

PROSPECTUS OF EKUSH STABLE RETURN FUND

This Offer Document sets forth concisely the information about the Fund that a prospective investor ought to know before investing. This Offer Document should be read before making an application for the Units and should be retained for future reference.

Investing in the Ekush Stable Return Fund (hereinafter the Fund) bears certain risks that investors should carefully consider before investing in the Fund. Investment in the capital market and in the Fund bear certain risks that are normally associated with making investments in securities including loss of principal amount invested. There can be no assurance that the Fund will achieve its investment objectives. The Fund value can be volatile and no assurance can be given that investors will receive the amount originally invested. When investing in the Fund, investors should carefully consider the risk factors outlined in the document.

THE SPONSOR, ASSET MANAGEMENT COMPANY OR THE FUND IS NOT GUARANTEEING ANY RETURNS.

The particulars of the Fund have been prepared in accordance with সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়ালফান্ড) বিধিমালা, ২০০১, as amended till date and filed with Bangladesh Securities and Exchange Commission of Bangladesh.

| Size of Issue |
|---|
| Initial Size BDT 25,00,00,000.00 (BDT Twenty Five crore) only |
| Total Number of Units 2,50,00,000 (Two Crore Fifty Lac) |
| Initial / Opening Price |
| BDT 10 (Taka Ten) per Unit |
| Initial Subscription Opens |
| |
| Sponsor & Asset Manager |
| Ekush Wealth Management Limited (EKUSH) |
| Trustee |
| Shandhani Life Insurance Company Limited (SLICL) |
| Custodian |
| BRAC Bank Limited (BBL) |
| Banker |
| Midland Bank Ltd. |
| Auditor |
| Zoha Zaman Kabir Rashid & Co. |
| Date of Publication of Prospectus |
| |

The prospectus is available at the AMC's Website at
www.ekushwml.com

"Investment in Mutual Funds is subject to market risk"
"পুঁজিবাজার বিনিয়োগ ঝুঁকিপূর্ণ। জেনে ও বুঝে বিনিয়োগ করুন"



Trustee

Shandhani Life Insurance Company
Limited (SLICL)



একুশ

বর্ধমান আগামী

Sponsor & Asset Manager
Ekush Wealth Management Limited
(EKUSH)

Jalal Uddin Ahmed
Deputy Director
Bangladesh Securities and Exchange Commission



আমু অফিস

Custodian
BRAC Bank Limited (BBL)



EXECUTIVE SUMMARY

Ekush Wealth Management Limited (Ekush) is launching its third open-ended mutual fund, namely **"Ekush Stable Return Fund"** with an initial fund size of BDT 25 crores.

Ekush Wealth Management Limited is both the sponsor and the asset manager of this fund, whereas **Sandhani Life Insurance Company Ltd** will act as the trustee and **BRAC Bank Ltd** will undertake the custodian role of the fund. This is a 'continuous offer' fund by nature, which facilitates the investors to subscribe and redeem units at their will. The Fund is going to offer electronic (online) purchases and repurchases processes considering the convenience of the investors.

Founded by a team of investment management professionals with a strong track record, Ekush is committed to delivering sound investment results by harnessing long-term, value-investing opportunities on behalf of the Unit-holders. Senior executives of the company, being CFA charter holders, have sufficient training, experience and commitment towards upholding Unitholders' interests under any circumstances. As part of such commitment, Ekush is sponsoring the **"Ekush Stable Return Fund"** to spread the economic benefit of investing in both the money market and capital market through a mutual fund to the wider population.

The objective of the **"Ekush Stable Return Fund"** is to generate returns primarily through investment in money market instruments, high-quality debt securities (securities issued by government & government entities and corporations), and opportunistic equity exposure from IPO & secondary markets and to deliver that return in a tax-efficient way to the investors.


Jalal Uddin Ahmed
Deputy Director
Bangladesh Securities and Exchange Commission



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 Deputy Director
 Bangladesh Securities and Exchange Commission



Fund Directory

Registered Office

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| Sponsor & Asset Manager | Ekush Wealth Management Limited (EKUSH) 9-G, Motijheel C/A (2nd Floor) Dhaka-1000 Website: www.ekushwml.com Tel: +88 02 223389740 |
| Trustee | Sandhani Life Insurance Company Limited (SLICL) Rajuk Plot# 34 Bangla Motor Dhaka 1000 Website: www.sandhanilife.com PABX: 02-55168181-5, 9611197, 9664931, 9661241. |
| Custodian | BRAC Bank Limited (BBL) Head office, Anik Tower 220/B Tejgaon Industrial Area Dhaka 1208 Website: www.bracbank.com Tel: +88 02 8801301-32, 9884292 |
| Auditor | Zoha Zaman Kabir Rashid & Co. Rupayan Karim Tower, Level-7 Suite # 7A 80, Kakrail Dhaka-1000 |
| Banker | Midland Bank Limited Head Office: N.B. Tower (Level 6 to 9) 40/7 Gulshan North Avenue, Gulshan-2 Dhaka - 1212 |
| CDBL | Central Depository Bangladesh Limited DSE Tower(level-5) House-46, Road-21, Nikunja-2 Dhaka - 1229 Website: https://www.cdbl.com.bd/ Tel: +88-02-41040386-95 |

For Prospectus or any other information please contact at following corporate office of the Asset Management Company.

Ekush Wealth Management Limited (EKUSH)
9-G, Motijheel C/A (2nd Floor)
Dhaka-1000
Website: www.ekushwml.com
Tel: +88 02 223389740

Person interested to get a prospectus may obtain it from the Asset Management Company

"If you have any query about this document, you may consult the Asset Management Company"


Jalal Uddin Ahmed
Deputy Director
Bangladesh Securities and Exchange Commission



Definitions and Elaboration of Abbreviated Terms

| | | |
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| Rule/ বিধিমালা | : | সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১ |
| Act | : | সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশন আইন, ১৯৯৩ |
| Allotment | : | Letter of Allotment for units |
| Asset Manager/Asset Management Company/Fund Manager/Investment Manager/AMC | : | The Asset Management Company (AMC) refers to 'Ekush' |
| Application Form | : | A form meant to be used by an investor to purchase Units of the Scheme. |
| BB | : | Bangladesh Bank |
| BDT | : | Bangladeshi Taka |
| B/O A/C | : | Beneficial Owner Account or Depository Account |
| Business Day | : | A day not being: i. A weekend; ii. A day on which the stock exchanges are closed; iii. A day on which purchase and repurchase of Units is suspended or a book closure period/ record date announced by the Trustee/ AMC; or iv. A day on which normal business cannot be transacted due to unavoidable circumstances or such other events as the AMC may specify from time to time; v. A day on which banks are closed. |
| Book Closer | : | Sale and repurchase of units issued by asset management company and selling agent shall remain closed during the month of January unless the Commission decides otherwise. |
| CAGR | : | Compound Annual Growth Rate |
| CEO/MD | : | Chief Executive Officer/ Managing Director |
| CDBL | : | Central Depository Bangladesh Ltd |
| CDS | : | Central Depository System |
| Commission/BSEC | : | Bangladesh Securities and Exchange Commission |
| Companies Act | : | কোম্পানি আইন, ১৯৯৪ |
| Confirmation of Unit Allocation | : | Letter confirming allocation of Units |
| Custodian | : | BRAC Bank Limited (BBL) |
| DSE | : | Dhaka Stock Exchange Ltd. |
| CSE | : | Chittagong Stock Exchange Ltd. |
| Dividend | : | Income distributed by the Fund, when / where applicable. |
| Effective Date | : | The date of registration of the Trust Deed |
| EPS | : | Earnings Per Share |
| FC Accounts | : | Foreign Currency Account |
| FIS | : | Fixed Income Securities |
| Government | : | The Government of the People's Republic of Bangladesh |
| Mutual Fund/ The Fund/Unit Fund/ Open End Mutual Fund | : | EKUSH STABLE RETURN FUND |
| Sales Agent/ Selling Agent/Point of Sales | : | AMC designated official points for accepting transaction/ service requests from investors. |

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| ISO | : | Initial Subscription Offering |
| Issue | : | Public Issue |
| IPO | : | Initial Public Offering |
| IDRA | : | Insurance Development & Regulatory Authority |
| NAV | : | Net Asset Value |
| Non-Resident Bangladeshi/ NRB | : | Non-resident Bangladeshi (NRB) means Bangladeshi citizens staying abroad including all those who have dual citizenship provided they have a valid Bangladeshi passport or those, whose foreign passport bear a stamp from the concerned Bangladesh embassy/ High Commission to the effect that no visa is required to travel to Bangladesh. |
| NBFI | : | Non-Bank Financial Institution. |
| Offer Document | : | This document issued by EKUSH STABLE RETURN FUND managed by Ekush Wealth Management Limited offering Units of the Fund for subscription. Any modifications to the offer document will be made by way of an addendum which will be attached to offer document. On issuance of any such addendum, prior approval from BSEC is required and the offer document will be deemed to be updated by the addendum. |
| Offer price | : | Price of the securities of the Fund being offered. |
| Purchase/ Subscription | : | Subscription / purchase of Units of the Fund. |
| Purchase Price | : | The price, calculated in the manner provided in this offer document, at which the Units can be purchased. |
| Prospectus | : | The advertisement or other documents (approved by the BSEC), which contain the investment and all other information in respect of the mutual fund, as required by the বিধিমালা and is circulated to invite the public to invest in the mutual fund. |
| Repurchase | : | Repurchase/surrender of Units by the Fund from a Unit holder. |
| Repurchase Price | : | Price at which the Units can be redeemed/repurchased/surrendered and calculated in the manner provided in this offer document. |
| SIP | : | Systematic Investment Plan. |
| Securities | : | Units of the Fund. |
| Sales Agent/ Selling Agent/Point of sales | : | AMC designated official points for accepting transaction/ service requests from investors. |
| Subscription | : | Application Money. |
| Sponsor | : | Ekush Wealth Management Limited (EKUSH) |
| Trustee/Guardian | : | Sandhani Life Insurance Company Limited (SLICL) |
| Unit Certificate/ Certificate | : | Unit Certificate of the Fund in dematerialized form under CDBL |
| Unit Holder | : | A person holding Units of EKUSH STABLE RETURN FUND offered under this offer document. |
| Unit | : | One undivided share in the fund. |

Interpretation

For all purposes of this offer document, except as otherwise expressly provided or unless the context otherwise requires:

- Singular terms used in this offer document include the plural, and plural terms include the singular.
- Pronouns having a masculine or feminine gender shall be deemed to include the other.
- A "crore" means "ten million" and a "lakh" means a "hundred thousand".

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|-----------------------------------|---|
| Name | EKUSH STABLE RETURN FUND |
| Nature / Type | This is a special purpose open ended fund with perpetual life and unlimited size primarily focusing on fixed income securities. |
| Life and Size of the Fund | Perpetual life and unlimited size |
| Sponsor | Ekush Wealth Management Limited (EKUSH) |
| Asset Manager | Ekush Wealth Management Limited (EKUSH) |
| Trustee | Sandhani Life Insurance Company Limited (SLICL) |
| Custodian | BRAC Bank Limited (BBL) |
| Initial Size of the Fund | Tk. 25,00,00,000.00 (Taka Twenty Five crore) divided into 2,50,00,000 (Two crore Fifty Lac) Units of Tk.10 (Taka ten) each |
| Face Value | Tk.10 (Taka ten) per Unit |
| Objective | The objective of the "Ekush Stable Return Fund" is to generate returns primarily through investment in money market instruments, high-quality debt securities (securities issued by government & government entities, corporations, NGO etc), and opportunistic equity exposure from IPO & secondary markets and to deliver the return in a tax-efficient way to the investors. |
| Minimum Application Amount | Tk. 5,000.00/- per application (500 Units) for individuals Tk. 50,000.00/- per application (5,000 Units) for institutions Not applicable for SIP investors. |
| Loads | <p>The difference between the selling price and repurchase price per unit shall not exceed 1% (one percent) of the NAV per unit at the fair value of the Fund.</p> <p>The redemption (or repurchase) of units of a Fund, or a Scheme of the Fund, shall be made on first-come-first-serve basis.</p> <p>In the event the redemption request on a particular day exceeds 5% of the total units outstanding of the fund, the Asset Management Company may defer the redemption request over 5% for a period of a maximum 3 (three) working days. Provided that redemption in excess of 5% of total units outstanding shall also be done at repurchase price of the day when redemption requests were actually submitted to the asset manager.</p> |
| Transparency | NAV will be calculated on a weekly basis and shall be published on the website of the Fund manager and as prescribed in the Rule |
| Target Group | Individuals –both resident, non-resident and foreigner, institutions–local and foreign, mutual funds and collective investment schemes are eligible to subscribe the Units of the Fund. |
| Dividend Policy | The EKUSH STABLE RETURN FUND aims to achieve long-term capital appreciation and <i>shall not provide any dividend</i> . The unitholders can realize their returns through redemption of the units during the business hour as specified by the Asset Management Company. |
| Tax Benefit | a) As the Fund will not provide any dividend, the unitholders will realize their positive return only in the form of capital gain through redemption of the units. According to the Income Tax Ordinance 1984, individual investors do not need to pay any tax on capital gain and thus allowing them to realize the return of Fund without any Tax. |

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| | <p>Institutional investors have to pay tax rate of 10% on capital gain which is lower than the tax rate of 20% on dividend income and thus allowing the institutional investors to realize the return of the fund more tax efficiently than the other mandatory dividend paying funds of the Country.</p> <p>b) Investment in the Unit Fund would qualify for investment tax credit under according to clause 10(1) of Schedule 6, Part B read with section 44(2) of the Income Tax Ordinance 1984.</p> <p>c) All capital gain within the Fund are tax exempted. However, the provision of the Income Tax Ordinance is subject to amendment by the Government every year through the Finance Act. As such the Sponsor, Asset Manager or the Trustee does not give any guarantee or undertaking that the provisions will remain the same in the next financial year of Bangladesh.</p> |
| Transferability | The Units of the Fund are transferable by way of inheritance/ gift and/ or by specific operation of the law. |
| 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 shall be liable to re-purchase the units on behalf of Fund. |
| Reports and Accounts | Every Unit holder is entitled to receive annual report along with the yearly and half-yearly statements of accounts as and when published from the website (www.ekushwml.com). Every Unit holder will also get quarterly statements of portfolio on Ekush's official website. |
| Systematic Investment Plan (SIP) Facility | 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 that is minimum BDT 1,000. |

Risk Factors

Investors should know that EKUSH STABLE RETURN FUND is not a guaranteed or assured return scheme and the past performance of the Sponsor and their affiliates / AMC does not guarantee future performance of the Scheme. The name of the Scheme does not in any manner indicate either the quality of the Scheme or its future prospects and returns. There can be no assurance that the Fund will achieve its mentioned investment objectives. The Fund value can be volatile and no assurance can be given that investors will receive the amount originally invested. Investing in the EKUSH Stable Return Fund involves some general risks and some scheme specific risks that investors should carefully consider before investing in the Fund.

General Risk Factors:

1. Due to the fluctuation of the price / value / interest rates of the securities in which Scheme invests, the value of investment in the Scheme may go up or down depending on the various factors and forces affecting the capital markets and money markets.
2. Government policy and tax laws may change, affecting the return on investments of the fund, which may eventually affect the NAV and return of the Units.
3. Large number of redemption requests, may lead to an asset-liability mismatch and therefore may require the investment manager to make a quick sale of the securities leading to realignment of the portfolio and consequently resulting in investment in lower yield instruments.
4. Delays or other problems in settlement of transactions could result in temporary periods when the assets of the Scheme remain idle and no return is earned thereon. The inability of the Scheme to make intended securities purchase & sale, due to settlement problems, could cause the Scheme to miss certain investment opportunities.
5. Since the Fund will be an actively managed portfolio, the Fund is subject to investment management strategy risk. Although the AMC will apply its investment process and risk minimization techniques, when making investment decisions for the Fund, there can be no guarantee that such process and techniques will produce the desired outcome.
6. Due to a limited number of high-quality listed securities in both the DSE and CSE, it may be difficult to invest the Fund's assets in a widely diversified portfolio of securities as and when required to do so. Very narrow and thinly traded bond market of the country has not been supporting the Asset Manager to design and implement optimum asset allocation decisions from time to time. Limited options in the money market instruments will narrow the opportunity of short term or temporary investments of the Fund which may adversely impact the returns.

Risk factors associated with investing in Fixed Income Securities:

1. The Net Asset Value (NAV) of the Scheme, to the extent invested in Debt and Money Market instruments, will be affected by changes in the general level of interest rates.
2. Money market instruments lack a well-developed secondary market, which may restrict the selling ability of the Scheme and may lead to the Scheme incurring losses till the security is finally sold. Currently, all Government Securities (GSEC) are traded on the over the counter platforms. However, GSEC have over 60 counterparties and liquidity is therefore better than corporate bonds and FDR.
3. Investment in debt instruments are subject to credit risk i.e. the risk of an issuer's inability to meet interest or principal payments on its obligations, which may have their credit ratings downgraded. Changes in financial conditions of an issuer or changes in economic and political conditions specific to the issuer are factors that may affect an issuer's credit quality and security values.
4. Government securities have price-risk like any other fixed income security. Generally, when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of interest rates. However, Government Securities are unique in the sense that their credit risk generally remains zero. Therefore, their prices are influenced only by movement in interest rates in the financial system.


Jalal Uddin Ahmed
Deputy Director
Bangladesh Securities and Exchange Commission



5. As zero coupon securities do not provide periodic interest payments to the holder of the security, these securities are more sensitive to changes in interest rates and are subject to default risk of the issuer. Therefore, the interest rate risk of zero coupon securities is higher.
6. Certain fixed income securities give an issuer the right to call back its securities before their maturity date, in periods of declining interest rates. The possibility of such prepayment may force the Scheme to reinvest the proceeds of such investment in securities offering lower yields, resulting in lower interest income for the Scheme.

Risk factors associated with investing in equities and equity related instruments:

1. Generally, the future growth prospect of a company depends on multiple factors, some of which are beyond the level of management capacity. So, if one or some of these factors go unfavorable, it is possible that the company may not be able to deliver the expected growth.
2. Equity shares and equity related instruments are volatile and prone to price fluctuations on a daily basis.
3. Securities, which are not listed on the stock exchanges, are illiquid in nature and entails higher liquidity risk, in comparison to securities that are listed on the exchanges.
4. While securities that are listed on the stock exchange carry lower liquidity risk, the ability to sell these investments is limited by the overall trading volume on the stock exchanges.

Despite careful investment selection of companies in the Fund, if the companies fail to provide the expected dividend or fail to disburse the dividends declared in a timely manner, this will impact the income of the Fund and the overall return of the Fund.

Mutual funds do not guarantee any predetermined returns.


Jalal Uddin Ahmed
Deputy Director
Bangladesh Securities and Exchange Commission



CHAPTER 1: PRELIMINARY

1.1 Publication of Prospectus for Public Offering

Ekush Wealth Management Limited (EKUSH) is licensed from Bangladesh Securities & Exchange Commission under Securities & Exchange Commission Act, 1993 and সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়ালফান্ড) বিধিমালা, ২০০১ made there under and also received consent for issuing prospectus for public offering. A complete copy of the prospectus is available for public inspection at 9-G Motijheel C/A (2nd Floor), Dhaka, 1000, the registered office of Ekush, the asset manager of EKUSH STABLE RETURN FUND, hereinafter referred to as the Fund.

1.2 Consent of the Bangladesh Securities and Exchange Commission

"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 (মিউচুয়ালফান্ড) 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

The Fund, being an open-ended one, will not be listed with any stock exchanges of the country. Hence the Units of the Fund will not be traded in the stock exchanges unless otherwise BSEC and stock exchange houses 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, Government Holiday, Bank Holiday, Holiday of Stock Exchange (s), any day declared holiday by the AMC and during book closure period / record date of the Fund at the corporate office of asset manager and the offices of authorized selling agents. Asset manager 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 the বিধিমালা.

1.4 Availability of Documents for Inspection

- Copy of this prospectus will be available at the registered office of the Asset Manager and offices of the authorized selling agents of the Fund. This prospectus will also be available at the website of Bangladesh Securities and Exchange Commission (www.sec.gov.bd), Ekush Wealth Management Limited (www.ekushwml.com).
- Copy of the trust deed will be available for public inspection during business hours at the office of the asset manager of the Fund. One will be able to purchase a copy of the trust deed by paying the price as determined by the Asset Manager

1.5 Conditions under Section 2CC of the Securities & Exchange Ordinance, 1969

PART-A

- The Fund shall not account for any upward revaluation of its assets creating reserve without clearance from the Bangladesh Securities and Exchange Commission;
- The fund shall not be involved in option trading, short selling or carry forward transactions;
- A confirmation of Unit allocation shall be issued at the cost of the Fund at par value of Tk. 10.00 (ten) each within 90 (ninety) days from the date of sale of such units. All units of the Fund shall be issued in dematerialized form
- Money receipt/acknowledgement slip issued at the time of sale of units will be treated as allotment letter, which shall not be redeemable/transferable;


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Deputy Director
Bangladesh Securities and Exchange Commission



5. A duly audited annual financial statements including statement of financial position, statement of profit and loss and other comprehensive income, statement of cash flows, statement of changes in unit holder's equity, and accompanying accounting policies and notes to the financial statements of the Fund, and for each scheme of the Fund, once a year, shall be submitted to the Commission, Trustee and Custodian within 90 (ninety) days from the end of the financial year;
6. A half-yearly financial statement shall be submitted to the Commission and published in at least one National daily newspaper within 30 (thirty) days from the end of the period
7. A quarterly un-audited financial statement shall be submitted to the Commission and published on its website within 30 (thirty) days from the end of the quarter of the financial year
8. A monthly statement of portfolios including changes therein from the previous period shall be submitted to the Commission within 7 (seven) days from the end of the month;
9. The Fund shall publish a monthly statement to the Commission, within 7 (seven) days from the end of the month, reporting new units sold, capital fund received, units repurchased and capital fund redeemed for every business day of the month;
10. The Fund shall, before expiry of 7 (seven) days from the end of each month, disclose for all unit holders a complete statement of portfolios of the Fund, or scheme of the Fund, in the prescribed form and shall upload the same on its website;
11. The Fund shall calculate the Net Asset Value (NAV) per unit at least on the last working day of every week or at any shorter period as decided by the Commission from time to time as per the formula prescribed in the বিধিমালা
12. The Fund shall disclose selling price and repurchase price (or surrender price) per unit of the Fund to be calculated on the basis of the Net Asset Value (NAV) per unit at fair value and shall duly publish the information on NAV per unit at fair value, unit selling price and repurchase price in its website, across sales centers, and through press-release;
13. The difference between sale price & repurchase/surrender price shall not exceed 1% of the NAV per unit at fair value of the Fund.
14. BSEC may appoint auditors for special audit/investigation on the affairs of the Fund, if it so desires;
15. The Fund shall maintain separate bank account(s) to keep the sale proceeds of units and to meet up day to-day transaction including payment against repurchase of units. All transactions of the account shall be made through banking channel and shall be properly documented;
16. 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 the prospectus be published in 2 (two) national daily newspapers (Bengali and English) and one online newspaper,
17. If abridged version of the prospectus is published in the newspaper, complete prospectus shall be made available to the applicants;
18. Initial target size of the fund shall be TK. 25.00 (twenty five) crore. The Sponsor shall hold at least 10.00 (ten) percent of the initial target size and shall disclose Sponsor's amount in the offer document/published prospectus. The size of the fund may be increased from time to time by the AMC subject to approval of the Trustee and with intimation to the Commission;
19. If the Asset Manager fails to collect the minimum 40% of the initial target amount under বিধি ৪৬ as of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়ালফান্ড) বিধিমালা, ২০০১ shall refund the subscription money. within 30 (thirty) days without any deduction. In case of failure, the Asset Manager will refund the same with an interest @18 (eighteen) percent per annum from its own account within the next month;
20. On the achievement of 40% of the initial target amount, the fund will be allowed to transfer the money from Escrow Account to Operational Account and to commence investment activities of the fund with permission of the Trustee;
21. The AMC should ensure compliance of বিধি ৪৬ of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়ালফান্ড) বিধিমালা, ২০০১
22. Unit allocation of the Sponsor's contribution amounting to BDT 25,000,000/- (BDT twenty five million or 10% of the Fund) shall be subject to a lock-in 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,

23. A confirmation of Unit allocation of the Sponsor's contribution amounting to BDT 25,000,000/- (BDT twenty five million and 10% of the Fund) will be issued in favor of the Sponsor. The said confirmation letter shall be in the custody of Trustee. No splitting of the Unit of Sponsor shall be made without prior approval of the Commission;
24. Annual fee of the fund shall be submitted to the Commission on the fund size i.e., year end Net Asset Value at market price of the fund on advance basis as per Rule; and may adjust the fee in the next year if necessary;
25. Subscription period of the fund will be 45 (forty-five) days which will be started on _____, 2022 and be ended on -----, 2023 as per বিধি ৪৭ of সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়ালফান্ড) বিধিমালা, ২০০১

PART-B

The following conditions will also be adhered to:

1. As per provisions contained in the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়ালফান্ড) বিধিমালা, ২০০১, regarding limitation of time on closure of subscription, the initial public subscription will remain open for 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 20 (twenty) 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 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 detail along with supporting documents to the Commission regarding issue and formation expenses within 15 (fifteen) days of operation of the fund. The auditor of the fund shall also put opinion about the above expenses in the initial financial statements of the fund;
10. Bank Statement along with the subscribers list, copies of agreements with Custodian and Selling Agents (if applicable) shall be submitted to the Commission within 15 (Fifteen) days of the completion of the subscription.
11. 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 guideline shall include among other issues, the investment delegation power of Chief Executive Officer and the Committee separately and also the meeting resolution presentation process;
12. 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 (thirty) days of the issuance consent letter.

1.6 General Information

- i. This prospectus has been prepared by Ekush 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 there are no other material facts, the commission of which would make any statement herein misleading.
- ii. No person is authorized to give any information or representation not contained in this prospectus and if so given or made, such information or representation must not be relied upon as having been authorized by Ekush.
- iii. The issue as contemplated in this document is made in Bangladesh is subject to the exclusive jurisdiction of the court of Bangladesh. Forwarding this prospectus to any person residing outside Bangladesh in no way implies


Jalal Uddin Ahmed
 Deputy Director
 Bangladesh Securities and Exchange Commission



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.

1.7 Sale and Repurchase of Units

Ekush will maintain two BO Accounts with BRAC Bank Limited (BBL), custodian of the Fund for creation and redemption of units namely "EKUSH STABLE RETURN FUND - Sale of units" and "EKUSH STABLE RETURN FUND - Re purchase of units".

Units of the Fund will always be available for sale and surrender/ repurchase except during book closure period/record date of the Fund at the office of the Asset Manager and the office of authorized selling agents. Asset Manager shall disclose selling price and surrender/repurchase price of Units at the beginning of business operation on the first working day of every week as per the Rule.

For sale of units, Ekush will issue a certificate for the units sold and send it to BBL for setup of demat request. After the acceptance of demat setup by Ekush from its terminal, units will be credited to the BO Account "EKUSH STABLE RETURN FUND - Sale of units". Then BRAC Bank Limited will transfer the units from EKUSH STABLE RETURN FUND - Sale of units to the unit holders BO Accounts as per instruction of Ekush.

In the case of redemption/Re purchase by the Asset Manager the unit holder will transfer his/her/the Institutional holder's units to the EKUSH STABLE RETURN FUND - Re purchase of units account. BBL will setup remat request as per instruction of Ekush. After the acceptance of remat setup by Ekush from its terminal units will be taken out from the "EKUSH STABLE RETURN FUND - Re purchase of units" account in the Central Depository System.

1.8 Systematic Investment Plan (SIP)

SIP is a smart and easier 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.). SIP is a planned approach towards investments and helps to inculcate the habit of saving and building wealth for the future.

Buy and Surrender SIP Process:

An investor can invest through SIP either by an auto debit system provided against the investor's Bank Account or by providing monthly predetermined cheques via selling agents at a regular interval (monthly/quarterly). Investors must have a BO Account. Investors will get SIP units in their BO Accounts based on a discount from the latest/ongoing effective Weekly Sale price of the 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 three (3) years, 1% discount from the repurchase/ surrender price will be applicable on total accumulated invested amount on the date of cancellation of the scheme. After the maturity of SIP, the investor can easily surrender through AMC or Selling Agents.

Benefits may be offered for Investors as such:

SIP encourages a disciplined investment. By investing through SIP, investor commits themselves to save regularly. The benefits of SIP are as follows:

- **Flexibility:** Investor can start SIP with a very small amount that is 1000/2000/3000/4000/5000 or multiple of 1000/500. One can also increase/ decrease the amount being to be invested in regular fashion.
- **Flexible SIP Tenor:** The scheme will be offered for at least 3 years or any other period set by AMC. However, investor can set SIP scheme for 3 years/ 5 years/ 10 years. After this time period the individual scheme will be matured and may surrender or continue holding the Units after maturity. If surrendered after maturity, no fees will be charged on surrendered amount.
- **No Minimum lot size:** Under SIP, there will be no minimum lot size as like normal investors. Based on a discount from declared sales price per unit available, units will be credited to investor's 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.

- **Sale at discount and premium at Surrender:** SIP investor may buy units at a discount from weekly Sales Price offered to normal investor. In addition to that SIP investor can surrender at a premium of repurchase price offered to normal unit holders at maturity as per SIP brochure.

Details of SIP Scheme will be provided in the Scheme Brochure in future.

1.9 Declarations

Declarations about the Responsibility of the Sponsor

We as the sponsor, Ekush Wealth Management Limited, whose name appears in this prospectus, accepts full responsibility for the authenticity and accuracy of the information contained in this prospectus and other documents regarding EKUSH STABLE RETURN FUND. To the best of the knowledge and belief of the Sponsor, who has taken all reasonable care to ensure that all the conditions and requirements concerning this public offer and all information contained in this document, drawn up by virtue of the Trust Deed of the Fund by the entrusted Asset Management Company have been met and there is no other information or document, the omission of which may make any information or statements there in misleading.

We 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/-
Kazi Ahsan Maruf, CFA
Managing Director
Ekush Wealth Management Limited

Declarations about the Responsibility of the Custodian

We, as Custodian of the EKUSH STABLE RETURN FUND, accept the responsibility and confirm that we shall:

- Keep all the securities in safe custody and shall provide the highest security for the assets of the Fund; and
- Preserve necessary documents and record so as to ascertain movement of assets of the Fund as per সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১.

Sd/-
Mr. Tareq Refat Ullah Khan
Head of Corporate Banking
BRAC Bank Limited

Declarations about the Responsibility of the Trustee

We, as Trustee of the EKUSH STABLE RETURN FUND, accept the responsibility and confirm that we shall

- Be the guardian of the Fund, held in trust, for the benefit of the Unit holders in accordance with the Rules and the Trust Deed;
- Always act in the interest of the Unit holders;
- Take all reasonable care to ensure that the Fund floated and managed by the Asset Management Company are in accordance with the Trust Deed and the Rules;
- Make sure that there is no contradiction between prospectus and Trust deed & সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়ালফান্ড) বিধিমালা, ২০০১


Jalal Uddin Ahmed
Deputy Director
Bangladesh Securities and Exchange Commission



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

Sd/-

Md. Mizanur Rahman
Company Secretary
Sandhani Life Insurance Company Limited (SLICL)

Declarations about the Responsibility of the Asset Manager

We, as the Asset Manager of EKUSH STABLE RETURN FUND, accept the responsibility and confirm that:

This Prospectus has been prepared by us based on the Trust Deed, the Investment Management Agreement, the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়ালফান্ড) বিধিমালা, ২০০১ and other related agreements and examination of other documents as relevant for adequate disclosure of the Funds objectives and investment strategies to the investors. We also confirm that,

- i. The prospectus is in conformity with the documents, materials and papers related to the public offer;
- ii. All the legal requirements of the public offer have been duly fulfilled; and
- iii. 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 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 degree of risk, should invest in the Fund. Investors are requested to pay careful attention to the risk factors as detailed in the Risk Factor section and to take proper cognizance of the risks associated with any investment in the Fund.

Sd/-

Kazi Ahsan Maruf, CFA
Managing Director
Ekush Wealth Management Limited


Jalal Uddin Ahmed
Deputy Director
Bangladesh Securities and Exchange Commission



1.10 Due Diligence Certificate

DUE DILIGENCE CERTIFICATE BY SPONSOR

[চতুর্থতফসিল- (১) এর (জ) [বিধি ৪৩ (৩) দ্রষ্টব্য]

The Honorable Chairman
Bangladesh Securities and Exchange Commission
Securities Commission Bhaban E-6/C, Agargaon,
Sher-e-Bangla Nagar Administrative Area Dhaka-1207, Bangladesh.

Subject: EKUSH STABLE RETURN FUND.

We, the sponsor of the above-mentioned forthcoming mutual fund, state as follows:

1. We, as the sponsor to the above-mentioned fund, have examined the draft prospectus and other documents and materials as relevant to our decision; and
2. We warrant that we shall comply with the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়ালফান্ড) বিধিমালা, ২০০১ Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015, Trust Deed of the Fund and the rules, orders, guidelines, directives, notifications and circulars that may be issued by Commission from time to time in this respect.

WE CONFIRM THAT:

- (a) All information in the draft prospectus forwarded to the Commission is authentic and accurate;
- (b) We as sponsor of the fund as mentioned above will act as per clauses of the trust deed executed with the trustee and shall assume the duties and responsibilities as described in the trust deed and other constitutive documents;
- (c) We shall also abide by the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়ালফান্ড) বিধিমালা, ২০০১ and conditions imposed by the Commission as regards of the fund; and
- (d) We shall act to our best for the benefit and interests of the unit holders of the fund.

For Sponsor
Sd/-

Kazi Ahsan Maruf, CFA
Managing Director
Ekush Wealth Management Limited


Jalal Uddin Ahmed
Deputy Director
Bangladesh Securities and Exchange Commission



DUE DILIGENCE CERTIFICATE BY TRUSTEE

[চতুর্থতফসিল- (১) এর (জ) [বিধি ৪৩ (৩) দ্রষ্টব্য]

The Honorable Chairman
Bangladesh Securities and Exchange Commission
Securities Commission Bhaban E-6/C, Agargaon,
Sher-e-Bangla Nagar Administrative Area Dhaka-1207, Bangladesh.

Subject: EKUSH STABLE RETURN FUND.

We, the under-noted trustee to the above-mentioned forthcoming mutual fund, state as follows:

1. We, while act as trustee to the above-mentioned fund on behalf of the investors, have examined the draft prospectus and other documents and materials as relevant to our decision; and
2. We warrant that we shall comply with the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়ালফান্ড) বিধিমালা, ২০০১, Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015, Dhaka Stock Exchange (Listing) Regulations, 2015, Chittagong Stock Exchange (Listing) Regulations, 2015, Trust Deed of the Fund and the Rules, guidelines, circulars, orders and directions that may be issued by the Bangladesh Securities and Exchange Commission from time to time in this respect.

WE CONFIRM THAT:

- (a) All information and documents as are relevant to the issue have been received and examined by us and the draft prospectus forwarded to the Commission have been approved by us;
- (b) We have also collected and examined all other documents relating to the fund;
- (c) While examining the above documents, we find that all the requirements of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়ালফান্ড) বিধিমালা, ২০০১ have been complied with;
- (d) We shall act as trustee of the fund as mentioned above as per provisions of the trust deed executed with the sponsor and shall assume the duties and responsibilities as described in the trust deed and other constitutive documents.
- (e) We shall also abide by the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়ালফান্ড) বিধিমালা, ২০০১ and conditions imposed by the Commission as regards of the fund; and
- (f) We shall act to our best for the benefit and sole interests of the unit holders of the fund;

For Trustee
Sd/-

Md. Mizanur Rahman
Company Secretary
Sandhani Life Insurance Company Limited


Jalal Uddin Ahmed
Deputy Director
Bangladesh Securities and Exchange Commission



DUE DILIGENCE CERTIFICATE BY CUSTODIAN

[চতুর্থতফসিল- (১) এর (জ) [বিধি ৪৩ (৩) দ্রষ্টব্য]

The Honorable Chairman
Bangladesh Securities and Exchange Commission
Securities Commission Bhaban E-6/C, Agargaon,
Sher-e-Bangla Nagar Administrative Area Dhaka-1207, Bangladesh.

Subject: EKUSH STABLE RETURN FUND.

We, the under-noted custodian to the above-mentioned forthcoming mutual fund, state as follows:

1. We, while acting as custodian to the above mentioned fund on behalf of the investors, shall comply with the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়ালফান্ড) বিধিমালা, ২০০১ Depository Act, 1999, Depository Regulation, 2000, Depository (User) Regulation, 2003, Trust Deed of the Fund and the Rules, guidelines, circulars, orders and directions that may be issued by the Bangladesh Securities and Exchange Commission from time to time in this respect.

WE CONFIRM THAT:

- (a) We will keep all the securities (both listed and Non-listed) and Assets of the "EKUSH STABLE RETURN FUND" including FDR receipts in safe and separate custody as per বিধি ৪১ of সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়ালফান্ড) বিধিমালা, ২০০১ and will provide highest security for the assets of the Fund;
- (b) We shall act as custodian of the fund as mentioned above as per provisions of the custodian agreement executed with the asset management company and shall assume the duties and responsibilities as described in the trust deed of the mentioned fund and other constitutive documents;
- (c) We shall also abide by the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়ালফান্ড) বিধিমালা, ২০০১ and conditions imposed by the Commission as regards of the fund; and
- (d) We shall act to our best for the benefit and sole interests of the unit holders of the fund;

For Custodian
Sd/-

Mr. Tareq Refat Ullah Khan
Head of Corporate Banking
BRAC Bank Limited


Jalal Uddin Ahmed
Deputy Director
Bangladesh Securities and Exchange Commission



DUE DILIGENCE CERTIFICATE BY ASSET MANAGER

[চতুর্থতফসিল- (১) এর (জ) [বিধি ৪৩ (৩) দ্রষ্টব্য]

The Honorable Chairman
Bangladesh Securities and Exchange Commission
Securities Commission Bhaban E-6/C, Agargaon,
Sher-e-Bangla Nagar Administrative Area Dhaka-1207, Bangladesh.

Subject: EKUSH STABLE RETURN FUND.

We, the under-noted Asset Manager to the above mentioned forthcoming mutual fund, state as follows:

1. We, while act as asset manager to the above mentioned mutual fund, declare and certify that the information provided in the prospectus, is complete and true in all respects;
2. We further certify that we shall inform the Bangladesh Securities and Exchange Commission immediately of any change in the information of the fund; and
3. We warrant that we shall comply with the Securities and Exchange Ordinance, 1969, সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়ালফান্ড) বিধিমালা, ২০০১, Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015, Dhaka Stock Exchange (Listing) Regulations, 2015, Chittagong Stock Exchange (Listing) Regulations, 2015, and the Rules, guidelines, circulars, orders and directions that may be issued by the Bangladesh Securities and Exchange Commission from time to time in this respect.

WE CONFIRM THAT:

- (a) The draft prospectus forwarded to the Commission is in conformity with the documents, materials and papers relevant to the fund;
- (b) All the legal requirements connected with the said fund have been duly complied with; and
- (c) The disclosures made in the draft prospectus are true, fair and adequate to enable the investors to make a well-informed decision for investment in the proposed fund.

For the Asset Manager
Sd/-

Kazi Ahsan Maruf, CFA
Managing Director
Ekush Wealth Management Limited


Jalal Uddin Ahmed
Deputy Director
Bangladesh Securities and Exchange Commission



CHAPTER 2: BACKGROUND

2.1 Preamble to Formation of EKUSH STABLE RETURN FUND

Mutual Funds are pool of funds collected from the investors to invest in the combination of different asset class such as: equity, fixed income and/or cash etc., which is also a portfolio. Compared to individual stocks mutual funds are great investment options for several reasons. First one being, mutual funds offer higher risk adjusted return than individual stocks due to its superior diversification capacity. An individual stock is subject to market volatility, external factors, fundamental issues, governance or seasonal impact of its business, all of which affects the price of the individual stock. Since, mutual fund is combined of different stocks & bonds, it unlikely that all the instruments will perform badly at the same time. Thus, mutual funds provide a better cushion to the investor's money while providing sustainable growth in value. Secondly, it is time consuming & inconvenient for individual investors to constantly watch over the market & his/her portfolio. Through mutual funds, these tasks are handles by Expert & experienced Professionals (Fund Managers).

Mutual funds are two types. Open-end & Closed-end. Open-end unit fund is a collective investment scheme which can issue and redeem shares at any time on the present NAV of the fund. An investor will generally purchase units in the fund directly from the fund itself rather than from the existing shareholders. By investing in an open-end unit fund, the investors gain access to a thoroughly researched and professionally managed capital market portfolio, thereby increasing their diversity and reducing the overall risk associated with the capital market investments. Such funds allow the small investors to reap the benefits of a large diversified and professionally managed portfolio.

Ekush Wealth Management Limited (Ekush) is a new generation Asset Management Company (AMC) registered with Bangladesh Securities & Exchange Commission (BSEC) and it has two funds under its banner namely EKUSH FIRST UNIT FUND and EKUSH GROWTH FUND. As on 30th October-2022, Ekush has total Asset under Management (AUM) of BDT 43.82 crore of which EKUSH FIRST UNIT FUND contained BDT 19.40 Crore and EKUSH GROWTH FUND contained BDT 23.42 Crore.

EKUSH STABLE RETURN FUND will be the third fund managed by EKUSH and it will be an open-end fund which will provide an investment alternative for the existing retail investors in Bangladesh. It will also encourage new investors to join in and enjoy the returns of the capital market with minimal risks. The parties to the fund are, **Ekush Wealth Management Limited (EKUSH)** as Sponsor & Asset Manager and **Sandhani Life Insurance Company Limited (SLICL)** & **BRAC Bank Limited (BBL)** as the Trustee and the Custodian of the Fund respectively.

The objective of the "Ekush Stable Return Fund" is to generate returns primarily through investment in money market instruments, high-quality debt securities (securities issued by government & government entities and corporations), and opportunistic equity exposure from IPO & secondary markets and to deliver that return in a tax-efficient way to the investors.

2.2 Economy and Capital Market of Bangladesh

2.2.1 Rapidly Growing Economy

The economic story of Bangladesh began with transformation from agriculture intensive economy to manufacturing followed by gradual shift towards emergence of service sectors. In addition to that, young people represent nearly half of the 160 million people. Riding over an around 6.0% Real GDP growth during last two decades, the size of economy is ~ USD 465 billion, at present (2021-22ac). Also, leading economists expects Bangladesh to continue 7% real GDP growth annually through 2026 to make Bangladesh USD 500 billion economy with Per Capital Income reaching \$3000 by 2026. High domestic consumption, export demand recovery from global growth rebound, strong remittance inflows & public investment will contribute to the overall rise in the economy.


Jalal Uddin Ahmed
Deputy Director
Bangladesh Securities and Exchange Commission



The government is not just bringing structural reforms to improve policies and regulations, but also setting up physical infrastructure to support the economic growth. Several transformative megaprojects are ongoing to expand communication infrastructure and to meet increasing demand of energy. Based on these initiatives, we can foresee that the economy has significant potential for growth.

The young population is dedicatedly supporting the growth of service sectors as well as manufacturing sectors. At the same time, they are creating huge domestic demand for several industries. Some industries are enjoying substantial growth, for example, Pharmaceutical Industry is likely to grow by around 15% as the expenditure on healthcare is increasing, investment is flowing into the sector, population is growing, and more health centers are being built. On the other hand, Government has given more priority to the infrastructure sector, which has increased the demand of construction materials, such as steel and cement. As economy performs, purchasing power of people is likely to increase, so there is also growth potential for consumer products as well.

2.2.2 Growing opportunities for Investments in Capital Market

It is widely known that Capital Market globally has been one of the most significant factor for the development of economies. In one hand, it provides required growth funding for majority of the global successful companies, on the other hand, it has been the most desired investment destination for long term savers specially pension funds, insurance funds, and for the individuals in general. As of November 28, 2022, market capitalization of Bangladesh is ~BDT 7,629,698 million, which is 16% of the GDP.

The Capital Market of Bangladesh is still in the developing phase, in terms of quality of capital, quality & quantity of investable instruments, efficiency and regulatory strength. Through various ups and downs both the market and the regulators are gaining their strength.

The BSEC has taken a number of steps to restore investor confidence, including, but not limited to, the demutualization of the bourses, introducing faster and more reliable trading platform, a more modern surveillance system, encouraging more public issues to increase market depth.

The new Public Issue rules issued in 2015 has already increased the flow of IPO applications and the amended book building method is making good companies interested in listing. In addition, BSEC has also issued several other rules and guidelines such as Alternative Investment Rules, Exchange Traded Fund Rules, and Financial Derivatives Rules.

Under the Alternative Investment Rules, fund managers can float venture capital funds, private equity funds and impact investment funds. Fund managers will invest in growing companies and actively add value to the firm through their financial and managerial expertise. Once the investee company is ready, fund managers are most likely to exit their investment through IPO or other agreed arrangements. These coordinated efforts will make the capital market vibrant and enhance the transparency and efficiency of overall capital market industry in the long run.

Considering all the factors, Bangladesh is expected to register significant growth, and some of the listed sectors and companies within are likely to be beneficiary of this growth, as well. In this backdrop, this is perhaps more suitable time to invest in the leading growth potential sectors/industries of Bangladesh. Ekush has taken an initiative by introducing the EKUSH GROWTH FUND for the benefit of investors. The idea is to help transform the capital market from a speculative hub to a savings hub.

2.3 Rationale for Investing in EKUSH STABLE RETURN FUND

Following are the advantages the investors of EKUSH STABLE RETURN FUND will enjoy:

- Regular and Secured Cash Flow:** This fund will have significantly high percentage of investments in Fixed-income securities and these investment typically produce more regular cash flows to a portfolio compared to stocks; whose cash dividend yield is usually lower. Regular cash flows from coupons allow the Fund to stabilize its NAV which will generate consistent return to the Fund. As the income of the Fund is expected to less volatile, investors-

both individual and institutional-will be able to plan how to meet known future obligations such as tuition payments, housing payments, car installments, life insurance premium payments.

- II. **Greater Flexibility Compare to Fixed Deposit Scheme:** Fixed deposit schemes may not be suitable for all groups of investors, especially growing middle class people who do not have a sizable amount of capital yet. In addition, there is shortage of longer maturity fixed income deposit schemes since the typical maturity buckets of banks' liabilities are focusing on short terms. By investing in mutual funds that focuses on fixed income instruments, investors can earn higher return compared to short term fixed deposits by earning a maturity premium. Also, in case an investor needs to liquidate the fixed deposit, the penalties are high for depositors. On the other hand, by investing in GSEC through unit fund, there is no such penalty as the interests are accrued daily and investors can realize that accrued interest when they redeem their units.
- III. **Higher Return Compared to DPS:** Fixed income earners in Bangladesh mostly invest in DPS so that they can convert their small savings into capital. Though the interest rates of DPS are usually high compared to other deposit products, investors can earn even higher return by investing in mutual funds that primarily focusing in fixed income instruments. Yield to maturity of GSECS in the maturity segments of 5 to 10 year buckets are usually higher than that of DPS. Hence, investors will be able to earn higher returns compared to DPS. Moreover, DPS also has liquidity issues, since investors cannot liquidate DPS without incurring sizable costs.
- IV. **Liquidity:** Another benefit of investing in fixed income mutual fund is liquidity. The liquidity costs are very high when investors need to liquidate their money before the maturity ends from fixed deposit, sanchaypatra, DPS etc. Investors can redeem their mutual fund units any time at NAV. So, they will be able to earn the accrued interest any time when redeeming the units without any penalty.
- V. **Diversification Benefits:** Diversification is the key in managing investments. By diversifying among asset classes (stocks and bonds), investors can aim to achieve optimum asset allocation and minimize their risks. Without having a fixed income fund, it is difficult for the investors to achieve optimum asset allocation.
- VI. **IPO exposure:** In Bangladesh, mutual funds enjoy a 5% (five percent) reserved quota for Initial Public Offerings (IPOs) under fixed pricing method. For IPOs coming under book-building process, Asset Managers with superior asset valuation skills can bid for significant allocation in IPOs and maximize return for unitholders. IPOs in Bangladesh have historically posted much better time-weighted-returns to subscribers, especially in short-term, and therefore, Unitholders' access to the reserved IPO subscription quota through Mutual Fund investments offers value not available otherwise.
- VII. **Tax Advantage:**

- a. Unitholders can realize higher return by paying lesser and/or no amount of taxes on capital gain compared to dividend income. As the Fund will not provide any dividend, the unitholders will realize their positive return only in the form of capital gain through redemption of the units.

According to the Income Tax Ordinance 1984, individual investors do not need to pay any tax on capital gain and thus allowing them to realize the return of Fund without any Tax.

Institutional investors have to pay tax rate of 10% on capital gain which is lower than the tax rate of 20% on dividend income and thus allowing the institutional investors to realize the return of the fund more tax efficiently than the other mandatory dividend paying funds of the Country.

- b. Investment in the Unit Fund would qualify for investment tax credit under according to clause 10(1) of Schedule 6, Part B read with section 44(2) of the Income Tax Ordinance 1984.


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2.4 Tax Advantage of investing in EKUSH STABLE RETURN FUND:

The advantage of investing in this fund can be explained from the following two perspective:

- Higher after tax return than the dividend paying funds for both individuals and institutions
- Investment Tax Credit for individual investors

2.4.1 Higher after-tax return than the dividend paying funds for both individuals and institutions

The investment tax benefits of the Fund would always comply with country's Finance Act and government tax policies. However, the following table exhibits the prevailing tax structure on dividend income and capital gain for different types of investors.

| Investor Types | Tax Structure on Total Return from Mutual Fund | | Tax Structure on Total Return from Capital Market | |
|----------------|---|--------------|---|--------------|
| | Dividend | Capital Gain | Dividend | Capital Gain |
| Individual | First BDT 25,000 is tax exempted After that, 10% with TIN and 15% without TIN | Tax Exempted | First BDT 50,000 is tax exempted After that, 10% with TIN and 15% without TIN | Tax Exempted |
| Company | First BDT 25,000 is tax exempted After that, flat 20% | 10% | 20% | 10% |

The Country's current tax differential for dividend income and capital gain is the primary reason to call for no dividend policy of the Fund. Unitholders can simply register higher return by realizing capital gain at any time as per their need instead of receiving dividend income at any specific time schedule. Since the proposed fund is an open ended mutual fund, liquidity i.e., buy-sell at any time, is its inherent feature.

There are several types of investors with different sort of investment objectives. Some are in need of regular cash flow whereas some are in more focused on long term growth. Mandatory dividend payment from the Fund will hurt those investors who put more emphasis on long term growth. On the other hand, investors with the need of regular cash flow can redeem his/her units and create homemade dividend at any time he or she wants.

Since 'EKUSH Stable Return Fund' will not pay any dividend, total return of this fund are likely to be higher, ceteris paribus, than that of a similar dividend paying fund because of the current tax structure. This reasoning can be illustrated by the following examples:

For Individual Investors: Dividend income by any individual investor increases his/her taxable income and eventually this dividend income is taxed at his/her personal tax rate based on the income level. So, if an investor's marginal tax rate is 25%, he/she will receive the dividend after deducting 10% tax at source on the dividend income of above BDT 25,000 and will have to pay another 15% tax at final assessment on the taxable dividend income. In case of capital gain from the Fund, the investor's taxable income will remain unaffected and can avoid tax all together and thus can increase the after tax return.


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Mr. Rahim is an individual investor with TIN and he invested BDT 10 lac each to Fund-A (no dividend paying mutual fund) and Fund-B (dividend paying mutual fund). According to his income level, his personal marginal tax rate is 25%

| | Fund-A | Fund-B |
|--|--------------|------------------|
| Initial Investment | 1,000,000 | 1,000,000 |
| No of Units Purchased | 100,000 | 100,000 |
| NAV/Unit at Beginning of Year | 10 | 10 |
| NAV/Unit at End of Year | 12 | 12 |
| Year End value of Investment | 1,200,000 | 1,200,000 |
| Before Tax Return | 20.00% | 20.00% |
| Distribution of Return | Capital Gain | Dividend |
| Capital gain per unit | 2 | 0 |
| Dividend Income per unit | 0 | 2 |
| Applicable Tax Rate (at source) | 0% | 10% |
| Applicable Personal Tax Rate (at final assessment) | 0% | 25% |
| Exemption of Tax on Income | n/a | First BDT 25,000 |
| After Tax Return Calculation: | | |
| Before Tax Return | 200,000 | 200,000 |
| Taxable Return | - | 175,000 |
| Tax Calculation | | |
| At source | - | 17,500 |
| At final assessment | - | 26,250 |
| After Tax Return | 200,000 | 156,250 |
| % of after tax return | 20.00% | 15.63% |

For Institutional Investors: Capital gain for an institutional investor is taxed one off at favorable rate of 10% in comparison with the tax rate of 20% on dividend income. Thus the institutional investors will be able to achieve higher after tax return as the investors will realize the positive returns in the form of more tax efficient capital gain.

| Company ABC invested BDT 1 crore each to Fund-A (no dividend paying mutual fund) and Fund-B (dividend paying mutual fund). | | |
|--|--------------|--------------|
| | Fund-A | Fund-B |
| Initial Investment | 10,000,000 | 10,000,000 |
| No of Units Purchased | 1,000,000 | 1,000,000 |
| NAV/Unit at Beginning of Year | 10 | 10 |
| NAV/Unit at End of Year | 12 | 12 |
| Year End value of Investment | 12,000,000 | 12,000,000 |
| Before Tax Return | 20.00% | 20.00% |
| Distribution of Return | Capital Gain | Dividend |
| Capital gain per unit | 2 | 0 |
| Dividend Income per unit | 0 | 2 |
| Applicable Tax Rate | 10% | 20% |
| Exemption of Tax on Dividend Income | n/a | First 25,000 |
| After Tax Return Calculation: | | |
| Before Tax Return | 2,000,000 | 2,000,000 |
| Taxable Return | - | 1,975,000 |
| Applicable tax | 200,000 | 395,000 |
| After Tax Return | 1,800,000 | 1,605,000 |
| % of after tax return | 18.00% | 16.05% |


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2.4.2 Investment Tax Credit for individual investors

According to the current Income Tax Ordinance (ITO) 1984, section 44(2)(c), amount of allowable investment is – actual investment or 20% of the total income or BDT 10,000,000.00 whichever is lowest.

According to Section 44(2)(b) under Income Tax Ordinance 1984, the tax rebate rate is from 15% of eligible amount.

Example:

An individual earning total annual taxable income BDT 2,000,000 (Twenty Lac) only may have allowed investment for tax rebate of BDT 400,000 (BDT 2,000,000 multiplied by 20% allowed).


As this amount BDT 400,000 is lower than BDT 10,000,000, the person's eligible investment amount for tax rebate is BDT 400,000.

The applicable tax rebate rate is 15% of the eligible investment.

So, the person's total tax rebate is BDT 60,000 which is calculated by multiplying eligible investment with applicable tax rebate rate of 15% (400,000 X 15%).

This investor can reduce tax liability by BDT 60,000 by investing in this fund.

This is a simple illustration. The amount can vary and will depend on individual circumstances. Also, please note that the tax rebates may change as per Government's decision in any year. Investors are advised to consult with tax advisor, if required.


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CHAPTER 3: THE FUND

3.1 Formation of the Fund

The trust deed of the Fund was registered on July 24, 2022 under the Trust Act, 1882 and Registration Act, 1908. The Fund was registered by the BSEC on November 21, 2022 registration no. BSEC/Mutual Fund/2022/137 under the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়ালফান্ড) বিধিমালা, ২০০১.

3.2 Tenure & Size of the Fund

The Fund will be an open-end mutual fund with a perpetual life. Institutional, local and foreign, and individual investors, resident and non-resident, are eligible to invest in this Fund. The initial target size of the Fund will be Tk 25,00,00,000.00 (Taka Twenty-Five crore) only divided into 2,50,00,000 (Two crores Fifty Lac) Units of Tk. 10 (Taka ten) each. The size of the Fund will be increased from time to time by the Asset Manager subject to the approval of the Trustee and with due intimation to the BSEC.

3.3 Face Value and Denomination

Face value of each Unit will be Tk.10 (Taka Ten) only. 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.

3.4 Investment Objective

The objective of the “Ekush Stable Return Fund” is to generate returns primarily through investment in money market instruments, high-quality debt securities (securities issued by government & government entities, corporations, NGO etc), and opportunistic equity exposure from IPO & secondary markets and to deliver the return in a tax-efficient way to the investors.

3.5 Investment Policies

- i. The Fund shall invest, subject to the provisions of the বিধিমালা, only in
 - a. securities listed with a stock exchange;
 - b. money market instruments including government securities;
 - c. privately placed bonds, debentures, preference shares;
 - d. securitized debt instruments, which are either asset backed or mortgage backed securities;
 - e. open-end mutual funds approved by the Commission;
 - f. and any other instruments approved by the BSEC from time to time.
- ii. Not more than 70% of total assets of the Fund shall be invested in capital market instruments. Of this, at least 50% shall be invested in listed securities that are actively trading in stock exchanges. Investments in Government securities shall not be considered as an exposure to capital market instruments.
- iii. Not less than 30% (thirty percent) of the total asset of the Fund shall be invested in fixed income securities including Government Securities.
- iv. Non-listed securities that enjoy “investment grade” credit rating by a recognized credit rating agency are eligible for investments by a mutual fund. The fund can invest in unlisted corporate securities only after a prior approval of the Commission.
- v. All money collected under the Fund, except cash and deposits held for liquidity purpose, shall be invested only in encashable and/or transferable instruments or securities whether in money market or capital market or preference shares, corporate bonds, debentures, securitized debts or any other investable instrument.
- vi. The Fund shall get the securities purchased or transferred in the name of the Fund.
- vii. Only the Asset Management Company will make the investment decisions and place orders for securities to be purchased or sold for the Scheme's portfolio.


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3.6 Investment Restriction

- i. The mutual fund shall not, under any circumstance, trade in units of mutual funds, schemes of mutual funds, under the control of the same Asset Management Company.
- ii. Not more than 10% (Ten Percent) of the total assets of the Fund shall be invested in non-listed securities at any particular date. In case of investment in non-listed corporate securities, the asset manager shall obtain prior approval of the Commission.
- iii. The Fund shall not invest more than 10% (Ten Percent) of paid-up capital (or other securities such as bond or debenture) issued by any company.
- iv. The fund shall not invest more than 10% of its total assets in shares, debentures or other securities of a singly company or group of companies under the control of a parent company. This condition shall not be applicable for investment in Government Securities.
- v. Non-listed securities that enjoy "investment grade" credit rating by a recognized credit rating agency are eligible for investments by the Fund. The Fund can invest in unlisted corporate securities only after a prior approval of the Commission.
- vi. 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.
- vii. 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 বিধিমালা.
- viii. The Fund shall buy and sell securities on the basis of deliveries and shall, in all cases of purchases, take delivery of securities and in all cases of sale, deliver the securities on the respective settlement dates as per the custom and practice of the stock exchanges and shall in no case put itself in a position whereby it has to make short sale or carry forward transaction.
- ix. The Fund shall not involve in option trading or short selling or carry forward transaction.
- x. The Fund shall not buy its own unit.

3.7 Valuation Policy

- i. Investments in financial assets shall be reported at fair value, not at acquisition cost, in the statement of financial position of mutual fund.
- ii. At initial recognition, the Fund shall measure a financial asset at its fair value plus transaction cost that are directly attributable to the acquisition of the financial asset. Likewise, an AMC shall recognize a sale of a financial asset at net realized value, that is, the selling price net of transaction costs.
- iii. The Asset Management Company shall recognize a financial asset or a financial liability in its statement of financial position when, and only when, the company becomes a party to the contractual provisions of the financial instrument. At initial recognition, the AMC shall measure a financial asset or a financial liability at its fair value plus (or minus) transaction costs that are directly attributable to the acquisition (or issue) of the financial asset or financial liability.
- iv. After initial recognition of a financial asset, the Asset Management Company shall classify, subject to the approval of the Commission, the financial asset as subsequently measured at fair value through profit or loss, fair value through other comprehensive income, or amortized cost on the basis of both:
 - a) The company's business model for managing financial assets and
 - b) The contractual cash flow characteristic of the financial assets
- v. The AMC shall have the option, at initial recognition, to irrevocably designate a financial asset and a financial liability to be measured at fair value through profit or loss.
- vi. After initial recognition, that is, at subsequent balance sheet dates, the AMC shall measure a financial asset at fair value through profit or loss, fair value through other comprehensive income or amortized costs and in compliance with provisions of IFRSs.
- vii. After initial recognition of a financial liability, the AMC shall classify and measure, subject to the approval of the Commission, all financial liabilities at fair value through profit or loss, or amortized costs and comply with


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provisions of IFRSs. The AMC shall have the option, at initial recognition, to irrevocably designate a financial liability to be measured at fair value through profit or loss.

- viii. A gain or loss on a financial asset or financial liability that is measured at fair value shall be recognized in profit or loss unless:
- a) It is an investment in an equity instrument and the AMC has elected present to present gains and losses on that investment in other comprehensive income.
 - b) It is a financial asset measured at fair value through other comprehensive income.
 - c) It is a financial liability designated as at fair value through profit or loss but the entity is required to present the effects of changes in the liability's credit risk in other comprehensive income. In that case, the remainder amount of change in the fair value shall be presented in profit or loss.
- ix. At initial recognition, the AMC may elect to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument which is not held for trading. The AMC shall however recognize in profit or loss any dividends from investment in equity instruments that are not held for trading.
- x. A gain or loss on a financial asset measured at fair value through other comprehensive income shall be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains or losses.
- xi. The accrued interest on the Fixed Income Securities shall be considered for calculation of Net Asset Value (NAV).
- xii. In case of deferred expenses, accrued expenses for the period will be taken into account for determining total liabilities of the Fund.
- xiii. For listed securities, the quoted closing price on Dhaka Stock Exchange (DSE) on the date of valuation shall form the basis of calculation of Net Asset Value (NAV) of the Fund.
- xiv. In case a security is not traded with Dhaka Stock Exchange, the quoted closing price of the security on Chittagong Stock Exchange (CSE) on the date valuation shall be considered for calculation of NAV of the Fund.
- xv. In case a security is not traded for 30 (thirty) days in the DSE, the losing price of the security at DSE or CSE, whichever happens later, shall be considered for calculation of NAV of the Fund.
- xvi. The valuation of listed securities not traded in DSE or CSE within the last 30 (Thirty) days will be made based on their reasonable value by the Asset Management Company and approved by the Trustee and commented upon by the auditors in the Annual Report of the Scheme of the Mutual Fund but shall not be more than the intrinsic value of the securities.
- xvii. 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 the Fund.
- xviii. The Fund shall comply with accounting recognition and measurement principles and disclosure rules of International Financial Reporting Standard (IFRSs) for the valuation of investments in securities and other financial instruments and be subject to the prior approval of the Commission.
- xix. The valuation of non-listed securities shall be made by the Asset Management Company in compliance with IFRSs and approved by the Trustee. The Asset Management Company and the Trustee shall periodically review the non-listed investments. The auditors shall comment on the non-listed investments in the annual report of the scheme of the Fund.
- xx. Adequate disclosure shall be made on the valuation of investment in securities and other financial instruments in both the interim and annual financial statements. Trustee shall not approve any financial statements without adequate disclosure or accounting policies as to the fair valuation of investments in securities.
- xxi. Independent external auditor shall give opinion as to the fair value of investments in securities and/or financial instruments of the Fund. The external auditor shall specifically comments on assumptions and inputs used for the valuation of investments in unlisted securities of the Fund.
- xxii. Once non-listed securities are valued, the valued amount will be considered for the purpose of valuing the Fund's assets in any interval of time until the securities are further revalued by the Asset Management Company.
- xxiii. The Asset Management Company and the Trustee will value the non-listed securities at least once in every three months.
- xxiv. The AMC should provide a quarterly valuation report for the non-listed investment to the trustee.


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3.8 Accounting and Reporting for Provision for Diminution (or Appreciation) in Fair Value of Investments in Financial Assets

- i. After the initial recognition of a financial asset, the Asset Management Company shall make provision for diminution in the fair value of investments in securities of a mutual fund whenever the fair value of a security is less than its acquisition cost. At subsequent balance sheet dates, if the fair value of the financial asset further decreases, a new provision to that extent shall accrue with respect to that particular financial asset. On the other hand, if the fair value rises since the previous balance sheet date but remains below the acquisition costs of the financial asset, a reversal of past provision to the extent of the rise shall be made and added to the earnings for the period of the Fund.
- ii. Investments in financial assets shall be reported at fair value, not at acquisition cost, in the statement of financial position of a mutual fund.
- iii. If the fair value investments in a security exceeds the acquisition cost, the excess of the fair value over the acquisition cost shall be recognized as "other comprehensive income." not to be offset against aggregate provision for diminution in the fair value of investments in other securities.
- iv. Other comprehensive income shall be reported as a part of the unit holders' equity of the Mutual Fund.
- v. Any financial asset, which is not actively trading in any organized stock exchange, shall be classified as a "Non-performing financial asset" if the issuer of the security fails to pay a return, either a dividend or an interest income, to the Asset Management Company in consecutive two financial years.
- vi. The fair value of a "non-performing financial asset" shall be done following International Financial Reporting Standards (IFRSs), supplemented by a full disclosure of inputs and methods of the valuation, and be subject to the approval of the Trustee of the Fund.
- vii. The external auditor shall comment on the fair valuation of investments in financial assets which are either unlisted or not actively trading in a stock exchange and on the quality of accompanying disclosure on investments in financial assets.

3.9 Net Asset Value (NAV) calculation

- i. An Asset Management Company shall calculate Net Asset Value (NAV) per unit of a mutual fund at fair value on a weekly basis and be disclosed in the manner specified by the Commission.
- ii. The Net Asset Value of a Fund shall be equal to the fair value of identifiable assets minus the fair value of liabilities of the Fund. Net Asset Value per unit shall be calculated by dividing the Net Asset Value by units outstanding of the Fund at the measurement date.
- iii. An asset is identifiable if it either:
 - a. Is separable, i.e. capable of being separated or divided from the entity, or sold, transferred, licensed, rented, or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the entity intends to do so; or
 - b. Arises from contractual or other rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.
- iv. Identifiable assets may include intangibles including monetary assets without physical substance but shall exclude fictitious assets such as unamortized issue cost, preliminary costs, and/or advances, deposits and prepayments which embody no future economic benefits and cash flows to the company.
- v. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement shall be done for a particular asset or liability. A fair value measurement assumes that the transition to sell the asset or transfer the liability takes place either in the principal market for the asset or in the absence of the principal market, in the most advantageous market for the asset or liability.
- vi. In order to do fair valuation of assets and liabilities of a Fund, the Asset Management Company shall strictly comply with accounting recognition and measurement principles and disclosure provision of International Financial Reporting Standards (IFRSs) particularly including that of IFRS 13 (Fair Value Measurement)

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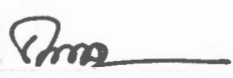
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3.10 Measurement of Earnings and Payment of Dividends

- i. The accounting year of the Fund shall be July 01 to June 30;
- ii. The Asset Management Company shall present separately each material class of similar items in the statement of profit or loss and other comprehensive income for a period of the fund.
- iii. The AMC shall clearly identify major heads of income and expenses (or gain and losses) as separate line items in the statement of profit or loss and other comprehensive income for a period of a mutual fund or a scheme of the fund
- iv. The AMC shall recognize income and expenses (or gains and losses) using the accrual basis of accounting.
- v. **The EKUSH STABLE RETURN FUND aims to achieve long-term capital appreciation and shall not provide any dividend. The unitholders can realize their returns through redemption of the units during the business hour as specified by the Asset Management Company.**
- vi. The fund shall not issue reinvestment unit (RIU) under any circumstances.
- vii. Net income for a financial period of a mutual fund shall be measured following IFRSs and after incorporating all valid income, eligible expense as well as provisions for diminution in the fair value of investments in securities and other financial assets.
- viii. Trustee shall examine every item of expenses of a mutual fund and determine their eligibility to be a valid charge against income of the Fund.
- ix. Adequate disclosure shall be made with respect to provision (or reversal of provision) for diminution (or appreciation) in fair value of investments in securities. The excess of fair value over cost of investment in securities, if true in aggregate, shall be reported as an "other comprehensive income" in the Statement of Profit or Loss or Other Comprehensive Income and not be a part of earning for the period.
- x. Other Comprehensive Income shall be reported as a separate line item under the unit holders' equity and not be aggregated with any other reserve(s).
- xi. The Fund shall make a full disclosure of the provision for diminution in fair value of investments in the statement of changes in unit holders' equity specifically showing changes in the provision account during the period.

3.11 Limitation of Expenses

- i. All expenses should be clearly identified and appropriated to the Fund.
- ii. The Asset Management Company may charge Fund for investment management.
- iii. Asset Management Company may amortize the initial issue costs of the Fund within a maximum period of five (05) years. In case of availability of profits, an Asset Management Company can amortize the issue expense over a period which is smaller than five years.
- iv. The Trustee shall be paid an annual Trusteeship fee @0.05% of the Net Asset Value (NAV) at Fair value of the Fund on a semi-annual basis, during the life of the Fund.
- v. The fees for Custodian services shall not exceed 0.05% per annum of the fair value of securities (both listed and non-listed) held by the Fund, to be calculated and paid on a semi-annual basis.
- vi. In addition to the fees mentioned hereinabove the Asset Management Company may charge the Scheme of the Fund with the following recurring expenses, namely;
 - a. Bank charges
 - b. Annual fees payable to the Commission as per the Rule (11)
 - c. CDBL Fees
 - d. Listing Fees
 - e. Audit Fees
 - f. Distribution & Publicity cost
 - g. Costs for publication of reports and periodicals specifically related to the Fund.
 - h. Valid expense for organizing a unit holders' meeting in compliance with the Mutual Fund Rules-2001
- vii. For an open-end mutual fund, no selling/marketing expense shall be applicable for the issue of new units to investors.
- viii. Legal expenses of an Asset Management Company shall not be charged as an expense in the statement of profit or loss and other comprehensive income.
- ix. Transaction costs (including brokerage commission) shall not be charged as an expense in the statement of profit or loss and other comprehensive income.
- x. The expenses referred to hereinabove and any other fees payable or reimbursable to the Asset Management Company or the Trustee shall be charged to the open-end Mutual Fund.


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3.12 Price Fixation Policy

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 calculate the NAV per unit on the last working day of every week as per formula prescribed in the বিধিমালা and shall disclose sales price and repurchase/ surrender price per unit determined on the basis of NAV before commencement of business operation of the first working day of the following week to the Commission and to the investors through at least one national daily, the website of the asset management company and the authorized selling agents of the Fund.

3.13 Sale & Repurchase Procedure

- i. The units of Ekush Stable Return Fund may be bought through Ekush and authorized selling agents appointed by Ekush from time to time. Surrender of units is allowed only through Ekush from which the units are originally purchased.
- ii. The minimum purchase quantity for individual investors is 500 (five hundred) units and for institutional investors is 5,000 (five thousand) units.
- iii. Application for purchase of units should be accompanied by an account payee cheque/ pay order/ bank draft in favor of "Ekush Stable Return Fund" for the total value of Units.
- iv. 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.
- v. After submitting surrender application for unit redemption, the said units need to be transferred from the Unit holder's BO account to Ekush Stable Return Fund's designated BO account. After receiving the DP40 report, confirming the completion of unit transfer, the client will be paid within 3 (Three) working days through account payee cheque or EFT as per client's request
- vi. Partial surrender (fraction of total units held under a Unit Allocation Confirmation) is allowed without any additional cost subject to a minimum surrender quantity is 500 (five hundred) units both of individuals and institutions.
- vii. The redemption or repurchase of units of a Fund, or a Scheme of the Fund, shall be made on first-come-first-serve basis. In the event the redemption request on a particular day exceeds 5% of the total units outstanding of the Fund, the Asset Management Company may defer the redemption request over 5% for a period of maximum 3 (three) working days. Provided that redemption in excess of 5% of total units outstanding shall also be done at repurchase price of the day when redemption requests were actually submitted to the asset manager.
- viii. All payments/receipts in the connection with or arising out of transactions in the units hereby applied for shall be in Bangladeshi Taka.

3.14 Winding up Policy

3.14.1 Procedure of Winding Up

- i. If the total number of outstanding unit certificates held by the unit holders after repurchase at any point of time falls below 25% of the actual certificate issued, the Fund will be subject to wound up.
- ii. The Fund may be wound up on the happening of any event, which, in the opinion of the Trustee with approval from the Commission, requires the Scheme to be wound up.
- iii. The Scheme may also be wound up if the Commission so directs in the interest of the unit holders.
- iv. Where a Scheme is to be wound up in pursuance to the above, the Trustee and the Asset Management Company shall give simultaneously separate notice of the circumstances leading to the winding up of the Scheme to the Commission and if winding up is permitted by the Commission, shall publish in two national daily newspapers including a Bangla newspaper having circulation all over Bangladesh.


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3.14.2 Manner of winding up

- i. The Trustee shall call a meeting within 30 days from the notice date of the unit holders of a Scheme to consider and pass necessary resolutions by 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 Scheme. If it fails to have three-fourth majority mandate, the Commission shall have the power to supercede the mandate if situation demands such.
- ii. The Trustee shall dispose off the assets of the Scheme of the Fund in the best interest of the unit holders;
- iii. Provided that the proceeds of sale made in pursuance of the Rules, shall in the first instance be utilized towards discharge of such liabilities as are properly due under the Scheme 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 Scheme as on the date when the decision for winding up was taken.
- iv. Within 30 (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 Scheme 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 Scheme of the Fund.

3.14.3 Effect of 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:

- i. cease to carry on any business activities of the Open-end fund;
- ii. cease to create and cancel unit of the Open-end fund;
- iii. cease to issue and redeem units of the Open-end fund.

3.15 Investment Management

Investment Management Committee:

Ekush shall conduct the day-to-day management of the fund's portfolio as the Asset Manager subject to the provisions laid down in the বিধিমালা and trust deed or any general directions given by the Trustee and/or the Commission. However, Asset Manager shall have discretionary authority over the Fund's portfolio regarding investment decisions.

Ekush will follow a professional investment management process. Investment recommendations will be originated from our foresight-driven sound buy-side investment research, where, the fundamental analysis should be the sole method/technique in place. The investment decision will be taken by the Investment Committee (IC).

For investment decisions an Investment Committee (IC) shall be formed comprising of the following-

- Managing Director
- Chief Investment Officer
- Head of Investment Research
- Chief Compliance Officer
- Investment Manager
- Any other officials of Ekush approved by the IC

The managing Director will be heading the IC and the IC will act in the best interest of the investors by being compliant with all governing rules and regulations and policies (including internal investment policy). Please look into section 5.4.1 on page 33 for details of the investment management process.


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CHAPTER 4: INVESTMENT APPROACH AND RISK CONTROL

Investment and risk control in Fixed Income Securities will be approached in the following manner-

- i. Investments will be pursued in selected sectors based on the analysis of business cycles, regulatory landscape, competitive advantage, prevalence of default etc.
- ii. The Asset Management Company in selecting Government Securities will focus on the maturity of the Government Securities, the Yield and the Monetary and Fiscal policies of Bangladesh and its changes actual or impending in making such decisions.
- iii. Selective securities will be picked from the selected sectors by focusing on the fundamentals of the business, the industry structure, the quality of management, sensitivity to economic factors, the financial strength of the company, key earnings drivers, credit rating, repayment track record, and structure and seniority of the debt instrument under consideration.
- iv. The Asset Management Company will study the macro-economic conditions, including the political, economic environment and factors affecting liquidity and interest rates and corporate spread.
- v. Since disciplined investing requires risk management, The Asset Management Company will incorporate adequate safeguards for controlling risks in the portfolio construction process.
- vi. Market risk will be managed through maintaining a dynamic balance between securities and cash.
- vii. Idiosyncratic risk will be reduced through adequate diversification of the portfolio. Diversification will be achieved by spreading the investments over different maturity of the Government Securities and the capital market instruments listed in DSE.
- viii. Liquidity risk will be managed by investing across the yield curve.
- ix. Credit risk will be managed through regular credit evaluation, monitoring and observation of rating migration during the tenure of investment.


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CHAPTER 5: FORMATION, MANAGEMENT AND ADMINISTRATION

5.1 Sponsor of the Fund

Ekush is one of the asset management company in Bangladesh that was incorporated on March 10, 2019 and provides mutual fund management, institutional fund management and corporate advisory services. The company was awarded an asset management license from Bangladesh Securities and Exchange Commission on September 05, 2019. Key facts of the company are provided below:

| | | |
|--------------------------|---|--|
| Chairman | : | Mr. Md. Waliullah, FCA |
| Managing Director | : | Mr. Kazi Ahsan Maruf, CFA |
| Services | : | Mutual Fund Management, Institutional Fund Management and Corporate advisory |
| Office Address | : | 9-G Motijheel C/A (2nd Floor), Dhaka 1000 |

Vision: Wealth management for greater good.

Mission: To develop and uphold an eco-system for ensuring greater good and shaping a colorful future.

Ethical Standards: We will place, practice, upgrade and uphold the highest level of ethical standards in wealth management services.

Objectives

- 1) To provide sustainable risk-adjusted-return to the investors
- 2) To ensure quality growth of the asset under management
- 3) To facilitate worthy investment opportunities through structured financial solutions
- 4) To conduct buy-side investment research activities for above market investment performance
- 5) To create a high-tech and efficient operation
- 6) To create an 'equity' oriented open culture

5.2 Trustee of the Fund

To reinforce maximum trust and confidence of the investors, supervisory bodies and the persons concerned towards the Fund, the Sandhani Life Insurance Company Limited (SLICL) will act as the Trustee of the Fund.

SLICL is a leading insurance company so far engaged in Micro Insurance for the Poor People, Ordinary Life Policy for the General, Group Insurance for the Corporate, Education Policy for the Students, Hajj Policy for the Religious People activities and are qualified and capable to act as the Trustee of a mutual fund.


The Trustee shall constitute Committee with a minimum of two members, which shall be responsible for discharging the obligations of the Trustee and the first such Committee shall be constituted with the following members, namely:

- 1) Chairman, Sandhani Life Finance Ltd.
- 2) CFO, Sandhani Life Insurance Company Limited
- 3) Company Secretary, Sandhani Life Insurance Company Limited

The Trustee committee may be changed by the Trustee from time to time with approval of BSEC.

5.3 Custodian of the Fund

BRAC Bank Ltd, a banking company, incorporated under Companies Act, 1994 and Bank Companies Act, 1991 and registered with the Bangladesh Securities & Exchange Commission on December 15, 2009 to act as Custodian, engaged


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in, among others, custodial services having required capabilities, qualifications and adequate skills in its concerned field of activities.

BRAC Bank has one of the strongest balance sheets among the Bangladesh-based banks which is reflected in Moody's recent assignment of Ba3 rating- the highest rating Moody's assigned for banks in Bangladesh. The bank posted BDT 4.02 bn net profit after tax in 2020 with a balance sheet of BDT 456 bn at the end of December 2020. The bank has been acting as Custodian to a number of other mutual funds quite successfully since 2010.

5.4 Asset Manager

Ekush will act as the Asset Manager of the Fund. Ekush has received an asset management license in September, 2019 after fulfilling rigorous due diligence requirement by BSEC. It was formed in March, 2019 under the Companies Act 1994 with a view to making investments through proper qualitative and quantitative research and risk management.

Area of Performance: Ekush's team is focused on providing its clients with the best service and solutions to their finance needs. Idea meritocracy, radical transparency, radical truth & integrity are the governing values of Ekush. The success of Ekush is only defined by the financial success of its Clients.

Ekush Team: the team of Ekush consists of over 4 investment professionals and have-

- i. A bunch of young professionals who have gained unique insights by years of local capital market research;
- ii. Senior investment professionals who have experience in portfolio management with strong performance record;
- iii. Senior professionals from the local audit, investment banking and financial services with strong operational experience and an extensive contact base among the local business community.

5.4.1 Investment Management

I. Investment Management Process

Sandhani AML has formed an Investment Committee (IC) comprising of the Chief Investment Officer, Chief Risk and Compliance Officer and Managing Director for reviewing and approving investment decisions for the Fund in a well-rounded way. Research Analysts will present their independent investment research findings in the IC meeting from time to time. Investment decisions will be made by combining top-down asset allocation strategy with bottom-up security selection strategy as described below-

- a. Top-down analysis to optimize exposures to asset-classes and economic factors
 - i. Finding the best asset-classes to invest at prevailing macroeconomic and sociopolitical context
 - ii. Focusing mostly on key macro drivers like growth outlook, trend of financial sector liquidity and interest rates and fiscal and monetary policy changes.
- b. Bottom-up focus to find most attractive securities in each asset class
 - i. Identifying securities mispricing of new information or emerging developments by maintaining the information processing edge.
 - ii. Avoiding valuation trap, maintaining buy-sell discipline in line with target fair value estimates
 - iii. Maintaining psychological, philosophical and knowledge edge to post reasonable performance throughout market cycle.

II. Asset allocation process

The IC will thoroughly assess macro-economic and socio-political condition of the country to form risk-return expectations objectively for different asset classes in the context of prevailing market valuation level. Relative risk-return attractiveness of different asset classes as suggested by the research findings will drive asset allocation decisions for the Fund.

III. Security selection and portfolio construction process


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The IC will review the outcome of the fundamental analysis and will construct a model portfolio by combining securities that offer highest risk-adjusted-return. The IC will also ensure adequate portfolio diversification (to different credit quality, sectors, duration, structure and issuers) is achieved at this stage.

IV. Investment decision execution

Based on the contemporary market condition and liquidity situation, IC will determine the investment execution strategy to mitigate transaction costs and optimize portfolio performance.

V. Portfolio monitoring & risk management

IC will monitor business and repayment performance of the portfolio companies/ issuers on continuous basis and will rebalance portfolio as and when needed to achieve investment objectives. IC will determine appropriate risk management strategy for individual securities and at the portfolio level, too.

VI. Execution of Trade

Ekush uses a combination of quantitative strategies and market information to maximize its trade executions. To this end, EKUSH has selected a panel of brokers to have the best execution.

5.4.2 The Brief Profiles of the Senior Management are as follows

Mr. Md. Waliullah, FCA, Chairman

Mr. Md. Waliullah, FCA is the Chairman of Ekush Wealth Management Limited (EKUSH). He is also the Managing Partner of Malek Siddiqui Wali & Co. Chartered Accountants.

Mr. Md. Waliullah is a veteran entrepreneur assisted in establishing Satcom IT Ltd, Satcom Computers Ltd., Satcom Agro Processing Limited, Alpha Credit Rating Limited and Ekush Wealth Management Limited, during his passionate and dedicated journey since 1980's.

He is Founder & Governing Body Member of Dhaka Imperial College and his vision is to empower people and to enrich marginal peoples' living through quality financial and associated services. Mr. Waliullah, is a FCA from ICAB, an avid reader and inspirer for the next generations.

Mr. Swadesh Ranjan Saha, FCA, FCS, Vice-Chairman

Mr. Swadesh is the Vice-chairman of Ekush Wealth Management Limited, Satcom IT Limited and Satcom iCenter Ltd. He is the Senior Partner of Malek Siddiqui Wali & Co. Chartered Accountants, Managing Director of Satcom Computers Limited, Director of Satcom Agro Processing Ltd & Alpha Credit Rating Ltd. He is the current President of Dhaka University Accounting Alumni Association and one of the founder & governing body members of Dhaka Imperial College. He is fellow member of Institute of Chartered Accountant Bangladesh (ICAB), Institute of Chartered Secretaries of Bangladesh (ICSB) and Institute of Association of Accounting Technician of Bangladesh (AATB). He was the District Governor of Dist. 312 A2, Council Chairman of MD 315, Bangladesh. He was also the GMT Area Leader of MD315 and MD 322 in the year 2017-2019 of Lions Club International. He actively participates in various philanthropic activities.

Mr. Kazi Ahsan Maruf, CFA, Managing Director

Mr. Maruf is a passionate wealth management professional in the local industry.

Over his last ten years of assignments he was responsible as Chief Executive Officer, Chief Investment Officer, Risk & Portfolio Manager, Investment Analyst and Course Instructor with IL Capital Limited, Universal Financial Solutions Limited, Alliance Capital Asset Management Limited, Pearl Institute of Financial Market (PiFM), respectively.


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His vision is to provide value to the investors' life so that they can reach their financial goals in long run. Mr. Maruf is a CFA Charter holder from CFA Institute, USA. He has completed BBA from Finance Department of Faculty of Business Studies, University of Dhaka.

Mr. Shuva Saha, CFA, Chief Strategy Officer & Head of Compliance

Mr. Shuva, is working as the Chief Strategy Officer and Head of Compliance for the Company.

As an investment professional, he has a diverse work experience of more than 12 years with Bank, NBFI, Merchant Bank and Brokerage house under the scope of portfolio management, equity research, underwriting and issue management, fund raising etc.

Prior to joining EKUSH, he was with Modhumoti Bank Limited as FAVP and played a pivotal role as a member of the Investment Committee of the Bank. Mr. Shuva also worked with Union Capital Limited and its capital market intermediaries, Abaci Investments Limited and Multi Securities & Services Limited.

Mr. Shuva is a CFA Charterholder since 2017 and has completed his BBA and MBA from University of Dhaka with Major in Finance.

Mr. Tamrin Al-Deen, Chief Investment Officer

Mr. Tamrin Al-Deen, an equity research enthusiast, has joined Ekush as the Chief Investment Officer. He has been working in the wealth management industry as an equity analyst from the very beginning of his career starting at Impress Capital Limited as Investment Associate.

Previously, he was Assistant Manager at the Research Team of Universal Financial Solutions Limited covering 16+ companies and IPOs from various sectors. He assisted the CIO to manage portfolios of around BDT 250 crore by recommending equities that created long-term value for the investors. He successfully valued and bid 7 large IPOs worth about BDT 8,500 crore and generated maximum returns for the funds. Mr. Tamrin has completed his BBA majoring in Finance and Accounting with Magna Cum Laude from North South University and passed CFA Level I. He was the 2nd Runner-up of IDLC Presents Blueprints 2.0, one of the largest financial modeling competitions in the country.

Mr. Jnandip Paul, Senior Investment Associate

Jnandip Paul is an Investment Associate of team Ekush & has been a core part of the team from the very beginning. He is an active, energetic & thorough person with keen attention to detail & a research-oriented mindset. He has done his BBA (majoring in Finance) from the IBA, Jahangirnagar University with excellent grades & currently pursuing MBA from IBA, University of Dhaka. He is also pursuing the CFA Charter holder at the same time & very passionate about the capital market as well.

Mr. Srijon Ghosh, Business Analyst

Srijon Ghosh is currently working as a Business Analyst, contributing to the Operations, Marketing and Communications, and Compliance Departments. He has a keen interest in Capital Market and Financial Industry, he studied Finance from Independent University, Bangladesh. With an active, go-getter & detail-oriented mentality, He has made a significant contribution to the digital transformation of Ekush & has been key personnel of the Marketing & Operation end. He is currently pursuing his MBA in Finance from Independent University, Bangladesh.

5.5 Auditors

Zoha Zaman Kabir Rashid & Co, Chartered Accountants having office at Rupayan Karim Tower, Level 7, Suite #7A, 80, Kakrail, Dhaka 1000 Bangladesh, shall be the Auditor of the fund for the first year.


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5.6 Fees and Expenses

The Fund will pay the fees of Asset Manager, the Trustee and the Custodian together with any other fees, commissions and expenses as may arise from time to time. The Fund will be at its own costs and expenses incurred/accrued in connection with its formation, promotion, registration, public offering together with certain other costs and expenses incurred in its operation, including without limitation expenses of legal and consulting service, auditing, other professional fees and expenses, brokerage, share/debenture registration expenses and fees due to the BSEC. The Fund shall also bear all the other incidental expenses including printing, publication and stationery relating to its smooth and fair operation. Major expenses of the Fund are detailed as follows:

5.6.1 Issue and Formation Expenses

Initial issue and formation expenses are estimated not to be over 1 (One) percent of the collected amount of Tk. 25,00,00,000.00 (Taka Twenty-Five crore) only. The issue and formation expenses will be amortized within 5 (Five) years on a straight-line method. The estimated expenses for the issue and formation of the Fund are presented below:

Estimated Issue and Formation Expenses

| SL | Type of Expenses | % of total target fund | Total Tk. | Details | Description |
|-------|-------------------------------------|------------------------|-----------|---------|---|
| 1 | Formation Fee Payable to AMC | 0.40% | 1,000,000 | Set fee | Formation fee to AMC on collected fund of approved fund size. |
| 2 | Legal & Compliance related Expenses | 0.25% | 635,000 | 100,000 | BSEC Application Fees |
| | | | | 500,000 | BSEC Registration Fees (0.2% of Initial Fund Size) |
| | | | | 75,000 | Trust Deed Registration related expenses |
| | | | | 37,500 | CDBL Fee (Distribution of 2.5 crore unit* BDT 10* 0.00015) |
| | | | | 20,000 | CDBL Annual Fee |
| | | | | 2,500 | CDBL Documentation Fee |
| 3 | Printing & Publication | 0.12% | 120,000 | 70,000 | Publication of abridge version of prospectus and IPO notification on daily newspaper. |
| | | | | 25,000 | Printing of Prospectus |
| | | | | 25,000 | Printing of Forms, flyers, Scheme brochures and Other Marketing Documents |
| Total | | 0.70% | 1,755,000 | | |

* The above costs are made in best estimates which, may vary in actual. The trustee shall approve the formation expenditure and will inform BSEC within 15 days of such formation meeting.

5.6.2 Management Fee

As per the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১ the Fund shall pay a management fee to the Asset Management Company @ 2.50 percent per annum of the weekly average NAV up to Tk. 5.00 crore and @ 2.00 percent per annum for additional amount of the weekly average NAV up to 25.00 crore over Tk. 5.00 crore and @ 1.50 percent per annum for additional amount of the weekly average NAV up to Tk. 50.00 crore over 25.00 crore and @ 1.00 percent per annum for additional amount of the weekly average NAV over Tk. 50.00 crore, accrued and payable quarterly.


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The Asset Manager of the Fund may claim management fee less than the fee structure mentioned above. The Asset Management fee shall be payable on a quarterly basis.

5.6.3 Trustee Fee

The Trustee shall be paid an annual Trusteeship fee @0.05% of the Net Asset Value (NAV) at Fair value of the Fund on a semi-annual basis, during the life of the Fund.

5.6.4 Custodian Fee

The fee for Custodian services shall not exceed 0.05% per annum of the fair value of securities (both listed and non-listed) held by the Fund, to be calculated and paid on a semi-annual basis.

The Custodian shall have physical possession of the stock and securities of the Fund and be responsible for the safekeeping of the securities. The Fund shall pay to the Custodian safe keeping fee in following fees structure:

| Asset held with the Custodian | Percentage on average asset size | Proposed Maximum Fee |
|--------------------------------|----------------------------------|----------------------|
| For the first Tk 500,000,000/- | 0.05% | Tk 250,000/- |
| For the next Tk 250,000,000/- | 0.04% | Tk 100,000/- |
| For the next Tk 250,000,000/- | 0.03% | Tk 75,000/- |
| Rest Amount | - | Tk 50,000/- |

The fee for Custodian services will be realized semi-annually at the end of the period. Besides this, the Fund will bear all other expenses viz. (a) any out of pocket expenses may be applicable to the Fund operation from time to time (b) local duties and fees, levies, brokerage, registration fees, local counsel/representation, external auditors at the client's request, depository fee etc.

5.6.5 Fund Registration and Annual Fee

The Fund has paid Tk 500,000 (Taka five lac) only to the BSEC as registration fee. In addition, the Fund will have to pay @ 0.10% of the Fund value or Tk 100,000 (Taka One Lac), whichever is higher, as annual fee in terms of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১

5.6.6 Commission Payable to Selling Agent(s)

The Fund shall pay commission to the authorized selling agent(s) to be appointed by the Asset Manager at the rate of 1.00% (One Percent) on the total face value of unit sales which may change in the future with the approval of the trustee.

5.6.7 Audit Fee

The audit fee will be Tk. 20,000.00 (Taka Twenty Thousand only) including VAT & Tax, if any for the first accounting year and the Trustee will fix fees for subsequent years.

5.6.8 Annual CDBL Fee

The fixed annual CDBL fee will be Tk 40,000 (Taka Forty Thousand Only), plus applicable VAT (if any). The annual CDS connection fee will be Tk 6,000 (Taka Six Thousand Only), plus applicable VAT (if any). These fees may be amended from time to time by the Commission in the future.

5.6.9 Amortization Expenditure

The initial issue expenses in respect of the Fund shall not exceed 1 (one) percent of the collected amount of the fund raised under the scheme or any ceiling as determined by the AMC which is approved by the Commission and the Trustee. Asset Management Company may amortize the initial issue costs of the Fund over a period of 5 years.


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5.6.10 Brokerage Commission

Brokerage Commission rate will be 0.18 percent (Eighteen basis points) of the total transaction amount which may vary in the future based on market condition.

5.6.11 Operational Expenses

Total operating expense, excluding amortization of initial issue costs and provision for diminution in the fair value of investments, of a mutual fund, a scheme of a fund, shall not exceed 2% (two percent) of net asset value (NAV) at the fair value of the fund.

5.7 Reporting to Bangladesh Securities and Exchange Commission

- I. The Mutual Fund shall furnish to the Commission the following reports, name;
 - a) A copy of the duly audited annual financial statements including statement of financial position, statement of profit or loss and comprehensive income, statement of cash flows, statement of changes in unitholders' equity and accompanying accounting policies and notes to the financial statements of the fund, once a year, within 03 (three) months from the end of the financial year;
 - b) A copy of quarterly un-audited financial statement within 30 (thirty) days from the end of the quarter of the financial year.
 - c) A copy of monthly statement of portfolios, including changes therein from the previous period for the mutual fund within seven (7) days from the end of the month.
 - d) Publish a monthly statement to the Commission within 7 (seven) days from the end of the month, reporting new units sold, the capital fund received, units repurchased and capital redeemed for every business day of the month.
- II. The Fund shall, before expiry of 7 (seven) days from the end of each month, disclose for all unit holders a complete statement of portfolios of the Fund, or a scheme of the Fund, in the prescribed form and shall upload the same on its website.
- III. The Fund shall, within 30 (thirty) days from the end of a quarter, publish its unaudited quarterly financial statements on its website.
- IV. The Asset Management Company shall follow the formula for computing the Net Asset Value of the Fund and shall disclose and publish the same regularly as advised by the Commission from time to time.

CHAPTER 6: SIZE OF THE FUND AND RIGHTS OF UNIT HOLDERS

6.1 Size of Issue

The initial size of the Fund shall be Tk 25,00,00,000 (Taka twenty five crore) only divided into 2,50,00,000 (two crore fifty lac) Units of Tk 10 (Taka Ten) each which may be increased from time to time by the Asset Manager subject to the 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:

| Subscriber | Number of Units | Face Value (Taka/Unit) | Amount(BDT) | Status |
|---------------------------------|--------------------|------------------------|------------------------|----------------------|
| Ekush Wealth Management Limited | 25,00,000 | 10 | 2,50,00,000.00 | Subscribed |
| General Investors | 225,00,000 | 10 | 22,50,00,000.00 | Yet to be Subscribed |
| Total | 2,50,00,000 | 10 | 25,00,00,000.00 | |

6.2 Sponsor's Subscription

Ekush Wealth Management Limited, the sponsor, has already subscribed Tk 2,50,00,000.00 (Taka two crore fifty lac) only worth of Units equivalent to 25,00,000 (twenty five lac) Units of Tk 10 (ten) each at par on November 1, 2022 as the effective date.

6.3 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. However, investors in mutual funds are entitled to the following tax benefits under the current tax policies:

6.3.1 Tax Advantage on Capital Gain

Capital Gain from a mutual fund, maximization of which is the primary objective of "Ekush Stable Return Fund", is entirely tax exempted for an individual investor and only 10% tax is applicable for an institutional investor (এস. আর. ও নং ১৯৬-আইন/ আয়কর / ২০১৫, dated 1 July 2015).

6.3.2 Investment Tax Credit

According to the Section 44(2) under Income Tax Ordinance, 1984, amount of allowable investment is actual investment or 20% of total taxable income or BDT 1,00,00,000.00 (One Crore only), whichever is lower.


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6.4 Rights of the Unit holders

6.4.1 Voting Rights

All the Unit holders shall have usual voting rights. Voting rights 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 the 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 and on a poll, every Unit holder present in person and/or by a proxy shall have one vote for every Unit of which he holds.

6.4.2 Transfer of Units

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

6.4.3 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.

6.4.4 Accounts and Information

The Fund's financial year will be closed on 30 June every year. Annual report or major head of income and 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 days from the closure of each accounting year. Furthermore, the NAV of the Fund, NAV per Unit, any suspension or alteration of the calculation of NAV of the Fund will be published by the asset manager as per বিধিমালা.

6.4.5 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.


Jalal Uddin Ahmed
Deputy Director
Bangladesh Securities and Exchange Commission



CHAPTER 7: UNIT SUBSCRIPTION

7.1 Terms and Conditions of Unit Subscription

- i. The Units of EKUSH STABLE RETURN FUND, hereinafter referred to as the Fund, may be bought through Ekush Wealth Management Limited and authorized selling agents appointed by Ekush from time to time. Surrender of Units is allowed only through Ekush Wealth Management Limited's designated offices and/or via Ekush's websites.
- ii. 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 a minor or person of unsound mind.
- iii. 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 a having any title to the Units. On death of both the joint holders, the title to the Units will be stow upon the nominee mentioned in the application form.
- iv. Minimum purchase amount for individual investors is 500 (Five hundred) Units and for institutional investors is 5,000 (Five thousand) Units.
- v. Application for purchase of Units should be accompanied by an account payee cheque/pay order/bank draft in favor of "EKUSH STABLE RETURN FUND" for the total value of the Units.
- vi. 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.
- vii. 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.
- viii. 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.
- ix. All payments/receipts in connection with or arising out of transactions of the Units applied for shall be in Bangladeshi Taka.


Jalal Uddin Ahmed
Deputy Director
Bangladesh Securities and Exchange Commission



CHAPTER 8: BANKER & SELLING AGENT

8.1 Banker

Midland Bank Limited has been appointed to act as the Banker of the fund by the asset manager. The public subscription money collected from the investors through the Selling Agents will be remitted to the following bank account:

| | |
|----------------|----------------------------|
| Account Name | Ekush Stable Return Fund |
| Account Number | 0001-1090001017 |
| Bank | Midland Bank Limited |
| Branch | Dilkhusha Corporate Branch |
| Routing Number | 285271933 |

8.2 Selling Agent

Asset Management Company will appoint selling agents in future. Meanwhile, all the units will be purchased and repurchased at the premise of Ekush.

Forms

Specimen copies of the following forms are given in the following pages:

- Application Form to Purchase Units, Individual
- Application Form to Purchase Units, Institution
- Surrender / Repurchase Form
- Transfer Form


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