respectively. For sale of units, Bangladesh RACE Management PCL will issue a certificate for the units sold and send it to Sentinel Trustee & Custodial Services Ltd. for setting up of demat request. After the acceptance of demat setup by Sentinel Trustee & Custodial Services Ltd. from its terminal, units will be credited to the BO Account of “RACE Special Opportunities Unit Fund - Sale of units”. Then Sentinel Trustee & Custodial Services Ltd. will transfer the units from “RACE Special Opportunities Unit Fund – “Sale of units” to the unit holders 'BO Accounts as per instruction of Bangladesh RACE Management PCL.

In the case of redemption/ repurchase by the Asset Manager, the unit holder will transfer his/her/ the Institutional holder's units to the “RACE Special Opportunities Unit Fund – Repurchase of units”. Sentinel Trustee & Custodial Services Ltd. will remat the units from the “RACE Special Opportunities Unit Fund – Repurchase of units” BO account as per instruction of Bangladesh RACE Management PCL. Simultaneously, the payment will be made to the investor's Bank Account through Cheque / BEFTN as per the request of the investor.

1.7. SYSTEMATIC INVESTMENT PLAN (SIP)

A Systematic Investment Plan or SIP is a smart and hassle-free mode for investing money in mutual funds. SIP allows an investor to invest a certain pre-determined amount at a regular interval (monthly, quarterly, yearly etc.) for a fixed tenure. A SIP is a planned approach towards investments and helps to inculcate the habit of saving and building wealth for the future.

Buy and Surrender in SIP Process:

An investor can invest through SIP either by auto debit system provided against investor's Bank Account or by providing monthly predetermined cheques via selling agents at a regular interval (monthly/ bi-monthly/ quarterly). Investor must have a BO Account; he/she will get the SIP units in his/her BO Account and may get a discount from ongoing Weekly “Investor's Buy Price” of the mutual fund.

It is advisable to continue SIP investments with a long-term perspective, there is no compulsion. Investors can discontinue the plan at any time. If an investor wants to terminate the SIP before two (2) years, 1% discount from the “Investor's sale/ surrender price” may be applicable on total accumulated invested amount on the date of cancellation

of the scheme. After maturity of SIP, the investor can easily surrender his/her total units through the AMC or the Selling Agents.

Benefits may be offered for SIP Investors such as:

SIP encourages a disciplined investment; while invested through SIP, investor commits himself/herself to save regularly. Different benefits may be offered as follows:

- **Flexibility:** Investor can start SIP with a very small amount i.e. BDT 3,000/ BDT 4,000/ BDT 5,000 or multiple of additional BDT 1,000. One can also increase/ decrease the amount being to be invested in regular fashion.
- **Flexible SIP Tenor:** The SIP will be offered for a minimum tenure of 2 years or a higher period for 3years/ 5years or as decided by the Asset Manager. After this period, the individual scheme will be matured and may surrender or continue after maturity. If surrendered, no fees/ charges may be charged on surrender and may also offer highest premium over the declared surrendered price at that time.
- **No Minimum lot size:** There will be no minimum lot size under the SIP as like normal investors. Based on “Investor’s Buy Price” per unit available for SIP investors, units will be credited to investor’s BO account. However, any fraction amount remaining will be converted when it sums up to one unit. The fractional amount will be kept as liability of the fund in a separate account head.
- **Buy at discount and Surrender at premium:** SIP investor may buy units at a discount from Weekly “Investor’s Buy Price” offered to the normal investors. In addition to that, SIP investor may surrender at a premium of surrender price offered to normal unit holders at maturity or ending of the pre-agreed SIP tenure.
- **CIP option for the SIP investors:** SIP investors can choose either option of cash dividend or Cumulative Investment Plan (CIP). If a SIP investor chooses CIP (i.e. Dividend reinvestment process) instead of cash dividend, they may also enjoy CIP units at a discount of prevailing “Investor’s Buy Price” used for CIP conversion. After CIP conversion, they will get dividend on total number of units in the next year.

Detailed of SIP Scheme, Scheme information will be provided in the Scheme Brochure in future

1.8. DECLARATIONS:

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 taken all reasonable care to ensure that all conditions and requirements concerning this public issue and all the information contained in this document, drawn up by virtue of the Trust Deed of the Fund by the entrusted AMC, have been met and there is no other information or documents the omission of which may make any information or statements therein misleading.

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

Sd/-

(Mr. M. Reazul Karim, FCMA)
Managing Director & CEO
Premier Bank Limited

Declaration about the responsibility of the Custodian

We, as Custodian of the RACE Special Opportunities Unit Fund accept the responsibility and confirm that we shall:

- a) Keep all the securities in safe custody and shall provide the highest security for the assets of the fund; and
- b) Preserve necessary documents and record so as to ascertain movement of assets of the Fund as per Rules.

sd/-

Khan Md Abdul Wahab, FCMA
Chief Executive Officer (Current Charge)
SENTINEL Trustee & Custodial Services 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 সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (নিউজ্যুয়াল ফান্ড) বিধিমালা, ২০০১, ডিপজিটরি 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:

- a) This Prospectus is in conformity with the documents, materials and papers related to the offer;
- b) All the legal requirements of the issue have been duly fulfilled; and
- c) The disclosures made are true, fair and adequate for investment decision.

Investors should be aware that the value of investments in the Fund could be volatile and as such no guarantee can be made about the returns from the investments that the Fund will make. Like any other equity investment, only investors who are willing to accept a moderate amount of risk, should invest in the Fund. Investors are requested to pay careful attention to the "Risk Factors" as detailed in Chapter 4 and to take proper cognizance of the risks associated with any investment in the Fund.

Sd/-

Hasan Imam, PhD
Managing Director & CEO
Bangladesh RACE Management PCL

Declarations about the responsibility of the Trustee

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

Sd/-

Khan Md. Abdul Wahab FCMA

Chief Executive Officer (Current Charge)

SENTINEL Trustee & Custodial Services Limited

BACKGROUND

1.9. FORMATION OF RACE SPECIAL OPPORTUNITIES UNIT FUND:

Mutual Fund is one of the oldest and most widely used investment vehicles in the world. Conceptualized almost 300 years ago, the Mutual Fund structure has not only survived the test of time and the many ups-and-downs of the world financial markets, but it has flourished. In terms of reach, over 300 million retail investors across a hundred countries invest in capital markets through Mutual Funds. Why has this industry been so successful? Three main reasons:

- Through the pooling of assets, Mutual Funds offer small investors access to professional management at a minimal cost
- Mutual Funds help small investors reduce their investment risks through diversification
- Due to strict regulatory oversight and separation of the investment, custodial and oversight functions, Mutual Funds offer one of the most transparent and safe investment vehicles

Premier Bank Limited has decided to sponsor an Open-End Mutual Fund to manage its capital market investments in a risk managed and professional manner. PBL's senior management believes that returns from the mutual fund are expected to help diversify PBL's revenue stream. In addition, by launching the RACE Special Opportunities Unit Fund, PBL also looks to do its part to improve the efficiency of the Bangladeshi capital markets.

In this endeavor, PBL has chosen two highly capable partners: RACE Management PCL as the Fund Manager and the SENTINEL Trustee & Custodial Services Limited as the Trustee and Custodian of the Fund.

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

In Bangladesh, the Mutual Fund industry is still in its infancy. With less than 85 individual mutual funds to choose from, with combined assets of less than Tk. 11,000 crores, and comprising only a small percentage of the domestic market capitalization, mutual funds have a lot of room to grow. Moreover, due to its infancy, the Mutual Fund sector lacks product diversification – funds with differing mandates and focus, sectoral funds, capitalization ranged funds, etc do not yet exist. The **RACE Special Opportunities Unit Fund** is intended to offer investors such diversification.

Specifically, the **RACE Special Opportunities Unit Fund** is created as a Sectoral Fund with the objective to focus its investments in and promote Small & Medium capitalization enterprises, with the following special purpose : (1)

Supporting Bangladesh Government's mandate to promote the financial and digital inclusion of Small and Medium Enterprise (SME) sector of the economy; (2) Contribute to Bangladesh's sustainable development goal (SDG) targets; (3) Develop over the Long-term a pipeline of small and medium capitalization companies for listing on the BSEC mandated Alternative Trading Board (ATB).

In more general terms, mutual funds can play a critical role in the development and proper functioning of the capital markets: (i) By soaking up liquidity from retail investors and channeling it through professional investment managers, thereby reducing rumor driven volatility; (ii) By attracting new sources of domestic and foreign institutional funds into the local capital markets; (iii) By eliminating the excessive costs associated with creating internal asset management groups at institutions whose core business is not investments; (iv) By creating a cadre of financial analysts who are necessary for the next phase of evolution of Bangladesh's capital markets. Due to these reasons, regulators such as BSEC and industry experts have been urging the expansion of the mutual fund industry for many years. RACE Special Opportunities Unit Fund is an endeavour to fulfilling the requirement of expansion in the mutual fund industry.

1.11. ADVANTAGES IN INVESTING IN RACE SPECIAL OPPORTUNITIES UNIT FUND:

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

- 1) The Fund will maintain a diversified portfolio which will lower the investment risk for investors.
- 2) The diversified portfolio will allow investors gain a broad exposure to the overall stock market which may not be possible at the individual level.
- 3) The Fund will focus its investments on small and medium capitalization businesses with high growth opportunities.
- 4) The Fund will contribute to Bangladesh's sustainable development goal (SDG) targets; the investment in the fund will allow investors with socially responsible investment goals to attain such mandates.
- 5) The Fund shall develop over the long-term a pipeline of small and medium capitalization companies for listing on the BSEC mandated Alternative Trading Board (ATB) and investors in the Fund can benefit from such listings that perform well.
- 6) 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.
- 7) 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.
- 8) 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 RACE Special Opportunities Unit Fund.

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- 9) Income will be tax free up to certain level, which is permitted as per Finance Act.
 - 10) Investment in the Fund would qualify for investment tax credit under section 44(2) of the Income Tax Ordinance 1984.
 - 11) Management and operation of Mutual Funds are subject to strict regulations from Bangladesh Bank, BSEC and the Trustee. BSEC regularly monitors the performance of such funds. The laws governing mutual funds require exhaustive disclosures to the regulator and general public and, as such mutual funds are one of the most transparent investment vehicles in Bangladesh.
 - 12) In Bangladesh, the mutual funds enjoy 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. THE FUND

2.1. THE CONSTITUTION OF THE FUND:

RACE Special Opportunities Unit Fund is Growth Fund has been constituted through a Trust Deed entered into between Premier Bank Limited and SENTINEL Trustee & Custodial Services Limited on December 24, 2019 under the Trust Act, 1882 and Registration Act, 1908.

The Fund was registered by the BSEC on January 21, 2020 under the *সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১*.

2.2. LIFE OF THE FUND:

The Fund will be an open-end mutual fund with a perpetual life established to broaden the base of investment and develop the capital market. Institutional (local and foreign) and individual (resident and non-resident) investors are eligible to invest in this Fund.

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

- The initial target size of the Scheme shall be Tk. 350,000,000.00 (Taka Thirty-Five Crore) which may be increased from time to time by the Asset Management Company on requisition from the investors with due approval of the Trustee and notification to the BSEC.
- The Asset Management Company may constitute, organize, manage the Fund and will issue the unit certificates in any denomination of the par value of Tk 10.00 each.
- Initially, unit holders of the Fund shall be issued with a Confirmation of Unit Allocation letter by the Asset Manager at the cost of the Fund in any denomination but not less than 500 (five hundred) units for individuals and 5,000 (five thousand) units for institutions.

2.4. INVESTMENT OBJECTIVE:

The **RACE Special Opportunities Unit Fund** is created as a Sectoral Fund with the objective to focus its investments in and promote Small & Medium capitalization enterprises, with the following special purpose : (1) Supporting Bangladesh Government's mandate to promote the financial and digital inclusion of Small and Medium Enterprise (SME) sector of the economy; (2) Contribute to Bangladesh's sustainable development goal (SDG) targets; (3) Develop over the Long-term a pipeline of small and medium capitalization companies for listing on the BSEC mandated Alternative Trading Board (ATB)

The RACE Special Opportunities Unit Fund shall strive to earn superior risk adjusted return by maintaining a diversified investment portfolio within its target sectors and provide attractive dividend payments to the unit-holders.

2.5. INVESTMENT POLICIES:

Investment Objective	The RACE Special Opportunities Unit Fund is created as a Sectoral Fund with the objective to focus its investments in and promote Small & Medium capitalization enterprises, with the following special purpose : (1) Supporting Bangladesh Government's mandate to promote the financial and digital inclusion of Small and Medium Enterprise (SME) sector of the economy; (2) Contribute to Bangladesh's sustainable development goal (SDG) targets; (3) Develop over the Long-term a pipeline of small and medium capitalization companies for listing on the BSEC mandated Alternative Trading Board (ATB).
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 60% 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
	The Fund may have overweight sectoral contribution in SME sector and SDG contributing industries of the national economy
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.

2.6. INVESTMENT RESTRICTIONS:

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

- 1) The Fund shall not invest in or lend to another Scheme under the same Asset Management Company.
- 2) The Fund shall not acquire any asset out of the Trust property, which involves the assumption of any liability that is unlimited or shall result in encumbrance of the Trust property in any way.
- 3) The Fund or the Asset Management Company on behalf of the Fund shall not give or guarantee term loans for any purpose or take up any activity in contravention of the *সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (নিউচুয়াল ফান্ড) বিধিমালা, 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 debts.
- 5) The Fund shall not involve in option trading or short selling or carry forward transaction.
- 6) The Fund shall not buy its own unit.

2.7. VALUATION POLICY:

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

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

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

$$\text{Total NAV} = V_A - L_T$$

NAV per unit =

$$\frac{\text{Total NAV}}{\text{No. of units outstanding}}$$

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 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.

2.8. INVESTMENT MANAGEMENT:

RACE Management PCL will have discretionary authority over the Fund's portfolio about investment decision. RACE Management PCL shall conduct the day-to-day management of the Fund's portfolio as the Asset Management Company subject to the provisions laid down in the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (নিউট্রিয়াল ফান্ড) বিধিমালা, ২০০১ and Trust Deed or any general directions given by the Trustee and/or by the Commission.

2.9. FIXATION OF PRICE OF UNITS

After completion of initial subscription, the Fund will be made open to the investors for regular buy-sale of Units. The date of re-opening shall be declared by the asset manager upon approval of the Trustee and with due intimation to the BSEC.

The asset manager shall disclose the sales price and surrender value per unit calculated on the basis of NAV in a manner that all possible investors may be notified. The difference between sales price and repurchase/ surrender price shall not exceed 5% of the sale price of the Unit, which will be decided by the Board of Directors of the Asset Management Company.

2.10. SALE AND REPURCHASE PROCEDURE

- The Units of RACE Special Opportunities Unit Fund, hereinafter referred to as the Fund, may be bought and Surrendered through Bangladesh RACE Management PCL and authorized selling agents appointed by Bangladesh RACE Management PCL from time to time.
- Minimum purchase amount for individual investors is BDT 5,000 (five thousand taka) and for institutional investors is BDT 50,000 (fifty thousand taka).

- Application for purchase of units should be accompanied by an account payee cheque/ pay order/ bank draft in favor of “RACE Special Opportunities Unit Fund” for the total value of Units purchased.
- After clearance / encashment of cheque/ draft/ pay order, the applicant will be issued with one-unit allocation confirmation against every purchase with a denomination of number of units he / she / the Institutional investor applies for. The units will also be delivered to the Unit holder's BO A/C.
- Partial surrender (fraction of total units held under a Unit Allocation Confirmation) is allowed without any additional cost subject to minimum surrender quantity is 500 (five hundred) units both of individuals and institutions. Upon partial surrender, the unit holder will be issued with a new unit allocation confirmation representing the balance of his unit holding.
- All payments/ receipts in the connection with or arising out of transactions in the units hereby applied for shall be in Bangladeshi Taka.
- The Asset Management Company may determine the minimum and the maximum limits of unit holding of a unit holder from time to time and may impose any restriction on sale of units to any person or institution for the benefit of the Fund, with permission of the Trustee and in accordance with applicable laws.
- The CEO/ Head of Finance/ Compliance Officer and one director of the Asset Management Company shall be the joint signatory for the certificates of unit of the Fund.
- The unit certificates of the Fund shall be freely redeemable and transferable by way of inheritance/gift and/or by specific operation of the law.
- The unit holders may surrender their unit certificates during the business hour as specified by the Asset Management Company. The Asset Management Company shall be liable to repurchase the units on behalf of the Fund.

2.11. 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 growth-oriented Fund in accordance with Rule 2 [1(প)] and Rule 66 of সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (নিউট্রায়াল ফান্ড) বিধিমালা, ২০০১ shall distribute minimum 50%, or as may be determined by the বিধিমালা from time to time, of the annual net income of the Fund as dividend at the end of each accounting period after making provision for bad and doubtful investments. The Fund shall create a dividend equalization reserve by appropriation from the income of the Scheme;
- 3) Before declaration of dividend, the Asset Management Company shall make a provision with agreement of the auditors for revaluation of investments caused from loss if market value of investments goes beyond the acquisition cost, and the method of calculation of this provision must be incorporated in the notes of accounts.
- 4) The Fund shall create a dividend equalization reserve by suitable appropriation from the income of the Fund to ensure consistency in dividend.
- 5) The Asset Management Company shall dispatch the dividend warrants at the expense of the Fund, within 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.

3. RISK CONSIDERATIONS

3.1. RISK FACTORS

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

1. **In General:** There is no assurance that the Fund will meet its investment objective; investors could lose money by investing in the Fund. As with all mutual funds, an investment in the Fund is not insured or guaranteed by the Government of Bangladesh or any other government agency.
2. **Market 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 sector of the economy or may affect the market as a whole. The Fund may lose its value or experience a substantial loss on its investments due to such market volatility.
3. **Price Risk:** Stock market trends show that prices of many listed securities move in unpredictable directions, which may affect the value of the Fund. Depending on its exposure to such securities, the net asset value of units issued under this Fund can go up or down depending on various factors and forces affecting the capital markets. Moreover, there is no guarantee that the market price of unit of the Fund will fully reflect their underlying net asset values.
4. **Issuer Risk:** In addition to market and price risk, value of an individual security can, in addition, be subject to factors unique or specific to the issuer, including but not limited to management malfeasance, lack of accounting transparency, management performance, management decision to take on financial leverage. Such risk can develop in an unpredictable fashion and can only be partially mitigated, and sometimes not at all, through research or due diligence. To the degree that the Fund is exposed to a security whose value declines due to issuer risk, the Fund value may be impaired.
5. **Asset Allocation Risk:** Due to a very thin secondary debt market in Bangladesh, it would be difficult for the Fund Manager to swap between asset classes, if and when required. In addition, limited availability of money market instruments in the market implies that there are only few opportunities for short term or temporary investments for the Fund.
6. **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.
7. **Regulatory Risk:** Every Fund approved by the BSEC contains the "saving clause" that should any regulations or interpretations of regulations change then the constitutive documents of the fund shall be considered changed; this implies that there is a risk inherent in investment in the fund that in future due to regulatory changes the terms and conditions inherent in the fund may change and impact the investment returns.
8. **Liquidation Risk:** Market conditions and investment allocation may impact on the ability to sell securities during periods of market volatility. The Fund may not be able to sell securities or instruments at the appropriate price and time.
9. **Dividend Risk:** If the companies wherein the Fund will be invested fail to pay expected dividend, it may affect the overall returns of the Fund.

10. **Investment Strategy Risk:** The Fund is subject to management strategy risk because it is an actively managed investment portfolio. The AMC will apply investment techniques and risk analyses in making investment decisions for the Fund, but there can be no guarantee that these techniques and analyses will produce the desired results.
11. **Socio-Political & Natural Disaster Risk:** Uncertainties resulting from political and social instability may affect the value of the Fund's Assets. In addition, adverse natural climatic condition may hamper the performance of the Fund.
12. **Redemption Risk:** In the event of a very large number of repurchase requests, there may be delays in the delivery of the payment.

3.2. WHO TO INVEST AND HOW MUCH TO INVEST:

- 1) Individuals or Institutions who do not have tolerance of bearing risk and know nothing about the functioning of the capital market need not apply for the units of the Fund.
- 2) Individuals or Institutions who are looking for long-term capital growth and consistent dividend payment and are comfortable with the risks associated with equity investments should consider investing in the Fund.
- 3) Individuals or Institutions that have a socially responsible investment mandate may consider investing in this Fund to achieve such non-financial goals.
- 4) An individual or Institutions should also consider investing in the Fund if he/she can accept some variability of returns, have a moderate tolerance for risk and are planning to invest in the Fund over the medium to long-term.
- 5) Considering other factors like the investment opportunities available in the market, return expectation, income level and consumption pattern, one may put only a portion of his/her total portfolio into the Fund.

4. FORMATION, MANAGEMENT AND ADMINISTRATION

4.1. SPONSOR OF THE FUND:

Premier Bank Limited (PBL) is one of the modern, fully online and technologically superior private commercial banks in Bangladesh. It is a second-generation commercial bank with 114 (One Hundred Fourteen) branches across major cities in Bangladesh. Listed on both Dhaka and Chittagong Stock Exchanges, PBL offers a full range of commercial banking products and services to corporate, middle-market and retail segments. The bank has set up a strong brand image through its superior customer service, innovative products and services at competitive prices and maximum technology utilization.

Considering the solid financial performance of the Bank along with its brand image, RACE Special Opportunities Unit Fund will play an important role to the country's Mutual Fund industry. Using its experienced world-class investment management process and professionals, RACE Special Opportunities Unit Fund aims to invest in the capital market using a research-driven decision-making process to earn maximum benefit for its investors. RACE Special Opportunities Unit Fund will employ a three-tiered investment decision process that will combine fundamental, quantitative and qualitative elements giving it an edge over its competitors. With no speculation-based investment and razor-sharp focus on research, the Fund will be a pioneer in Bangladesh. The development of a research-driven mutual fund industry is extremely crucial in bringing more efficiency and transparency into the country's capital markets.

4.2. TRUSTEE & CUSTODIAN OF THE FUND:

In order to ensure maximum trust and confidence of the investors, supervisory bodies and potential investors in the fund, the Sentinel Trustee and Custodial Services Limited (STCSL) will act as the Trustee and Custodian of the Fund.

Sentinel Trustee and Custodial Services Limited (STCSL) will act as the Trustee of RACE Special Opportunities Unit Fund. STCSL, is the first Service Provider who are exclusively focused on Trustee and Custodial services. STCSL has received the license on 1st June, 2015. The company runs the business operation under the supervision of board of Director and a Team of Chartered Accountants, Lawyers and Trust Practitioners with experience of handling complex and sensitive matters.

Sentinel Trustee and Custodial Services Limited (STCSL) will also act as the Custodian of RACE Special Opportunities Unit Fund. STCSL, has received the license on 23rd June, 2019.

4.3. ASSET MANAGER OF THE FUND:

Bangladesh RACE Management PCL (hereinafter RACE) will act as the Asset Manager of the Fund. RACE was formed in March 2008 under the Companies Act 1994 with a view to making investments through research and risk management; the company received an Asset Management license in September 2008 after fulfilling rigorous due diligence requirements of the BSEC.

The RACE Team: With over 20 professionals, the RACE team consists of (1) Senior Bangladeshi investment professionals who have world-class training and over a decade of experience in investment management and research in some of the worlds' most developed capital markets; (2) Senior Bangladeshi professionals from the local banking and financial services industry with strong operational experience and an extensive contact base among the local business community; (3) a cadre of young professionals who have gained unique insights into the local capital markets through the application of sophisticated investment techniques and on-the-ground research.

Investment Process: A Team Approach

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

- **Fundamental Analysis Team:** concentrates on macroeconomic, industry and company specific research analysis. This team combines world-class valuation techniques, forensic accounting, as well as market information flows.
- **Quantitative Research Team:** provides technical analysis that captures the movement in the market indexes and individual stocks to provide buy-sell signals. These include Trend Analysis, Moving Average (MA), and Relative Strength Index (RSI), Moving Average Convergence-Divergence (MACD) as well as a dynamic trading algorithm.
- **Risk Analysis Team:** analyzes and monitors the various risks at the portfolio level. The main task of the team is to diversify the unsystematic risks from the portfolio and preserve our clients' wealth.
- **Impact Analysis Team:** analyzes the social impact and SDG target fulfillment by the investments of the Fund. To this end RACE has developed an extensive array of Impact analysis tools systems and has deployed a large outreach team to select, digitize, disburse and monitor investment in non-urban SMEs.

The outputs of these teams is then combined to generate the optimum portfolio which will provide the highest return and impact at given levels of risk

Brief Profile of Investment Team members

Hasan Imam, Ph D

Managing Director & CEO, Chief Investment Officer

Dr. Imam is the Founder, Managing Director and Chief Executive Officer of Bangladesh RACE Management PCL the largest private asset management company in Bangladesh. Dr. Imam is also the Chairman of RACE Group of Companies. Dr. Imam also advises Bangladeshi financial institutions, Bangladesh Bank and other local business houses on macro-economic, capital markets and other business strategy issues. Dr. Imam serves on the Advisory Committee of the Bangladesh Infrastructure Finance Fund (BIFF) and is a Member of the Monetary Policy Working Committee of Bangladesh Bank. Before bringing his extensive expertise to Bangladesh, Dr. Imam was a Partner & Managing Director of a leading US investment bank. He has over a decade of investment management experience at some of Wall Street's premier investment banks, including Credit Suisse First Boston, Donaldson Lufkin & Jenrette, and Enron Quantitative Research Group. He has over one thousand published research reports and articles to his name with global readership. Dr. Imam holds a Master's in Business Administration from Yale University in the USA, a Doctorate in Physics, and dual Bachelor degrees in Physics and Financial Economics. Dr. Imam has also won numerous national and international awards, including the National Presidential Merit Scholarship for Secondary and Higher Secondary Education, the highly competitive Wien International Scholarship to attend Brandeis University in the USA, the Physics Faculty Prize and Leadership Award from SUNY Stony Brook, and the prestigious John Olin Fellowship from Yale University. Dr. Imam is an invited lecturer at the Yale School of Management.

Chowdhury Nafeez Sarafat

Chairman

Mr. Sarafat, a corporate leader with a track record of leading large teams as multifunction head. Possess experience of leading strategic initiatives in the field of various financial sectors & private companies. Over the years, had served various renowned financial institutions. Chairman of Padma Bank Limited, ARGUS Credit Rating Services Ltd. and RACE Management PCL. Contributed the industries by large scale bond fund closing, bringing efficiency in other business lines. Also served as advisor to the Board of Premier Bank Ltd. approved by Central Bank of Bangladesh. In previous he served as Managing Director of ICB Holding AG in Bangladesh, Head of Priority Banking at Standard Chartered Bank and former Director of IFIC Bank Ltd. - amassed a decade of experience with high net-worth clients in Bangladesh and building an extensive network of relationships. Holding a Master's in Business Administration from University of New Castle, UK.

A.K.M Mamunur Rasid

Executive Vice President, Investment & Compliance Department

A.K.M. Mamunur Rashid joined Bangladesh RACE Management PCL in 2009 and is currently the Executive Vice President of the largest private Asset Management Company. He heads Compliance Department as well as investment division. He started his career as a Research Associate from the beginning of this organization. He is experienced of multiple departments including Research, Compliance & Investment Division.

Earlier, he has passed Masters of Science in Economics from Jahangir Nagar University and completed his bachelor of science in Economics from the same University. He passed his H.S.C. and S.S.C. from Dhaka College and Engineering University School during 1998 and 1996.

Mohammad Ariful Islam
Head of Accounts

Mohammad Ariful Islam is Head of Accounts of the Alternative Investment Fund Management of Bangladesh RACE Management PCL. He joined Bangladesh RACE Management PCL in 2009 in Accounts Department. Around 9 years experience on Accounting, Auditing and Taxation. Experience on accounting of financial instruments recognition, measurement, Valuation achieved from a 6 years journey with largest Asset Management Company in Bangladesh. Before Joining RACE Group, Mr. Arif has completed three years Chartered Accountant Article ship under the Institute of Chartered Accountants of Bangladesh (ICAB) with the Firm S. F. S.F Ahmed & Co. Chartered Accountants. He has achieved Certificate of Professional Exam PE-1 by ICAB. He has also achieved Certificate of ITP for Income Tax Practice by NBR). Earlier, he has passed Masters of Commerce in Accounting from National University and completed his Bachelor of Commerce in Accounting from the same University. He passed his H.S.C. and S.S.C. from Dhaka Board.

Mr. Shibly Sadik
Head of HRD & Administration

Sk. Shibly Sadik is the Head of HRD & Administration and also Vice President IPO Operation of Bangladesh RACE Management PCL. RACE is the largest private Asset Management Company in Bangladesh. Sk. Shibly Sadik is a citizen and resident of Bangladesh. Before joining RACE, he started his career with NGO named “SAFE” in Accounts Department. After working more than 04 years he engaged in country’s leading Entertainment Company named “Concord Entertainment Co. Ltd” as Senior Executive in Accounts as well. He joined in International NGO named “CARE Bangladesh” as Commodity Accounting Officer after that he joined in a trading company involved in EPZ at Dhaka & Chittagong.

Sk. Shibly Sadik holds a Master’s degree in Management under National University and completed CMA Intermediate from ICMA. He is a member of various institutions named Bangladesh Cricket Umpires’ and Scorers’ Association, Shondhani Donor Club, Khulna Shishu Foundation well known as Shishu Hospital in Khulna

Mustafizur Rahman
Investment Associate

Md Mustafizur Rahman joined Bangladesh RACE Management PCL in 2010 and is currently the Investment Officer of Alternative Investment Fund. He started his career as a Research Associate from the beginning of this organization. He is experienced of multiple departments including Research, Investment and so on.

Earlier, he has passed Masters of Business Administration (MBA) from United International University in Finance and completed his Bachelor of Business Administration (BBA) in Finance & Marketing from the same East West University. He passed his H.S.C. and S.S.C. from Chittagong Board.

Md. Masud Al Mustanjeed
Trade & Compliance Officer

Md. Masud Al Mustanjeed is the Trade & Compliance Officer of Bangladesh RACE Management PCL, the largest private Asset Management Company in Bangladesh. He joined Bangladesh RACE Management PCL in 2009 as Senior Officer in IPO Operation Department. He also worked in Business Development. He is working with Trade and compliance

department from 2011. He maintains a strong communication with regulatory body Bangladesh Securities and Exchange Commission and others like Dhaka stock Exchange Limited, Chittagong Stock Exchange Limited. He also communicates with Trustee, Custodians, panel broker and others regularly.

Earlier, he has passed Masters of Business Administration (MBA) from Southeast University & passed Masters of Arts in Philosophy from Dhaka College under national university and completed his bachelor of Arts in philosophy from the same University. He passed his H.S.C. and S.S.C. from Rajshahi Division during 2000 and 2002.

RACE Investment Selection Process: A Disciplined Multi-Step Approach

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

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

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

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

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

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

Step 6: Risk Management. This step applies the pre-determined position limits to the portfolio, limiting sector exposure and individual stock exposure. Maintaining lower volatility is also an important concern; to this end, beta adjustment and other sophisticated risk analysis is used.

Step 7: Trade Execution: RACE uses a combination of quantitative strategies and market information to maximize its trade executions. To this end, RACE has selected a panel of brokers to execute its trades in an efficient and confidential manner.

4.4. AUDITORS:

The Trustee, SENTINEL has appointed Mahfel & Co, Chartered Accountants as the Auditor of the Fund for the first year. It is one of the reputed audit firms of the country and is associated with world-renowned AGN International. The auditor shall be paid a service fee of Tk 35,000 (Taka Thirty-five Thousand) only, plus applicable VAT (if any), for the first year.

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

4.5. LIMITATION OF EXPENSES:

- 1) The initial issue expenses in respect of the Fund shall not exceed 5% of the Fund to be raised, the details of which are provided in this Prospectus.
- 2) The total expenses charged to the Fund except the amortization of initial issue expenses including transactions cost in the form of stock brokerage against buy and sell of securities forming a part of acquisition or disposal cost of such securities, transaction fees payable to the Custodian against acquisition or disposal of securities, CDBL Charges, listing fees (if applicable) payable to the stock exchanges, the annual registration fees payable to the Commission, audit fees, cost for publication of reports and periodicals, bank charge, etc., shall not exceed 4% of the weekly average net assets outstanding during any accounting year or as may be determined by the Rules.

4.6. FEES AND EXPENSES:

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

Keeping in mind, the fund size of Taka 35.00 (Thirty-Five) crore, RACE has estimated the normal annual operating expenses of the Fund, which will not exceed 5% of the average NAV of the Fund. However, there may be variation in the actual operating expenses of the Fund. Major expenses of the Fund are detailed as follows:

- 1) Issue and Formation Expenses:** Issue and formation expenses are estimated to be not over 5% of the total Fund size. The expenses will be amortized within 7 (Seven) years on a straight-line method. The estimated expenses for the issue and formation of the Fund are presented below:

SL No	Type of Expenses	Percentage of Total Target Fund	Total (Taka)	Sub Total (Taka)	Basis
1	Formation Fee payable to AMC	1.00%	3,500,000	Set-fee	Formation fee to AMC on collected fund of approved fund size
2	Management Fee for Pre-scheme formation period	0.80%	2,800,000	On Scheme	Management fee of AMC for pre-scheme formation period as per BSEC directive (No SEC/CMRRCD/2009-193/160) dated 28 May 2014
3	Legal and Compliance Related Expenses (Application, Registration fees etc.)	0.35%	1,223,500	10,000	BSEC Application Fees
				350,000	BSEC Annual Fees
				700,000	BSEC Registration Fees (0.2% of Initial Fund Size)
				100,000	Trust Deed Registraion Fee
				40,000	CDBL Fee
				23,500	CDBL documentation and Connection
4	Printing & Publication	0.94%	3,275,000	1,800,000	Publication of Abridged Version
				700,000	Printing of Prospectus
				300,000	Printing of Forms and Other marketing Documents

5	Selling Agent and Marketing Expenses	1.27%	4,460,000	5,460,000	Marketing, Courier, Distribution and Road Show etc.
6	Others	0.23%	800,000	600,000	Others/Miscellaneous
Total		4.59%	16,058,500		

- 2) **Management Fee:** As per *সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১*, the Asset Manager shall charge an annual fee of 2% of NAV to be paid on a quarterly basis.
- 3) **Trustee Fee:** The Trustee shall be paid an annual Trusteeship Fee of @ 0.15% of the Net Asset Value (NAV) of the Fund on semi-annual in advance basis, during the life of the particular scheme.
- 4) **Custodian Fee:** The Fund shall pay to the custodian i.e. SENTINEL Trustee and Custodial Services Limited for safekeeping of securities @ 0.10 per cent of balance securities calculated on the average month end value per annum.
- 5) **CDBL Fee:** For listing with the Central Depository of Bangladesh Limited (CDBL) there are both initial and recurring expenses. An amount of Tk. 500,000 (Taka five lac) as security deposit shall be kept with the CDBL without interest during the whole life of the Fund, while an IPO fee of Tk. 250,000 (Taka two lac fifty thousand) will be paid during the public subscription. Depository connection fee is Tk. 6,000 (Taka six thousand) per annum. Annual fee on Face Value of Issued Eligible Security is Tk. 100,000 (Taka one lac). Documentation Fee is Tk.2,500 (Taka twenty-five hundred).
- 6) **Fund Registration and Annual Fee:** The Fund has paid Tk. 700,000 (Seven lac, 0.20%) to the Bangladesh Securities and Exchange Commission (BSEC) as registration fee. In addition to that the Fund will have to pay Tk. 350,000.00 (Three lac Fifty Thousand taka only) (at the rate of Tk 0.10% of the fund size) only per annum as annual fee in terms of the *সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১*
- 7) **Listing Fee:** The usual listing fees to DSE, CSE and CDBL, annual renewal fees and other charges are to be paid by the Fund to the stock exchanges.
- 8) **Selling Agent Commission:** The Fund shall pay commission to the authorized selling agent(s) to be appointed by the Asset Manager at the rate of highest 1.00% (One Percent) on the total face value of unit sales which may change in future with the approval of the trustee. The selling agent commission will be applicable only for sales of unit. It will be not applicable on surrender of units. If individuals are appointed as selling agents by AMC the commission payable to them will vary and fixed as per AMC's after taking approval from trustee. Please note, selling agent commission applicable for individuals will be not more than 1.00% (One Percent) on the total face value of unit sales.
- 9) **Audit Fee:** The audit fee will be Tk. 35,000.00 (thirty-five thousand) only for the first year and Trustee will fix fees for subsequent years.

5. SIZE OF THE FUND, TAX STATUS AND RIGHTS OF UNIT HOLDERS

5.1. ISSUE OF UNITS

The initial size of the Fund shall be Tk 35,00,00,000 (Taka Thirty-Five Crore) only divided into 3,50,00,000 (Three crore Fifty Lac) Units of Tk 10 (Taka Ten) each which may be increased from time to time by the Asset Manager subject to approval of the Trustee with due intimation to the Commission till liquidation of the Fund. The initial distribution of the Fund's Unit holding shall be as follows:

Subscribers	No of units	Face Value (Tk.)	Amount (Tk.)	Remarks
Sponsor*	25,000,000	10.00	250,000,000.00	Subscribed
Premier Bank Limited				
General Investors	10,000,000	10.00	100,000,000.00	To be Subscribed
Total	35,000,000	10.00	350,000,000.00	

5.2. SUBSCRIPTION FROM SPONSOR

Premier Bank Limited, the Sponsor, has already subscribed BDT 250,000,000.00 (Twenty-Five Crore Taka only) for 25,000,000 (Two Crore Fifty Lac) units of BDT10.00 (ten) each (at par) as per সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১,

5.3. TAX STATUS

Investment in this Fund by individual investors will enjoy tax exemption benefit under Section 44(2) of the Income tax Ordinance, 1984. Country's Finance Act and Government's tax policies will always determine the tax benefits from investment in mutual funds.

5.4. RIGHTS OF THE UNIT HOLDERS

Voting Rights

All the unit holders shall have usual voting rights. Voting right can be exercised in person or by proxy in a meeting held in connection with any proposal to amend the characteristics of the Fund or any other agenda of meeting called by the Trustee in the circumstances mentioned in the Trust Deed or the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১. In case of show of hands, every unit holder present in person or/ and by proxy shall have only one vote. In case of poll, every unit holder present in person and /or by a proxy shall have one vote for every unit of which he/she is the holder.

Transfer of Units

Units of the Fund are transferable by way of inheritance/gift and/or by specific operation of law.

Dividend

All the unit holders have equal but proportionate right in respect of dividend. Dividend will be paid in Bangladeshi Taka only.

Periodic Information

All the Unit holders of the Fund shall have the right to receive the annual report and audited accounts of the Fund. Moreover, the Unit holders shall be informed of the NAV of the Fund on weekly basis through newspaper, the website of the Asset Manager, the Selling Agent (s) to be appointed by the Asset Manager from time to time and any other means as the Asset Manager may deem fit.

Accounts and Information

The Fund's financial year will be closed on June 30th every year or as determined from the Commission. Annual report or major head of income & expenditure account and balance sheet (in line with schedule VI of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১ will be published within 45 (forty-five) days from the closure of each accounting year.

Beneficial Interest

The unit holders shall preserve only the beneficial interest in the trust properties on pro rata basis of their ownership of the respective schemes.

6. REDEMPTION / WINDING UP POLICY

6.1. PROCEDURE OF REDEMPTION / WINDING UP

- 1) The Fund shall wind up on expiry of the ten-year tenure of the Fund from the date of first listing. However, unit holders at a general meeting arranged by the Trustee and the RACE Management PCL may decide to extend the life of the Fund with 3/4th (three-fourth) majority votes of the unit holders present in the meeting arranged for this purpose.
- 2) The Fund may also wind up on the occurrence of any event, which, in the opinion of the Trustee with approval from the Commission, requires the Fund to be wound up.
- 3) The Fund will wind up if 75% of the unit holders vote in favor of winding up the Fund.
- 4) The Commission has the right to wind up the Fund in the interests of the unit holders
- 5) If the Fund is to be wound up in pursuance to the above (1), (2), (3) and (4), the Trustee and the Asset Management Company shall simultaneously give separate notices of the circumstances leading to the winding up of the Fund to the Commission and the Stock Exchanges. If the winding up is permitted by the Commission, the Trustee and the Asset Management Company shall publish the notice of winding up of the Fund in two national daily newspapers including a Bengali newspaper having circulation all over Bangladesh.

6.2. MANNER OF REDEMPTION/WINDING UP

- 1) The Trustee shall call a meeting within 30 (thirty) days from the notice date of the unit holders to consider and pass necessary resolutions by 3/4th (three-fourth) majority of the unit holders present and voting at the meeting for authorizing the Trustee to take steps for winding up of the Fund. If it fails to have three-fourth majority mandate, the Commission shall have the power to supersede the mandate, if situation demands such.

- 2) The Trustee shall dispose off the assets of the Fund in the best interest of the unit holders, provided that the proceeds of sale made in pursuance of the *বিধিমালা*, shall in the first instance be utilized towards discharge of such liabilities as are properly due under the Fund and after making appropriate provision for meeting the expenses connected with such winding up, the balance shall be paid to the unit holders in proportion to their respective interest in the assets of the Fund as on the date when the decision for winding up was taken.
- 3) Within thirty days from the completion of the winding up, the Trustee shall forward to the Commission and the unit holders a report on the winding up containing particulars such as circumstances leading to the winding up, the steps taken for disposal of assets of the Fund before winding up, expenses of the Fund for winding up, net assets available for distribution to the unit holders and a certificate from the auditors of the Fund.

6.3. EFFECT OF REDEMPTION / WINDING UP

On and from the date of the notice of the winding up of the Fund, the Trustee or the Asset Management Company as the case may be, shall

- 1) Cease to carry on any business activities of the Fund.
- 2) Cease to create and cancel units of the Fund.
- 3) Cease to issue and redeem units of the Fund.

7. UNIT SUBSCRIPTION:

7.1. TERMS AND CONDITIONS OF UNIT SUBSCRIPTION

- 1) The Units of RACE Special Opportunities Unit Fund, hereinafter referred to as the Fund, may be bought and Surrendered through Bangladesh RACE Management PCL and authorized selling agents appointed by Bangladesh RACE Management PCL from time to time.
- 2) Application must be made by an individual (both resident and non-resident), a corporation or company (both local and foreign), a trust or a society (registered in or outside Bangladesh) and not by minor or person of unsound mind.
- 3) Joint application by two persons is acceptable. In such cases, registration and issuance of Confirmation of Unit Allocation will be in favor of principal applicant while dividend and other benefits, if any, will be addressed to bank account of principal applicant mentioned in the application form/bank account mentioned in BO account. In case of the death of any of the joint holders, only the survivor shall be recognized as having any title to the Units. On death of both the joint holders, the title to the units will bestow upon the nominee mentioned in the application form.
- 4) Minimum purchase amount for individual investors is 500 (Five hundred) Units and for institutional investors is 5,000 (Five thousand) Units.
- 5) Application for purchase of Units should be accompanied by an account payee cheque/pay order/bank draft in favor of "RACE Special Opportunities Unit Fund" for the total value of the Units.
- 6) After clearance/encashment of cheque/draft/pay order, the applicant will be issued with a Confirmation of Unit Allocation against every purchase of Units he/she/the institutional investor applies for. The units will also be delivered to the unit holder's BO A/C in demat form.
- 7) Partial surrender is allowed without any additional cost subject to minimum surrender quantity is 500 (five hundred) Units both for individuals and institutions. Upon partial surrender, the Unit holder(s) will be issued with a new Confirmation of Unit Allocation representing the balance of his/her/their Unit holding.
- 8) The Units may be transferred by way of inheritance/gift and/or by specific operation of the law. In case of transfer, the Fund will charge a nominal fee as decided by the Asset Manager from time to time except in the case of transfer by way of inheritance.

- 9) Dividend may be delivered in cash or by way of Units under Cumulative Investment Plan (CIP) as the applicant gives option in the application form.
- 10) All payments/receipts in connection with or arising out of transactions of the Units applied for shall be in Bangladeshi Taka.

8. SALES AGENTS:

8.1. NAME OF SELLING AGENTS

The following organization have shown interest and have been appointed to act as the selling agent of the fund by the fund manager:

Sl. No.	Name of the Selling Agents	Bank
1	RACE Portfolio and Issue Management Limited	Merchant Bank
2	Multi Securities and Services Limited	Brokerage House

The asset manager in future may appoint other organizations as its agent or cancel any of the agent named above subject to approval of the Trustee and with due intimation to the BSEC. In addition to that, individuals will also be eligible to work as selling agent to be appointed by AMC.

8.2. SELLING AGENTS DETAILS

Sl. No.	Name of the Selling Agents	Address
1	RACE Portfolio and Issue Management Limited	Level 13, BDBL Bhaban, 8 Rajuk Avenue, Motijheel, Dhaka-1000
2	Multi Securities and Services Limited	5 th Floor, 56-57 Shareef Mansion, Motijheel, Dhaka-1000

8.1. BANKERS

The public subscription money collected from the investors through the Selling Agents will be remitted to the following bank accounts:

Sl. No.	Account Name	Currency	Account Number	Bank	Branch
1	RACE Special Opportunities Unit Fund	BDT	0113000359514	Padma Bank Limited	Gulshan Corp. Br

