

RACE SPECIAL OPPORTUNITIES UNIT FUND

Gulfesha Plaza, Office no: D11, 11th Floor, 8 Shahid Sangbadik Selina Pervin Road,
Moghbazar, Dhaka-1217, Bangladesh

AUDITOR'S REPORT

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FINANCIAL STATEMENTS

As at and for the period ended 30 June 2021

MAHFEL HUQ & CO. CHARTERED ACCOUNTANTS

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Mahfel Huq & Co.

Chartered Accountants

The first registered accounting firm in independent Bangladesh



An independent member firm of AGN International

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Independent auditor's report

On The Financial Statements of

RACE SPECIAL OPPORTUNITIES UNIT FUND

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **RACE SPECIAL OPPORTUNITIES UNIT FUND**. Which comprise the statement of financial position as at 30 June 2021, the statement of profit or loss & other comprehensive income, the statement of changes in equity, the statement of cash flows and a summary of significant accounting policies and other explanatory information for the period ended 30 June 2021.

In our opinion, the accompanying financial statements give a true and fair view of the Fund as at June 30, 2021 and its the statement of profit or loss & other comprehensive income for the period than ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the fund in accordance with the ethical requirement that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) and other applicable laws & regulations and such as internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the fund financial reporting process.





Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the fund internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.





Report on Other Legal and Regulatory Requirements

We also report the following:

- a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the fund so far as it appeared from our examination of those books; and
- c) the statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account.

M. Abdus Satter

Md. Abdus Satter Sarkar, FCA
ICAB Enrollment No. 1522
For and on behalf of
Mahfel Huq & Co.
Chartered Accountants
Firm Registration No. P-46323
DVC: 2108311522AS480524

Dhaka
Dated: August 25, 2021





RACE SPECIAL OPPORTUNITIES UNIT FUND

Statement of Financial Position

As at June 30, 2021

Particulars	Notes	Amount in Taka
		30-Jun-21
A Assets		
Investment in marketable securities-at fair value	5.00	304,116,310
Investment in non-listed securities-at fair value	6.00	80,794,400
Cash & Cash Equivalents	7.00	155,468,395
Preliminary & Issue Expenses	8.00	6,599,305
Other Receivables	9.00	20,144,922
Advance, Deposit & Prepayments	10.00	633,712
Total Asset		567,757,044
B Liabilities		
Liabilities for Expenses	11.00	2,921,600
Other Liabilities	12.00	1,401,358
Total Liabilities		4,322,958
C Net Asset (A-B)		563,434,086
D Equity		
Capital Fund	13.00	430,538,180
Unit Premium & TRR Reserve		28,466,820
Dividend Equalization Reserve		4,305,382
Unrealized Gain		35,333,800
Retained Earnings		64,789,905
Total Equity		563,434,086
Net Asset Value (NAV)-At Cost	14.00	528,100,286
No. of Units		43,053,818
		12.27
Net Asset Value (NAV)-at Fair Value	14.00	563,434,086
No. of Units		43,053,818
		13.09

These financial statements should be read in conjunction with annexed notes.

Asset Manager
Bangladesh RACE Management PCL

Signed in terms of our separate report of even date annexed.

Chairman, Trustee
SENTINEL Trustee & Custodial Services Limited

Md. Abdus Satter Sarkar, FCA

ICAB Enrollment No.1522

For and on Behalf of

Mahfel Huq & Co.

Chartered Accountants

Firm Registration No.P-46323

DVC: 2108911522AS480524



Dhaka,
Date: August 25, 2021



RACE SPECIAL OPPORTUNITIES UNIT FUND
Statement of Profit or Loss & other Comprehensive Income
For the period ended June 30, 2021

Particulars	Notes	Amount in Taka	
		30-Jun-21	
A Operational Income			
Net Profit on sale of Investment	15.00	53,610,685	
Dividend from Investment	16.00	7,249,206	
Financial Income	17.00	10,532,237	
Other Income	18.00	7,064,076	
Total Operational Income		78,456,203	
B Expenditure			
Management Fee	19.00	6,547,819	
Amortization of Preliminary & Issue Exp.	8.00	861,033	
Trustee Fee	20.00	474,725	
Bank Charge		43,168	
Audit Fee		35,000	
Printing Publication & IPO expenses		417,000	
Total Expenditure		8,378,744	
C Net Profit before Provision (A-B)		70,077,459	
VAT Provision		(982,173)	
D Net Profit after Provision transferred to retained earnings		69,095,286	
E Earnings Per Unit (EPU) for the period	21.00	1.60	

These financial statements should be read in conjunction with annexed notes.

Asset Manager

Bangladesh RACE Management PCL

Chairman, Trustee

SENTINEL Trustee & Custodial Services Limited

Signed in terms of our separate report of even date annexed.

Md. Abdus Satter Sarkar, FCA

ICAB Enrollment No.1522

For and on Behalf of

Mahfel Huq & Co.

Chartered Accountants

Firm Registration No.P-46323

DVC: 2108311522A5480524



Dhaka

Date: August 25, 2021

RACE SPECIAL OPPORTUNITIES UNIT FUND
Statement of Changes in Equity
 For the period ended June 30, 2021

Amount in Taka

Particulars	Capital Fund	Unit Premium & TRR Reserve	Unrealized Gain	Dividend Equalization Reserve	Retained Earnings	Total Equity
Fund Capital	430,538,180	-	-	-	-	430,538,180
Net profit for the period	-	-	-	-	-	69,095,286
Dividend Equalization Reserve	-	28,466,820	-	4,305,382	(4,305,382)	-
Premium	-	-	35,333,800	-	-	28,466,820
Unrealized Gain	-	-	-	-	-	35,333,800
Balance at June 30, 2021	430,538,180	28,466,820	35,333,800	4,305,382	64,789,905	563,434,086

Shah Nawab

Asset Manager

Bangladesh RACE Management PCL



Chairman, Trustee

SENTINEL Trustee & Custodial Services Limited

Dhaka,
 Date: August 25, 2021



RACE SPECIAL OPPORTUNITIES UNIT FUND

Statement of Cash Flows

For the period ended June 30, 2021

Particular	Amount in Taka
	30-Jun-21
A. Cash Flows from Operating Activities:	
Dividend Income	3,302,388
Financial Income	20,717,732
Net Profit on sale of Investment	53,610,685
Other Operating Expenses	(9,279,773)
Net Cash Flow from Operating Activities	68,351,032
B. Cash Flows from Investing Activities:	
Net Investment In Securities	(367,106,764)
Preliminary & Issue Expenses	(4,780,873)
Net Cash used in Investing Activities	(371,887,637)
C. Cash Flows from Financing Activities:	
Fund Capital	430,538,180
Premium	28,466,820
Net Cash from Financing Activities	459,005,000
D. Net Increase/(Decrease) in cash & cash equivalents (A+B+C)	
E. Opening Cash and Cash Equivalents	155,468,395
F. Closing Cash and Cash Equivalents (D+E)	155,468,395
Net Operating Cash Flow Per Unit (NOCFPU)	1.59

Asset Manager

Bangladesh RACE Management PCL

Chairman, Trustee

SENTINEL Trustee & Custodial Services Limited



Dhaka,

Date: August 25, 2021

RACE Special Opportunities Unit Fund

Notes to the Financial Statements

As at and for the period ended June 30, 2021

1. The fund and legal status

RACE Special Opportunities Unit Fund (hereinafter called as "Fund") was established under a Trust Deed signed on 30 December 2019 between The Premier Bank Limited as a 'Sponsor' and SENTINEL Trustee & Custodial Services Limited as a "Trustee". The Fund was registered under the Trust Act 1882 as well as under the Bangladesh Securities and Exchange Commission (BSEC) on 21 January 2020 vide registration code no. BSEC/Mutual Fund/2020/109 under the Bangladesh Securities and Exchange Commission (Mutual Fund) Bidhimala 2001.

As provided in Trust Deed, Bangladesh RACE Management PCL, an asset management company, is the Fund Manager. Bangladesh RACE Management PCL was incorporated as a private limited company under Companies Act 1994 on March 2008.

RACE Special Opportunities Unit Fund is a open-end Mutual Fund. The objectives of the Fund are to provide regular dividend to the investors by investing the Fund both in capital and money market instruments. The Fund consists of 43,053,818 units of BDT 10 each. The units of the Fund are transferable.

2. Objectives

The objective of RACE Special Opportunities Unit Fund is to provide attractive dividends to its unit-holders by earning superior risk adjusted return from a diversified investment portfolio.

3. Basis of preparation

3.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) and as per requirements of the Bangladesh Securities and Exchange Commission (Mutual Fund) Bidhimala 2001, Trust Deed and other applicable laws and regulations.

3.2 Basis of measurement

These financial statements have been prepared on a going concern and accrual basis under historical cost convention in accordance with generally accepted accounting principles.

3.3 Functional and presentational currency

These financial statements are presented in BDT, which is also the Fund's functional and presentational currency.

3.4 Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.



Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

3.5 Reporting period

These financial statements are prepared for the period from 09 September 2020 to 30 June 2021.

3.6 Taxation

The income of the Fund is exempted from Income Tax as per SRO No. 333-Act/Income Tax/2011 dated 10 November 2011, under Section 44(4) clause (b) of Income Tax Ordinance, 1984; hence no provision for tax is required.

4. Significant accounting policies

The accounting policies set out below have been applied throughout the period presented in these financial statements.

4.1 Investment policy

The investment policy of the Fund as summarised below has been set in accordance with Bangladesh Securities and Exchange Commission (Mutual Fund) Bidhimala 2001 including amendments if any.

- (i) as per Rule 55 (02) of Bangladesh Securities and Exchange Commission (Mutual Fund) Bidhimala 2001 as amended, at least 60% of total assets of the Fund is to be invested in capital market out of which at least 50% will be in listed securities;
- (ii) as per fifth schedule, no term loan and advance shall be given from mutual fund.
- (iii) as per fifth schedule not more than 10% of total assets of one scheme of a mutual fund shall be invested in one company's share.
- (iv) as per fifth schedule not more than 15% of paid-up capital of a company's share shall be invested from all schemes of a mutual fund.
- (v) as per fifth schedule not more than 20% of one or group of companies' share, debenture or other securities shall be invested from all schemes of a mutual fund.
- (vi) as per fifth schedule not more than 25% in one sector/industry's share, debenture or other securities shall be invested from all scheme of a mutual fund.
- (vii) as per fifth schedule investment or loan from one scheme to another scheme shall not be made under one asset management company.
- (viii) as per fifth schedule a mutual fund shall not make any loan for investment purpose.
- (ix) as per fifth schedule, no expenses shall be charged in year more than 4% of weekly average NAV annually.



4.2 Valuation of Investment at Fair Value:

(i) For Capital Market Securities-Listed:

The Capital Market Securities-Listed are valued at the closing quoted market price only on the Dhaka Stock Exchange on the date of Valuation i.e., on June 30, 2021 as per IFRS-13 Fair Value Measurement. Capital Market Securities-Listed (Mutual Fund) are valued considering the quoted market price and last disclosed NAV on June 30, 2021 by the methodology provided by BSEC vide directive no. SEC/CMRRC/2009/193/172 dated June 30, 2015.

(ii) For Capital Market Securities-Non listed:

Capital Market Securities-Non listed (Unit Fund) are valued at the repurchase price which is enforceable on June 30, 2021 declared by respective AMC and this is also a quoted price as per IFRS-13. Capital Market Securities-Non listed (Bond) are valued at fair value by applying the methodology as per IFRS-13 using Present Value technique under Income approach and in compliance with Rules 58 of Securities and Exchange Commission (Mutual Fund) Bidhimala, 2001

4.3 Dividend Policy

As per Rule 66 of Bangladesh Securities and Exchange Commission (Mutual Fund) Bidhimala 2001 as amended, the Fund is required to distribute its profit in the form of dividend in cash to its unit holders an amount which shall not be less than 50% of annual profit during the year, net of provisions and net of negative retained earnings brought forward balance.

4.4 Cash & cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances and fixed deposits.

4.5 Net asset value calculation

NAV per unit is being calculated using the following formula:

Total NAV = VA - LT

NAV per unit = Total NAV / No. of units outstanding.

VA: Value of all securities in vault + Value of all securities placed in lien + Cash in hand and bank balances + Value of all securities receivables + receivables of proceeds of sale of investments + Dividend receivable, net tax + Interest receivable, net of tax + Issue expenses amortised on that date + Printing, publication and stationery expenses amortised on date.

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



4.6 Provisions

A provision is recognised if, as a result of a past event, the Fund has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provision is ordinarily measured at the best estimate of the expenditure required to settle the present obligation at the reporting period. Provision for market unrealised loss shall be made in accordance with the rule 3(d) of 6th schedule and in case of provision writeback it shall be vice versa. As per Bangladesh Securities and Exchange Commission (Risk Based Capital Adequacy) Rule-2019, the BSEC has introduced concept of Risk Based Capital Adequacy to the capital market and in relation there is a requirement to build up Total Risk Requirement (TRR). As AMC, Bangladesh RACE Management PCL has built up a adequate TRR on Balance Sheet as prudent risk management and for interest of unitholders the AMC has introduced TRR on the fund balance sheet.

4.7 Revenue recognition

Gains/losses arising on sale of investment are included in the Profit and Loss Statement on the date at which the transaction takes place. Dividend and interest income are recognised as per IAS-18 and IFRS-15 and Bangladesh Securities and Exchange Commission (Mutual Fund) Bidhimala 2001.

4.8 Statement of cash flows

Cash flows from operating activities have been presented under direct method.



RACE SPECIAL OPPORTUNITIES UNIT FUND

Notes to the Financial Statements

As at and for the period ended June 30, 2021

Particulars	Amount in Taka	
	30-Jun-21	

5.00 Investment in marketable securities-at fair value

Capital Market Securities-Listed	5.01	304,116,310
<u>304,116,310</u>		

5.01 Capital Market Securities-Listed

Sector/ Category	Amount in Taka			
	No. of Shares	Cost Value	Fair Value (30 June 2021)	Required (Provision)/ Excess
Bank	6,827,498	82,529,266	82,549,572	20,306
Corporate Bond	22,395	22,203,523	22,719,728	516,205
Food and Allied	63,338	37,662,473	41,219,436	3,556,962
Fuel and Power	298,000	13,076,240	13,141,800	65,560
Insurance	162,850	5,602,587	7,233,935	1,631,348
Miscellaneous	260,506	8,500,311	23,315,287	14,814,976
NBFI	780,607	16,391,673	18,649,789	2,258,116
Pharma	65,959	47,130,637	58,563,776	11,433,139
Telecommunication	105,103	36,480,200	36,722,988	242,788
Total	8,586,256	269,576,910	304,116,310	34,539,400

6.00 Investment in non-listed securities-at fair value

Non-Listed Private Equity-BSEC approved	6.01	80,794,400
<u>80,794,400</u>		

6.01 Investment in Non Listed Securities (Bond):

Particulars	Amount in Taka		
	Cost Value	Fair Value (30 June 2021)	Required (Provision)/ Excess
Corporate Bonds	80,000,000	80,794,400	794,400.00
Total of Bond	80,000,000	80,794,400	794,400.00

Net Provision Taken (5.01+6.01)	<u>35,333,800</u>
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7.00 Cash and Cash Equivalents :

Bank balance with Operational Account:

Padma Bank-0113000359514	155,468,395
<u>155,468,395</u>	

8.00 Preliminary and Issue Expenses :

Preliminary and Issue Expenses	7,460,338
<u>861,033</u>	
Less: Amortization during the period	<u>6,599,305</u>



Particulars		Amount in Taka
		30-Jun-21
9.00	Other Receivables :	
	Interest Receivable	22.00
	Dividend Receivable	23.00
	Receivable from Brokerage house	<u>16,132,000</u>
		<u>20,144,922</u>
10.00	Advances, Deposits and Prepayments :	
	Advance Income Tax	1,021
	Prepayments	10.01
		<u>632,691</u>
		<u>633,712</u>
10.01	Prepayments :	
	Annual fee-BSEC	339,005
	Trustee fee- SENTINEL	<u>293,686</u>
		<u>632,691</u>
11.00	Liabilities for expenses:	
	Audit Fee	31,500
	Preliminary Expenses payable	2,680,100
	Printing & Publication Expenses	<u>210,000</u>
		<u>2,921,600</u>
12.00	Other Liabilities:	
	Liabilities for Tax & VAT	<u>1,401,358</u>
		<u>1,401,358</u>
13.00	Capital Fund:	
	Size of Fund Capital	
	43,053,818 Units of Taka 10 each	<u>430,538,180</u>
		<u>430,538,180</u>
14.00	Net Asset Value (NAV):	
	Total Net Assets Value at Cost	528,100,286
	Number of unit	<u>43,053,818</u>
	Per Unit NAV at Cost	<u>12.27</u>
	a. Total Net Assets Value at Cost	528,100,286
	b. (Unrealized loss) or Unrealized Gain	<u>35,333,800</u>
	Total Net Assets Value at Fair Value (a+b)	<u>563,434,086</u>
	Number of unit	<u>43,053,818</u>
	Per Unit NAV at Fair Value	<u>13.09</u>
15.00	Profit on sale of investment:	
	Profit on sale of investment	<u>53,610,685</u>
		<u>53,610,685</u>
16.00	Dividend from investment:	
	Listed securities	<u>7,249,206</u>
		<u>7,249,206</u>



		Particulars	Amount in Taka
			30-Jun-21
17.00	Financial Income:		
	Interest Income from Corporate Bonds		4,897,360
	Interest Income from Bank Accounts & FDR		5,634,877
			<u>10,532,237</u>
18.00	Other Income		
	Pre-Operational Income:		
	Income:		
	Bank Interest		398,099
	FDR Interest Received		9,853,501
	Gross Income		<u>10,251,600</u>
	Less: Expenses		
	Management Fee		2,771,208
	Bank Charge		635
	Total Expenses		<u>2,771,843</u>
	Net Pre-Operational Income before provision		<u>7,479,757</u>
	VAT Provision		(415,681)
	Net Pre-Operational Income after provision		<u>7,064,076</u>
19.00	Management fee:		<u>6,547,819</u>
20.00	Trustee fee:		<u>474,725</u>
	SENTINEL Trustee & Custodial Services Limited the trustee of the fund is entitled to get an annual trusteeship fee @0.15% of the net asset value per annum, payable semi-annually in advance basis during the entire life of the Fund as per Trust Deed.		
21.00	Earnings Per Unit (EPU):		
	Net profit after (provision)/writeback of unrealized loss		69,095,286
	Number of unit		43,053,818
			<u>1.60</u>
22.00	Interest Receivable :		
	Interest receivable from Corporate Bond		66,104
	Interest receivable from FDR		-
			<u>66,104</u>
23.00	Dividend Receivable :		
	EXIM Bank Limited		2,122,092
	IBBLPBOND		1,764,726
	MARICO		60,000
			<u>3,946,818</u>
24.00	Events after the Reporting Period:		
	The Trustee of the Fund has approved dividend at the rate of 15% on the capital fund of Taka 1.50 per unit in the form of cash units to be issued at a valuation of the last published NAV per Unit before the record date for the year ended June 30, 2021 at the meeting held on 25 August, 2021.		



Particulars	Amount in Taka
	30-Jun-21

25.00 Others:

- a. These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.
- b. Figures in these notes and annexed financial statements have been rounded off to the nearest BDT.
- c. Figures of previous year have been rearranged wherever considered necessary, to conform with the current year's presentation.



Asset Manager
Bangladesh RACE Management PCL



Chairman, Trustee
SENTINEL Trustee & Custodial Services Limited

Dhaka
Date: August 25, 2021

